G20 भारत 2023 INDIA

5th ANNUAL REPORT

2022 2023

AI ASSETS HOLDING LIMITED

(Formerly Air India Assets Holding Limited)

AI ASSETS HOLDING LIMITED

(FORMERLY AIR INDIA ASSETS HOLDING LIMITED)

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS (as on 28.08.2024)

1. Shri Asangba Chuba Ao, Chairman and Managing Director
2. Dr. Alok Pande
3. Shri Solomon Arokiaraj
4. Shri Padam Lal Negi
5. Shri Shobhit Gupta

CHIEF FINANCIAL OFFICER
Shri Rajiv Kapoor

COMPANY SECRETARY
Smt. Kavita Tanwar

STATUTORY AUDITORS
Ashwani Sood & Associates
Chartered Accountants
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.: 011-24690422
Email: company.secretary@aiahl.in
www.aiahl.in

* effective from 10th October 2023
Changed from earlier registered office at Airline House, 113 Gurudwara Rakabganj Road, New Delhi-110001

CHAIRMAN'S MESSAGE

Dear Shareholders,

It is my privilege to present the 5th Annual Report of the Company for the year 2022-23. 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:

PERFORMANCE OF THE COMPANY

i. AI Assets Holding Limited (AIAHL) is a Special Purpose Vehicle (SPV) incorporated by the Government of India (GoI) for the purpose of disinvestment of Air India. The Company does not have any normal commercial activity and it is primarily dependent on the Government Grants for its operations. During the year under review, following are the significant activities for the company:

   a. **Redemption of Series-1, 6.99% NCDs:**. From the GoI Grant funds, the company redeemed, on the due date of maturity i.e. 16th December 2022, the 6.99% Non-Convertible Debentures (NCDs) (Series-1) of ₹70000 million issued on 18th September 2019. The company continue to service from the GoI grants received, the other two series of NCDs – i.e. 7.39% NCDs (Series-2) of ₹70,000 million and 7.39% NCDs (Series-3) of ₹79,850 million.

   b. **Monetization of Properties:** The company monetized 16 property units through sale, achieving a gross sale value of ₹1271.30 million.

      The company surrendered buildings and structures under Schedule II B of Restated Framework Agreement at various airports to airport operators, receiving compensation of ₹141.30 million which is included in aforesaid gross sale value of properties.

      Additionally, it surrendered three properties (two in Bhubaneswar and one in Port Blair) to the allotting authorities without compensation as the lease deeds did not envisage compensation.

      In March 2024, Government of India approved the sale of Air India Building at Nariman Point, Mumbai to Govt. of Maharashtra at Net Sale Value of ₹16010 million. However, the sale proceeds for the said property are yet to be received.

c. **Medical facilities to eligible beneficiaries**: As per the decision of Government of India (MoCA) vide letter dated 16th February, 2022 (File No. 17046/65/2-19-AI) a scheme was approved 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.

In line with this scheme, the Government of India released ₹1,250.00 million to the company during the year.

In addition to the grant, the company received one-time subscription charges of ₹110.98 million under this scheme. The Company remitted ₹ 432.98 million (₹ 17.42 million for FY 2022-23 & ₹ 415.56 million for FY 2023-24) to the Central Government Health Scheme (CGHS) on account of the annual subscription charges for the financial year 2023-24 and GoI grant and Subscription funds to be to be utilized towards Out Patient Department (OPD) & Inward Patient Department (IPD) expenses of the eligible employees.

Standalone Financial Result

During the financial year 2022-23, the Company had incurred losses of ₹5,512.16 million which was lower than previous year (FY 2021-22) losses of ₹10,574.67 million primarily` due to

i. Reduction in GoI grant income due availability with the company of unspent equity funds received from GOI last year which were used along with the available monetization and rental realizations utilized for servicing interest and other expenses

ii. Reduction in Finance costs during the year as the previous year (FY 2021-22) had higher outgo for AI debts and prepayment charges due disinvestment date (27th Jan 2022) cutover impact and lower impact of interest of the company due repayment of Series-1 NCD in December 2022.

iii. Increase in Medical expenses of AI retirees and expenses provided during the year for Stamp duty/Property tax/other taxes

Consolidated Financial Result

The Consolidated Financial Statements represents consolidation of Company's financials with the financials of four Subsidiary Companies viz. AI Airport Services Limited (AIASL), Alliance Air Aviation Ltd. (AAAL), AI Engineering Services Ltd (AIESL) and Hotel Corporation of India Ltd. (HCI).

The Consolidated net loss of the group for FY 2022-23 is ₹4,944.79 million. The consolidated loss is lower by ₹ 567.37 million than the standalone loss of ₹ 5,512.16 million mainly due to consolidation impact of profit from entity included in disposal group. The Consolidated loss during the year of ₹ 4,944.79 million is lower than the previous year (FY 2021-22) loss of ₹ 7,357.92 million, due better performance impact mainly of AIESL and remeasurement impact of defined benefit plans of subsidiaries in addition to reasons for lower losses on Standalone basis as discussed above.

FUTURE PLANS

The Company was formed with an object to warehouse accumulated working Capital Loans not backed by any assets of Air India along with four Subsidiaries; AI Airport Services Limited (AIASL), Alliance Air Aviation Ltd. (AAAL), AI Engineering Services Ltd (AIESL) and Hotel Corporation of India Ltd. (HCI), non-core assets other non-operational assets of Air India Ltd.

As decided by the Government, the disinvestment of its subsidiaries namely AIESL, AIASL and AAAL entailing due process of disinvestment including issue of Preliminary Information Memorandums for inviting Expression of Interest shall be done under the guidance of Department of Investment and Public Asset Management (DIPAM), with the involvement of relevant Ministries/ Departments of Government of India.

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

The Company will continue to provide the medical facilities to the eligible permanent retired/retiring beneficiaries of AIL, including eligible permanent employees of AIESL and AIASL.

CORPORATE GOVERNANCE

Company believes in strong corporate governance and transparency. The Company ensures transparency in its working and reporting matters and is following the guidelines on Corporate Governance issued by Department of Public Enterprises (DPE) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as 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 support. I also acknowledge the support extended by all other authorities including banks and regulatory agencies. I would like to thank my colleagues on the Board for their valuable guidance.

I would like to thank all employees of the Company for their sincere efforts.

On behalf of the Board, I seek your continued support, as always.

Sd/-

Asangba Chuba Ao

DIRECTORS' REPORT

To

The Members,
AI Assets Holding Limited.

The Directors of your Company present the 5th 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, 2023.

1. FINANCIAL PERFORMANCE

(Rs. In million)

Particulars	2022-23 Standalone	2021-22 Standalone	2022-23 Consolidated	2021-22 Consolidated
Total Income	12,262.46	19,941.37	7,209.08(i)	19,026.66
Total Expenses	17,774.62	30,516.04	17,773.08(ii)	30,516.04
Profit/(Loss) before exceptional Items, Tax & Comprehensive Income	(5,512.16)	(10,574.67)	(10,564.00)	(11,489.38)
Exceptional Items	-	-	-	-
Profit/(Loss) before Tax	(5,512.16)	(10,574.67)	(10,564.00)	(11,489.38)
Less: Tax expense	-	-		
Profit/(Loss) for the year (A)	(5,512.16)	(10,574.67)	(10,564.00)	(11,489.38)
Profit/(loss) from the entity included in disposal group held for sale (a)	-	-	8,100.04(iii)	584.62
Tax expense of entities included in disposal group held for sale (b)	-	-	(2,513.55)	(3,239.00)
Profit/(loss) from the entity included in disposal group held for sale (a & b) (B)	-	-	5,586.49	3,823.62
Net Profit/(Loss) for the year after tax C= (A-B)	(5,512.16)	(10,574.67)	(4,977.51)	(7,665.76)
Total Comprehensive income (D)			32.72(iv)	307.84
Total Comprehensive income /(loss) for the year E=(C-D)	(5,512.16)	(10,574.67)	(4,944.79)	(7,357.92)

(i) Mainly, due Reduction in GoI Grant income received by about Rs.11,970.89 million. due to availability with company of unspent equity funds received from GoI and monetization and rental funds realized, utilised for servicing the interest of NCDs

(ii) Mainly, due Reduction in Finance costs by about Rs.15,741.89 million. as the previous year 2021-22 had higher outgo for Air India debts and prepayment charges due disinvestment date (27th Jan2022) cutover impact involving reimbursement of interest and Increase in Medical expenses of AI retirees (Rs.2,260.52 million) and Stamp duty/ Property tax/other taxes provisioning(Rs.571.50 million).

(iii) The Subsidiaries better performance impact mainly for AIESL which showed increased revenue and profitability for full year impact after cutover.

(iv) Re-measurement of defined benefit plans for subsidiaries.

As for the Standalone performance, the company incurred a loss of Rs. 5,512.16 million in comparison to the loss of Rs. 10,574.67 million during the FY 2022-23. The main reason for losses during the year is the reduced drawl of grant funds from Government for servicing of interest due to available funds from rentals, monetization of properties, realized interest income, payment of interest on Bonds of AIAHL and expenses incurred for Medical of Air India retired employees.

Due to the impact of consolidation of subsidiaries transactions (such as tax expenses, accumulated losses are reflected under disposal group under Consolidated accounts), the Standalone Loss of the year of Rs.5,512.16 million under review stand reduced further to Consolidated Loss of FY 2022-23 at Rs.4,944.79 million after considering consolidation impact of disposal group items held for sale and total comprehensive income.

2. STATE OF COMPANY AFFAIRS:

i. The Company was incorporated on 22nd day of January, 2018 vide Ministry of Civil Aviation (MOCA) order for creation of a new SPV. The Company was formed with an object to warehouse accumulated working Capital Loans not backed by any asset along with four Subsidiaries namely AI Airport Services Limited (AIASL), Alliance Air Aviation Ltd. (AAAL), AI Engineering Services Ltd (AIESL) and Hotel Corporation of India Ltd. (HCI), non-core assets, and other non-operational assets of Air India Ltd.

ii. As the Company is a Special Purpose Vehicle (SPV), formed for a specific object of disinvestment of AI, it does not have any business operations of its own.

iii. In order to facilitate the disinvestment of Air India (AI), AIAHL and AI executed Framework dated 23rd November, 2020 and Restated Framework Agreement dated 5th January, 2022, respectively. All the disinvestment-related transactions in this regard were accounted as per the contractual understanding between AI and AIAHL documented in the Agreements and in terms of Government of India approvals/documentation.

iv. **Monetization of Properties**- Total Immovable properties consisting of Lands and Buildings held by Air India was 111 (211 Units). On the date of disinvestment i.e. as on 27th Jan 2022, out of these 111 properties,

a. 43 identified properties were sold by AI,

b. 22 properties were in process of monetization by AI and

c. 46 Properties were identified for transfer to AIAHL and its further monetization.

a) Out of properties identified for monetization by the company, during the year under review, the company monetized 16 units property through sale, achieving a Gross sale value of ₹1,271.30 million.

b) Additionally, it surrendered 3 properties (two in Bhubaneswar and one in Port Blair) to the allotting authorities without compensation as the lease deeds did not envisage compensation.

c) The company also surrendered buildings and structures under Schedule II B of Restated Framework Agreement at various airports to airport operators, receiving compensation of ₹141.30 million which is included in sale value of properties.

d) Govt. of India approved in March 2024, the sale of Air India Building at Nariman Point, Mumbai to Govt. of Maharashtra at Net Sale Value of Rs16,010 million.

v. **Medical Scheme for AI Retirees**-

a. The retired employees of Air India Ltd were being provided medical facilities as per the Air India Medical Scheme. In the wake of the disinvestment of Air India, the Government of India decided that medical benefits would be provided to eligible retired and retiring Air India employees by the Government through AI Assets Holding Ltd. (AIAHL). Ministry of Civil Aviation (MoCA) vide letter dated 16.02.2022 conveyed the Scheme for providing medical facilities to the eligible permanent Retired/ Retiring Employees of Air India Ltd. The following categories of permanent employees and their spouses are eligible:

i. All existing permanent retired employees

ii. All Existing permanent employees who would attain the superannuation age of 58 years on the date of closing of the transaction and retire from privatized Air India, AI Engineering Services Ltd. (AIESL) or AI Airport Services Ltd (AIASL); and

iii. All existing permanent employees who would attain age of 55 year or above or would complete 20 years of continuous service on the date of closing of the transaction and retire from privatized Air India, AI Engineering Services Ltd. or AI Airport Services Ltd;

b. Retired permanent employees of Air India and their spouses who had already subscribed for the medical scheme of Air India at the time of their retirement would join with no fresh subscription charges as they have already paid a subscription to Air India at the time of their retirement.

c. Post disinvestment of Air India, “eligible retirees” (as specified under the Medical Scheme) from privatized Air India, AIESL, and AIASL who wish to join the scheme, are required to pay the prevailing subscription charges (Ten years) to AIAHL for available benefits as available to other CGHS beneficiaries of AIAHL Medical Scheme.

d. The expenses for the Scheme are funded from the budgetary grants for medical expenses of AI retirees received by the company from the sanctioned funds of Min. of Civil Aviation, Govt of India,

e. In line with the said scheme, Government of India vide letter dated 28th March 2023 released ₹ 1,250.00 million to the Company.

3. CAPITAL STRUCTURE

The Authorized Share Capital of the Company is Rs. 700,000,000,000/- divided into 70,000,000,000 equity shares of Rs. 10 each.

As on 31st March 2023, the Issued, Subscribed and Paid-up Share Capital of the Company was Rs. 623,654,500,000/- divided into 62,365,450,000 fully paid-up equity shares of Rs. 10 each issued 100% to Govt. of India nominees.

During the year under review, there was no change in the Share Capital of your Company and the entire shareholding is held by Government of India (GoI) along with its nominees.

4. DIVIDEND

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

5. 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 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.

Further, the Secretary Ministry of Civil Aviation vide D.O.no. AV-18047/3/2019-AI dated 10th August 2023 has requested Ministry of Corporate Affairs to re-examine their decision for the exemption from CSR provisions. The decision is awaited.

6. DEBENTURES

The Company had issued in 2019-20, three series of Non-Convertible Debentures (NCDs) aggregating to Rs.219,850 million, to refinance the identified debts of Air India as part of the disinvestment of Air India. These NCDs shown as Borrowings are serviced for principal repayments and interest payments from the budgetary support/grant funds received from the Govt. of India, During the year under review Series-1 NCDs amounting to Rs. 70,000 million were redeemed on maturity on 16th December 2022 from the GoI grants. The details of 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

S. No.	Particulars	Series 1	Series 2	Series 3
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 Private 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 exempt listed companies.

7. COMPOSITION OF BOARD OF DIRECTORS:

a. Composition of Board of Directors:

Sr. No.	As on 31st March, 2023
1.	Shri. Satyendra Kumar Mishra , JS, MoCA (DIN: 07728790)
2.	Shri Padam Lal Negi, JS & FA, MoCA, (DIN: 10041387)
3.	Shri Solomon Arokiaraj, JS IPP, DEA, (DIN:06802660)
4.	Smt. Parma Sen, JS, DIPAM, Min. of Finance, (DIN 09276997)
	As on the date of Board's Report
1.	Shri Asangba Chuba Ao, CMD-AIAHL, (DIN: 08086220)
2.	Shri Padam Lal Negi, JS & FA, MoCA, (DIN: 10041387)
3.	Shri Solomon Arokiaraj, JS IPP, DEA, (DIN:06802660)
4.	Dr. Alok Pande, Addl. Secretary, DIPAM (DIN: 10631871)
5.	Shri Shobhit Gupta, JS, MoCA (DIN: 10642877)

b. Changes in Board of Director during F.Y. 2022-23 and to date

During the year FY 2022-23

Sr. No.	Name, Designation and DIN	Date of Appointment	Date of Cessation
1.	Shri Vikram Dev Dutt, CMD-AIAHL, (DIN: 02055541)	27.01.2022	28.02.2023
2.	Shri Vimalendra Anand Patwardhan, JS & FA, MOCA (DIN:08701559)	28.01.2020	27.12.2022
3.	Sh. Peeyush Kumar, Jt. Secretary, IPP, DEA, Ministry of Finance, (DIN:08292856)	18.11.2021	27.12.2022
4.	Shri RajeshSingh Sharma, JS & FA, MoCA (DIN: 09595873) (appointed vice Shri Vimlendra Anand Patwardhan	27.12.2022	03.02.2023
5.	Shri Padam Lal Negi, JS & FA MoCA (DIN: 10041387) (appointed vice Shri RajeshSingh Sharma)	03.02.2023	Continuing
6.	Shri Solomon Arokiaraj, JS IPP, DEA, Ministry of Finance (DIN: 06802660) (appointed vice Shri Peeyush Kumar)	27.12.2022	Continuing

Since 31st March 2023 to date

Sr. No.	Name, Designation and DIN	Date of Appointment	Date of Cessation
1.	Shri Satyendra Kumar Mishra, JS, MoCA (DIN: 07728790) (appointed as Chairman and Managing Director w.e.f 01.03.2023	22.01.2018	31.12.2023
2.	Shri Asangba Chuba Ao, JS, MoCA (DIN: 08086220)	01.01.2024	Continuing as Chairman and Managing Director
3.	Smt. Parama Sen, Addl. Secretary, DIPAM, Min. of Finance, (DIN: 09276997)	10.06.2021	12.12.2023
4.	Sh. Rahul Jain, JS, DIPAM (DIN: 07442202) (appointed vice Smt Parama Sen)	12.12.2023	14.05.2024
5	Dr. Alok Pande, Addl Secretary DIPAM (DIN:10631871) (appointed vice Shri Rahul Jain)	16.05.2024	Continuing
6.	Sh. Shobhit Gupta, JS, MoCA (DIN: 10642877) (appointed vice Shri Asangba Chuba Ao in the capacity of JS MoCA)	25.05.2024	Continuing

8. KEY MANAGERIAL PERSONNEL (KMP)

During the Financial Year 2022-23, the following are the KMP of the Company:

Sr. No.	Name	Designation	Date of Appointment	Date of Cessation
1.	Sh.Satyendra Kumar Mishra	Chairman and Managing Director	01.03.2023	31.12.2023
2.	Sh. Rajiv Kapoor	CFO	12.11.2021	Continuing
3.	Smt. Kavita Tanwar	CS	01.08.2022	Continuing

9. INDEPENDENT DIRECTORS

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

However, the Company requested Ministry of Civil Aviation (MoCA) for the appointment of Independent Directors vide letters dated dated 4th October, 2019, 27th May, 2021 and 25th July 2023. Further, in response to MoCA letter, DPE issued OM F. No. PD-I-9/8/2023-DPE dated 30th November, 2023 and requested MoCA to furnish the proposal of appointment of IDs on the Board of AIAHL along with panel of names and their bio-data so that the same could be placed before Search Committee. Further DPE advised MoCA to consider reducing the number of Government nominee Directors so that the number of Independent Directors required to be appointed on the AIAHL Board is proportionately reduced. MoCA has communicated the same to the Company on 15th February 2024. Subsequently, the Company has obtained registration at portal of Indian Institute of Corporate Affairs, a government designated agency for this purpose, to access and review the Independent Directors data bank, the outcome of such review will be reported to MoCA for taking this matter further.

10. 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 given in the Corporate Governance Report which forms part of this Report.

11. SUBSIDIARY/JOINT VENTURES/ASSOCIATES

During the year under review, pursuant to the disinvestment of the Air India Limited, the shares of its Subsidiaries of the then Air India were transferred to AI Assets Holding Limited.

The following are the subsidiaries of the Company:

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

Audited Consolidated Financial Statement for the year ended on 31st March 2023 of the Company and its Subsidiary companies forms part of this Annual Report.

12. IMPLEMENTATION OF OFFICIAL LANGUAGE - Use of Hindi

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

13. 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 2022-23 are as under:

No. of RTI Applications received during the year: 18
No. of RTI Applications disposed off during the year: 15
No. of RTI Applications pending as on the end of FY: 3*
(*all disposed off in the month of April 2023)

14. 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.

15. COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee of the Company was constituted on 20th March 2019 by the Board as per Section 177 of the Companies Act, 2013 read with the Rule 6 of Companies (Meetings of Board and its Powers) Rules, 2014. The Composition of the Committee as on 31st March, 2023 is provided herein below:

Name	Designation
Sh.Padam Lal Negi	Chairman
Sh. Satyendra Kumar Mishra	Member
Sh. Solomon Arokiaraj	Member

Shri Padam Lal Negi has been nominated as Chairman of Audit Committee w.e.f 8th February 2023 post cessation of Directorship of Shri RajeshSingh Sharma.

Post cessation of Directorship of Shri Satyendra Kumar Mishra, Shri Asangba Chuba Ao, JS, MoCA, has been nominated as Member of Audit Committee w.e.f 05th March, 2024.

Post appointment of Sh. Shobhit Gupta being the JS, MoCA on the Board of AI Assets Holding Limited and further as member of Audit Committee, Shri Asangba Chuba Ao, being the Chairman and Managing Director of the Company ceased to be the member of the Audit Committee.

16. NOMINATION & REMUNERATION COMMITTEE

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. The Composition of the Committee as on 31st March, 2023 is provided herein below:

Name	Designation
Sh. Satyendra Kumar Mishra	Chairman
Smt. Parama Sen	Member

Cessation of Shri Vikram Dev Dutt as Nominee Director and Chairman and Managing Director of AIAHL w.e.f 28th February, 2023 resulted into his cessation from the membership in the Nomination and Remuneration Committee.

Post cessation of Directorship of Shri Satyendra Kumar Mishra, Shri Asangba Chuba Ao was nominated as member of Nomination and Remuneration Committee w.e.f. 5th February 2024. Later, on appointment of Sh. Shobhit Gupta as nominee Director, being the JS, MoCA on the Board of AI Assets Holding Limited, the Committee was reconstituted on 10th June 2024 and Shri Shobhit Gupta was nominated as member of the Committee vice Shri Asangba Chuba Ao.

Post cessation of Directorship of Smt Prama Sen, Shri Rahul Jain was nominated as member of Nomination and Remuneration Committee w.e.f 18th December, 2023.

Post cessation of Directorship of Shri Rahul Jain, Dr. Alok Pande was nominated as member of Nomination and Remuneration Committee w.e.f 10th June, 2024.

17. STAKEHOLDERS AND RELATIONSHIP COMMITTEE

The Stakeholders and Relationship Committee of the Company was constituted on 10th October, 2023 by the Board pursuant to the regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The Composition of the Committee is provided herein below:

Name	Designation
Sh.Padam Lal Negi	Chairman
Sh. Satyendra Kumar Mishra	Member
Smt. Parama Sen	Member

Post cessation of Directorship of Shri Satyendra Kumar Mishra, Shri Asangba Chuba Ao was nominated as member of Stakeholders and Relationship Committee w.e.f. 5th February 2024. Later, on appointment of Sh. Shobhit Gupta as nominee Director, being the JS, MoCA on the Board of AI Assets Holding Limited, the Committee was reconstituted on 10th June 2024 and Shri Shobhit Gupta was nominated as member of the Committee vice Shri Asangba Chuba Ao.

Post cessation of Directorship of Smt. Parama Sen, Shri Rahul Jain was nominated as member of Stakeholders and Remuneration Committee w.e.f 18th December, 2023.

Post cessation of Directorship of Shri Rahul Jain, Dr. Alok Pande was nominated as member of Stakeholders and Remuneration Committee w.e.f. 10th June 2024.

18. 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. All the Directors on the Board are GoI appointed Nominee Directors, and none are in the capacity of Executive Director.

19. RISK MANAGEMENT

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

20. MANAGEMENT DISCUSSION & ANALYSIS REPORT

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

21. 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.

22. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

However, in the previous year AIAHL had advanced amount to AAAL aggregating to Rs. 562.50 million towards security deposit placed by AAAL with their Aircraft lessors for the Aircraft lease requirements of its subsidiary Alliance Air Aviation Limited (AAAL) in the previous financial year, this advance is outstanding in the current financial year.

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

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

23. 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.

24. RELATED PARTY TRANSACTIONS:

All material related party transactions were entered with the specific approvals of the company's Audit committee and Board. The Related Party transaction with subsidiaries, broadly pertains to rentals for space, advances, reimbursements, manpower, equity investment, interest, or recoverable.

There are no materially significant related party transactions made by the Company with its Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

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

Further, pursuant to sub regulation (5) of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, exemption from sub regulation (2), (3) and (4) of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been provided to the transaction entered into between two government companies and transaction entered into between a holding company and its wholly owned subsidiary. The details of Related Party transactions in form AOC-2 are enclosed at **Annexure I**.

25. WHISTLE BLOWER POLICY/ VIGIL MECHANISM

The company is reviewing vigil mechanism practices adopted by similar corporates and will be framing Whistle Blower Policy. However, Company is having a separate Vigilance department which is being headed by a Chief Vigilance Officer nominated by Government. Vigilance Department has been working towards making Anti-corruption measures more effective with Preventive Vigilance as a key thrust area. The Vigilance Department, AIAHL strives to achieve the goal of “zero Corruption” in AIAHL & its subsidiaries companies by collective participation of each & every employee by adhering to the highest standards of ethical behaviour at work place.

The role and functions of the Vigilance Department, AIAHL are in accordance with the Central Vigilance Commission’s (CVC) guidelines and directives, which includes preventive, punitive, and surveillance & detection aspects.

This year, as per CVC directive, Vigilance Awareness Week 2022 was observed in AIAHL & its subsidiaries companies from 31st October 2022 to 6th November 2022.

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

In its preventive role, the Vigilance Department, AIAHL conducts various awareness campaigns and capacity building programs to promote understanding of matters having potential for malpractices and corruption.

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

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

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

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

Number of complaints disposed off during the year: Nil

Number of cases pending for more than ninety days: Nil

Number of workshops or awareness programs carried out in connection with prevention of sexual harassment: NIL

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, 2023, 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, 2023 and of the profit and loss of the Company for the financial period ended March 31, 2023;

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, 2023 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 Ashwani Sood and Associates, 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, 2022 to 31st March 2023.

ii. STATUTORY AUDITORS' REPORT

For Standalone Financial Statements for the financial year ended March 31, 2023, there is no qualification, reservation, adverse remark or disclaimer made by the Statutory Auditors of the Company in their report. Hence, they do not call for any further explanation or comment u/s 134 (3) (f) of the Companies Act, 2013.

However, for the Consolidated Financial Statements for the financial year ended March 31, 2023, Management clarifications/explanations to the qualifications or adverse remarks in the auditor's Report pertaining to HCI, one of the 4 subsidiaries for few aspects of Company for not accounting for the employee liability due, disagreement between Jammu & Kashmir Government & Centaur Lake View Hotel, Inventory and Accounting Records not integrated, MSME Act non compliances, discrepancies in Accounting records, is annexed to this report. The notes in financial Statements are self-explanatory and need no further explanation.

iii. INTERNAL AUDITOR

M/s S.N. Kapur & Associates, Chartered Accountants, was appointed by the Board of Directors to conduct the Internal Audit of the Company for the FY 2022-23 whose observations were responded to and actioned by the management.

iv. SECRETARIAL AUDITORS

The Board appointed Amit Agrawal & Associates, Practicing Company Secretary, New Delhi to conduct the Secretarial Audit for the financial year 2022-23. The Secretarial Audit Report and the Management Replies for the financial year ended March 31, 2023 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 ensure that the Company's systems and practices are designed with adequate internal controls to match the size and nature of operations of the Company to review the business processes and controls to assess the adequacy of the internal control system to ensure compliance with all applicable laws and regulations and facilitate in optimum utilization of resources.

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 29th July, 2024 under Section 143 (6) of the Companies Act, 2013 for the year ended 31st March, 2023.

31. DISCLOSURE REGARDING FRAUDS

There were no frauds reported during the year under review.

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

(A) Conservation of Energy and Technology Absorption

Considering the nature of company being a SPV which is not engaged in business activities during the year under review, there is no information on the particulars in respect of Conservation of Energy and Technology Absorption as required under the provisions of Section 134(3)(m) of the Companies Act, 2013. Hence, the details have not been furnished.

(B) Foreign Exchange Earnings and Outgo

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

33. SECRETARIAL STANDARDS

During F.Y 2022-23, the Company has complied with all applicable mandatory Secretarial Standards issued by the Institute of Company Secretaries of India.

34. CONSOLIDATED FINANCIAL STATEMENT

The Financial Statements have been prepared in accordance with the India Accounting Standards (referred as "IND AS") prescribed under Section 133 of the Companies Act, 2013 read with Companies (India Accounting Standards) Rules as amended from time to time and other relevant provisions of the Act.

In accordance with the provisions of Section 134 of the Companies Act, 2013 and IND-AS 110 audited Consolidated Financial Statements for the year ended 31st March 2023 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' appointment 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 employee 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 achieve the objectives of the Company in the years to come.

For and on behalf of the Board
AI Assets Holding Limited

Sd/-	**Sd/-**
Asangba Chuba Ao	**Padam Lal Negi**
Chairman and Managing Director	**Director**
DIN: 08086220	**DIN: 10041387**

Place: New Delhi

Date: 28th August, 2024

Annexure I

Annexure I to Directors' Report for the year 2022-23

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis:

   There were no contracts or arrangements for significant transactions entered during the year ended March 31, 2023, which were not at arm's length basis.

2. Details of contracts or arrangements or transactions at arm's length basis:

   All contracts /arrangements / transactions entered by the Company with related parties under Section 188(1) of the Act during the financial year 2022-23 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**			
	Interest @1% per annum on Advances to AAAL	01-04-2022 to 31-03-2023	Funds advanced towards guarantees for AAAL's leased aircraft. Refer Note nos. 28 and 31 (B)(i) of Notes to Accounts of Standalone Financial Statements.	5.63
	Interest @ 9 % per annum on Outstanding Recoveries	01-04-2022 to 31-03-2023		2149.18
	Rentals	01-04-2022 to 31-03-2023	Refer note nos. 28 and 31 (B)(i) of Notes to Accounts of Standalone Financial Statements	2.03
	Expenditure			
	Bank charges on SBLC reimbursed by AAAL	01-04-2022 to 31-03-2023	Refer note nos. 28 and 31 (B)(i) of Notes to Accounts of Standalone Financial Statements	33.48
	Funds remitted against amount transferred by the then AIL in FY 2021-22 towards NASFT charges	01-04-2022 to 31-03-2023	Refer note nos. 28 and 31 (B)(i) of Notes to Accounts of Standalone Financial Statements	257.00

AI Engineering Services Limited (AIESL) (Wholly owned Subsidiary Company)	**Revenue**			
	Interest on Outstanding Recoveries	01-04-2022 to 31-03-2023	Refer note no. 31 (B) (i) of Notes to Accounts of Standalone Financial Statements.	1865.56
	Rentals	01-04-2022 to 31-03-2023	Refer note no. 31 (B) (i) of Notes to Accounts of Standalone Financial Statements.	536.57
	Expenditure			
	Manpower Charges	01-04-2022 to 31-03-2023	Refer note no. 31 (B) (i) of Notes to Accounts of Standalone Financial Statements.	15.05
AI Airport Services Limited (AIASL) (Wholly owned Subsidiary Company)	**Revenue**			
	Interest on Outstanding Recoveries	01-04-2022 to 31-03-2023	Refer note no. 31 (B) (i) of Notes to Accounts of Standalone Financial Statements	35.72
	Rental	01-04-2022 to 31-03-2023	Refer note no. 31 (B) (i) of Notes to Accounts of Standalone Financial Statements	6.96
	Expenditure			
	Manpower Charges	01-04-2022 to 31-03-2023	Refer note no. 31 (B) (i) of Notes to Accounts of Standalone Financial Statements	1.52
Hotel Corporation of India Limited (HCI) (Subsidiary Company)	**Revenue**			
	Interest on Outstanding Recoveries	01-04-2022 to 31-03-2023	Refer note no. 31 (B) (i) of Notes to Accounts of Standalone Financial Statements	452.66
	Expenditure			
	Meeting expenses	01-04-2022 to 31-03-2023	Refer note no. 31 (B) (i) of Notes to Accounts of Standalone Financial Statements	0.20

For and on behalf of the Board
AI Assets Holding Limited

Sd/-
Asangba Chuba Ao
Chairman and Managing Director
DIN: 08086220

Sd/-
Padam Lal Negi
Director
DIN: 10041387

Place: New Delhi
Date: 28th August, 2024

Annexure II

Form No. MR-3

SECRETARIAL AUDIT REPORT

For The Financial Year Ended March 31, 2023

[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
(Formerly known as Air India Assets Holding Limited)
2nd Floor, AI Administration Building,
Safdarjung Airport, New Delhi-110003
CIN: U74999DL2018GOI328865

We report that:

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **AI Assets Holding Limited [**(Formerly known as Air India Assets Holding Limited) (hereinafter referred as 'the Company')] having its registered office at 2nd Floor, AI Administration Building, Safdarjung Airport, New Delhi-110003. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Company's Responsibilities

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

Auditor's Responsibilities Statement

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

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

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

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

Limitations

Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some Misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the Secretarial Auditing Standards as prescribed by Institute of Company Secretaries of India (ICSI).

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

Basis of Opinion

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

Report on Secretarial Records and Compliances thereof

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on March 31, 2023 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.

I 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 my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to me and the representations made by the Management, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on March 31, 2023, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 according to the applicable provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contract (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable to the company during the Audit Period)

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 [Not applicable to the company during the Audit Period];

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 [Not applicable to the company during the Audit Period];

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client [Not applicable to the company during the Audit Period];

  (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 [Not applicable to the company during the Audit Period];

  (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 [Not applicable to the company during the Audit Period]; and

  (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) Other laws applicable specifically to the Company namely:

  a) The DPE Guidelines.

  b) The Competition Act, 2002.

  c) The Right to Information Act, 2005;

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to conducting board and general meetings.

(ii) The Listing Agreement entered into by the Company with BSE Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. mentioned above subject to the following observation:

a. The Company did not have proper composition of the Independent Directors on Board as required under Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

b. Establishment of a vigil mechanism for directors and employees to report genuine concerns or grievances as required under section 177 (9) of the Companies Act, 2013.

c. The Company did not have proper composition of Independent Directors in Nomination and Remuneration Committee as required under Regulation 19 of the (Listing Obligations and Disclosure Requirements) Regulations, 2015.

d. The Company did not have proper composition of Independent Directors in Audit Committee as required under Regulation 18 of the (Listing Obligations and Disclosure Requirements) Regulations, 2015.

e. The Company was granted an extension of time vide order dated 16/09/2022 for the purpose of holding AGM, which was due to be held on or before 30/09/2022, by 3 months on the application filed by the company on 15/09/2022 under section 96 of the Companies Act, 2013. AGM of the Company was held on 30/12/2022. However, the audited Financial Statement of the company were adopted by members in the adjourned AGM of the company held on 28/06/2023.

f. The company has not updated all applicable policies under SEBI Regulations.

We further report that:

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

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

We further report that the compliance by the Company of applicable financial laws like direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed in this Audit since the same have been subject to review by statutory financial audit by other designated professional.

We further report that during the audit period no specific events / corporate actions in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. having a major bearing on the Company`s affairs:

For Amit Agarwal & Associates
(Company Secretaries)

Sd/-
CS Amit Agrawal
Proprietor
CP No. 3647, MNo.5311
UDIN: F005311E003431195

Date : 14.02.2024
Place: New Delhi

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

ANNEXURE- A

To,
The Members,
AI Assets Holding Limited
(Formerly known as Air India Assets Holding Limited)
2nd Floor, AI Administration Building,
Safdarjung Airport, New Delhi-110003
CIN: U74999DL2018GOI328865

My Secretarial Audit Report of even date is to be read along with this letter*:*

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

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

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Where ever required, I have obtained the management representations about the compliance of laws, rules and regulations and happening of events etc.

5. The Compliance of provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedure on test basis.

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

For Amit Agrawal & Associates
(Company Secretaries)

Sd/-
CS Amit Agrawal
Proprietor
CP No. 3647, MNo.5311
UDIN: F005311E003431195

Date : 14.02.2024
Place: New Delhi

The Managements' Comments on Secretarial Auditors' observations

Sr. No.	Secretarial Auditor's Observation	Management's Reply
1.	The Company did not have proper composition of the Independent Directors on Board as required under Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;	The entire Board of Directors of the Company consists of Govt. nominated Directors, who are independent from the executive functioning of the company. However, the Company has requested MoCA for the appointment of Independent Directors (ID) vide letter dated 25.07.2023. Further, in response to MoCA letter, DoPT issued OM F. No. PD-I-9/8/2023-DPE dated 30.11.2023 and requested MoCA to furnish the proposal of appointment of IDs on the Board of AIAHL along with panel of names and their bio-data so that the same could be placed before Search Committee. MoCA vide its email dated 15.02.2024 forwarded the communication received from DPE for necessary action to AIAHL. Accordingly, company has obtained registration at Portal of *Indian Institute of Corporate Affairs* to access the Independent Directors data bank. Names of Independent Directors along with their biodata will be forwarded to MoCA for their review and taking the matter forward.
2.	Establishment of a vigil mechanism for directors and employees to report genuine concerns or grievances as required under section 177 (9) of the Companies Act, 2013.	Considering that the company has limited manpower with small hierarchal set up based at single location, employees are encouraged to report their genuine concerns or grievances for redressal. However, company is formulating a draft Whistle Blower Policy/Vigil Mechanism which will be put up for review and approval of the Board.
3.	The Company did not have proper composition of Independent Directors in Nomination and Remuneration Committee as required under Regulation 19 of the (Listing Obligations and Disclosure Requirements) Regulations, 2015.	Please refer to reply given at point no. 1.

4.	The Company did not have proper composition of Independent Directors in Audit Committee as required under Regulation 18 of the (Listing Obligations and Disclosure Requirements) Regulations, 2015.	Please refer to reply given at point no. 1.
5.	The Company was granted an extension of time vide order dated 16/09/2022 for the purpose of holding AGM, which was due to be held on or before 30/09/2022, by 3 months on the application filed by the company on 15/09/2022 under section 96 of the Companies Act, 2013. AGM of the Company was held on 30/12/2022. However, the audited Financial Statement of the company were adopted by members in the adjourned AGM of the company held on 28/06/2023.	The Annual Accounts of FY 2021-22 of the Company were adopted in the Annual General Meeting held on 28th June 2023 upon availability of the CAG comments on the Standalone and Consolidated Financial Statements. Statement of Fact.
6.	The company has not updated all applicable policies under SEBI Regulations.	The Company is in the process of identifying and framing the applicable policies under SEBI Regulations.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. ANALYSIS OF FINANCIAL PERFORMANCE

AI Assets Holding Limited (AIAHL) is a Special Purpose Vehicle (SPV) incorporated by the Government of India for the purpose of disinvestment of Air India Ltd. The Company does not have any commercial activity and it is completely dependent on the Government Grants of its operations.

AIAHL and Air India Limited (AI) executed Framework and Restated Framework Agreement on 23rd November, 2020 and 5th January, 2022 to facilitate the disinvestment process.

Disinvestment of AI was effected effective 27th January, 2022.

- **STANDALONE FINANCIAL STATEMENTS**

During the financial year 2022-23, the Company had incurred a loss of Rs. 5,512.16 million in comparison to the loss of Rs. 10,574.67 million during the FY 2022-23. The main reason for losses during the year is the lower GoI grant income due reduced drawl of grant funds from Government for servicing of interest due to available funds from unspent equity funds, monetization and rentals of properties, realized interest income, payment of interest on Bonds of AIAHL and expenses incurred for Medical of Air India retired employees.

- **CONSOLIDATED FINANCIAL STATEMENTS**

After disinvestment of Air India, its four subsidiary companies were transferred to AIAHL. The Consolidated Financial Statements represents consolidation of Parents Company's financials with the financials of four Subsidiary Companies viz. AI Airport Services Limited (AIASL), Alliance Air Aviation Ltd. (AAAL), AI Engineering Services Ltd (AIESL) and Hotel Corporation of India Ltd. (HCI).

The Consolidated net loss of the group for FY 2022-23 is Rs. 4,944.79 million which is lower than previous year losses of Rs.7,357.93 million. The losses are lower this year due better performance of AIESL due increased revenues for technical services and by AIASL for handling activities.

2. FUTURE OUTLOOK

The Company was formed with an object to warehouse accumulated working capital loans not backed by any assets of Air India along with four Subsidiaries; AI Airport Services Limited (AIASL), Alliance Air Aviation Ltd. (AAAL), AI Engineering Services Ltd. (AIESL) and Hotel Corporation Ltd. (HCI), non-core assets other non-operational assets of Air India Ltd.

The process of disinvestment of Company's subsidiaries namely AIESL, AIASL and AAAL is under consideration for which due process of disinvestment including issue of Preliminary Information Memorandum for inviting Expression of Interest shall be done under the guidance of Department of Investment and Public Asset Management (DIPAM), with the involvement of relevant Ministries/ Departments of Government of India.

The monetization process of AI transferred assets is actively pursued with the relevant agencies/ authorities by the company. Similar actions for identification/ disposal/transfer/ utilization/

accounting of large number of non-core assets are also being pursued in constant interactions with the relevant local authorities.

3. OPPORTUNITIES AND THREATS

AIAHL was incorporated by Government of India as SPV to facilitate the disinvestment of Air India with no commercial activity. Hence, management is not exploring any opportunity to expand its business and the company does not have any threat.

4. RISK AND CONCERNS

The Company being a SPV is 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 any financial risk. However, the Company monitors the risk perceptions and takes preventive action for mitigating of risk on various fronts, if any.

5. HUMAN RESOURCES

Staff strength

As on 31st March, 2023 the Staff strength consisting of fixed term employment contractual of the Company increased from 12 to 16.

6. INTERNAL CONTROL SYSYTEM AND THEIR ADEQUACY

M/s S.N. Kapoor & Associates, Chartered Accountants, Delhi has been appointed as Internal auditors of the Company to review the business processes and controls to assess the adequacy of the internal control system to ensure compliance with all applicable laws and regulations and facilitate in optimum utilization of resources.

7. KEY FINANCIAL RATIOS ON STANDALONE BASIS

Sl. no	Particular	As at 31st March, 2023	As at 31st March, 2022	% change	Reason
1.	Current ratio	2.47	0.33	636.37%	Due to decrease in current assets as well as current liability as compared to previous year.
2.	Debt equity ratio	-215.15	-3.51	6032.17%	Due to negative net-worth of the company in the current year, due to excess of fund transferred to AI over assets/liabilities received charged to other equity and Grant from GoI for payment of series-I Bond of ₹ 70,000 million.
3.	Debt service coverage ratio	0.06	0.09	-32.65%	Due to decrease in total income of the company.
4.	Return on equity	-0.17	-0.33	-46.98%	Due to reduced net loss during the year

Sl. no	Particular	As at 31st March, 2023	As at 31st March, 2022	% change	Reason
5.	Trade payable turnover ratio	847.36	200.04	324%	Due to increase in other expenses as compared to previous year
6.	Net capital turnover ratio	0.18	-0.02	-1186%	Due to increase in Rental revenue as compared to previous year.
7.	Net profit ratio	-3.51	-12.61	-72%	Due to increase in rental revenue and due to medical expenses & Rates & Taxes
8.	Return on capital employed	0.061	0.126	-52%	Due to decrease in Total Income

8. 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/-
Asangba Chuba Ao
Chairman and Managing Director
DIN: 08086220

Sd/-
Padam Lal Negi
Director
DIN: 10041387

Place: New Delhi
Date: 28th August, 2024

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

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

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

2. BOARD OF DIRECTORS

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

Board of Directors as on 31st March 2023

Sr. No.	Name of the Directors	Designation
1.	Shri. Satyendra Kumar Mishra , JS, MoCA (DIN: 07728790)	Nominee Director
2	Shri Padam Lal Negi, JS & FA, MoCA (DIN: 10041387)	Nominee Director
3.	Smt. Parama Sen JS (DIPAM) (DIN: 09276997)	Nominee Director
4.	Shri Solomon Arokiaraj, JS, IPP, DEA Ministry of Finance (DIN: 06802660)	Nominee Director

MoCA vide its Office memorandum (OM) dated 28th February 2023, has assigned the additional charge for the post of Chairman and Managing Director (CMD) of AI Assets Holding Limited (AIAHL) to Shri Satyendra Kumar Mishra, Joint Secretary, MoCA, for a period of three months w.e.f. 1st March 2023 or till the regular appointment of CMD, AIAHL, whichever is earlier, by virtue of the appointment of Shri Vikram Dev Dutt as Director General in the Directorate General of Civil Aviation (DGCA). In view of this, the Shri Vikram Dev Dutt ceased as Nominee Director and Chairman and Managing Director of AIAHL w.e.f 28th February 2023.

Further in pursuance of the OM issued by the Ministry of Civil Aviation (MoCA)dated 03rd February 2023, Shri Padam Lal Negi, JS & FA MoCA, has been appointed as Nominee Director of the Company vice Shri Rajesh Singh Sharma.

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

Further in pursuance of the OM issued by the MoCA dated 14th May 2024, Shri Shobhit Gupta, Joint Secretary JS, MoCA has been nominated as Nominee Director vice Shri Asangba Chuba Ao, JS MoCA and Dr. Alok Pande, Additional Secretary (AS) DIPAM has been nominated as Nominee Director vice Shri Rahul Jain, JS, DIPAM, on the Board of AI Assets Holding Limited. However, Shri

Asangba Chuba Ao, continue to hold the position of CMD, AIAHL, till any further communication from MoCA.

The Board placed on record its appreciation of the valuable services rendered by Shri Vikram Dev Dutt, Chairman and Managing Director, Shri Rajeshsingh Sharma, Smt. Parama Sen and Shri Rahul Jain Nominee Directors on the Board of the Company during their tenure.

During the year, all Six Meetings of the Board, one Annual General Meeting were chaired by the Chairman of the Company.

Details regarding the Board Meetings, Annual General Meeting, Directors' Attendance thereat, Directorships and Committee positions held by the Directors are as under:

3. BOARD MEETINGS

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
36	06th June 2022	5	4
37	22nd July 2022	5	4
38	14th October, 2022	5	4
39	03rd November 2022	5	3
40	30th December 2022	5	3
41	10th February 2023	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 2022-23:

Directors	Academic Qualification	No. of Board Meetings during 2022-23		Attended last AGM (30-12-2022)	Details of other Companies	
		Held (during their respective tenures)	Attended		Directorships in companies	Memberships held in Committees
Shri Vikram Dev Dutt, Chairman and managing Director (w.e.f. 27.01.2022 to 28.02.2023)	B.Tech. & PGDM, IAS (UT:93)	6	6	Yes	**Chairman and Managing Director:** 1 (AI Assets Holding Limited) till 28.02.2023 **Chairman-4** till 28.02.2023 (AI Engineering Services Limited, AI Airport Services Limited, Alliance Air Aviation Limited & Hotel Corporation of India Limited) **Director: 1** Port Blair Smart Projects Limited	**Chairman: 4** A. CSR Committee: 2 (AI Engineering Services Limited, AI Airport Services Limited) B. HR Committee:1 (Alliance Air Aviation Limited) C. Flight Safety Committee: 1 (Alliance Air Aviation Limited) **Member: 4** Audit Committee: (AI Engineering Services Limited, AI Airport Services Limited, Alliance Air Aviation Limited & Hotel Corporation of India Limited)

Shri Satyendra Kumar Mishra, Director, Assigned Additional Charge of Chairman and Managing Director w.e.f 01.03.2023 till 31.12.2023	M. Tech (Applied Geology) M.A. (Public Policy), IRS (IT:1990)	6	6	YES	**Chairman and Managing Director: **1 (AI Assets Holding Limited), w.e.f 01.03.2023 **Chairman-4 w.e.f 01.03.2024** (AI Engineering Services Limited, AI Airport Services Limited, Alliance Air Aviation Limited & Hotel Corporation of India Limited) **Director: 3** AI Assets Holding Limited w.e.f 22.01.2018, AI Engineering Services Limited w.e.f. 02.02.2017 & AI Airport Services Limited w.e.f 02.02.2017	**Chairman: 5** 1. CSR A. CSR Committee: 2 (AI Engineering Services Limited, AI Airport Services Limited) B. HR Committee:1 (Alliance Air Aviation Limited) C. Flight Safety Committee: 1 (Alliance Air Aviation Limited) D. Nomination and Remuneration Committee: 1 (AI Assets Holding Limited) **Member: 6** A. Audit Committee:4 (AI Assets Holding Limited, AI Engineering Services Limited, AI Airport Services Limited & Alliance Air Aviation Limited) B. CSR Committee:2 (AI Engineering Services Limited & AI Airport Services Limited)
Shri Vimalendra Anand Patwardhan, Director (From 20.03.2020 to 27.12.2022)	B. Com, IA &AS Officer, 1996 Batch.	4	3	NA	**Director: 6** (AI Assets Holding Limited, AI Engineering Services Limited, AI Airport Services Limited, Pawan Hans Limited, Indian Renewable Energy Development Agency Limited & Solar Energy Corporation of India Limited)	**Chairman: 5** A. Audit Committee: 3 (AI Assets Holding Limited, AI Engineering Services Limited, AI Airport Services Limited) B. Nomination & Remuneration Committee (NRC): 1 (Indian Renewable Energy Development Agency Limited) C. Stakeholder Relationship Committee: 1 (Indian Renewable Energy Development Agency Limited) **Member: 10** A. Audit Committee: 4 (Pawan Hans Limited, Indian Renewable Energy Development Agency Limited, Airport Authority of India & Solar Energy Corporation of India Limited) B. CSR Committee: 2 (AI Engineering Services Limited, AI Airport Services Limited) C. Remuneration Committee:2 (Solar Energy Corporation of India Limited & Airport Authority of India)

						D. NPA & Stressed Asset Resolution Committee: 1 (Indian Renewable Energy Development Agency Limited) E. Risk Management Committee: 1 (Indian Renewable Energy Development Agency Limited)
Shri Peeyush Kumar, Joint Secretary, (IPP), DEA, Min.of Finance (from 18.11.2021 to 26.12.2022	(MS in Statistics) and IAS (1997)	4	2	N.A.	**Director-2** (AI Assets Holding Limited, India Infrastructure Finance Company Limited)	**Member** Audit Committee:1 AI Assets Holding Limited
Smt. Parama Sen, Addl Secretary, DIPAM (From 10.06. 2021 to 12.12. 2023)	MSC (Physics, IA&AS (1994)	5	3	Yes	**Director-4** (AI Assets Holding Limited, AI Engineering Services Limited, AI Airport Services Limited & National Financial Holdings Company Limited)	**Member-5** A. Audit Committee: 2 (AI Engineering Services Limited & AI Airport Services Limited) B. CSR Committee-2 (AI Engineering Services Limited & AI Airport Services Limited) C. Nomination and Remuneration Committee:1 (AI Assets Holding Limited)
Shri Rajesh Singh Shrinarayan Sharma, JS&FA MoCA (From 27.12.2022 to 03.02.2023)	-B.Sc (Geology, Mathematics); Hansraj College, Delhi University, Delhi-M.Sc (Geology); Department of Earth Sciences, IIT Roorkee University, Roorkee.-PG Diploma in Public Policy Management from MDI (Gurgaon),	1	0	Yes	**Director-7** National Internet Exchange of India, National Informatics Centre Services, Incorporated Digital India Corporation, Pawan Hans Limited AI Engineering Services Limited, AI Airport Services Limited, AI Assets Holding Limited	AI Assets Holding Limited **Chairman: 3** A. Audit Committee:3 AI Assets Holding Limited, AI Engineering Services Limited & AI Airport Services Limited **Member:2** A. CSR Committee:2 AI Airport Services Limited & AI Engineering Services Limited,
Shri Padam Lal Negi (w.e.f: 03.02.2023)	IDAS 1992	1	1	NA	**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** A. Audit Committee: 3 (AI Engineering Services Limited , AI Assets Holding Limited & AI Airport Services Limited) **Member-2** A. CSR Committee-2 (AI Engineering Services Limited & AI Airport Services Limited)

Shri Solomon Arokiaraj, JS, IPP, DEA, Ministry of Finance, (From 27.12.2022 to till date)	Post Graduate (Business Management)	2	1	No	**Director-2** AI Assets Holding Limited, India Infrastructure Finance Company Limited	**Member:1** Audit Committee 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.

4. 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 exigencies 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.

5. CODE OF CONDUCT

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

6. BOARD COMMITTEES

AUDIT COMMITTEE

As part of the Corporate Governance and in compliance with the provisions of the Companies Act, 2013 and DPE Guidelines, the Company constituted the Audit Committee of the Board on 20th March 2019.

a) Composition of Audit committee:

As on 31st Mar 2023, the following were the Members of the Audit Committee, in "ex officio" capacity:

Particulars of Director	Ex officio position	Position held in the Committee
Shri Padam Lal Negi	JS & FA, MoCA	Chairman
Shri Satyendra Kumar Mishra	JS, MoCA	Member
Shri Solomon Arokiaraj	JS IPP, DEA, Ministry of Finance	Member

** Shri Padam Lal Negi has been nominated as Chairman of Audit Committee w.e.f 8th February 2023 post cessation of Directorship of Shri RajeshSingh Sharma,*

Post cessation of Directorship of Shri Satyendra Kumar Mishra, Shri Asangba Chuba Ao, JS, MoCA, has been nominated as Member of Audit Committee w.e.f 05th March, 2024.

Post appointment of Sh. Shobhit Gupta being JS, MoCA on the Board of AI Assets Holding Limited and further as member of Audit Committee w.e.f 10th June 2024, Shri Asangba Chuba Ao, being the Chairman and Managing Director of the Company ceased to be the member of the Audit Committee.

The terms of reference of this Committee are:

- To recommend for appointment, remuneration and terms of appointment of auditors of the company;
- To review and monitor the auditor's independence and performance, and effectiveness of audit process;
- To review the Internal Audit program & ensure co-ordination between the Internal & External Auditors as well as determine whether the Internal Audit function is commensurate with the size and nature of the Company's Business;
- To examine the financial statements and the auditors' report thereon;
- To review the Statutory Auditor's Report, Management's response thereto and to take steps to ensure implementation of the recommendations of the Statutory Auditors;
- Approval or any subsequent modification of transactions of the Company with related parties;
- 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 and related matters;
- To consider any other matter as referred by the Board.

Meetings of the Audit Committee

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

S No.	Meeting Number	Date of the Meeting	No. of Directors present
1	15th	06-06-2022	3
2	16th	14-10-2022	2
3	17th	03-11-2022	2
4	18th	10-02-2023	3

NOMINATION AND REMUNERATION COMMITTEE

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

a) Composition of committee:

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

Particulars of Director	Ex officio Position	Position held in the Committee
Shri Satyendra Kumar Mishra	JS, MoCA	Chairman
Smt. Parama Sen	AS, DIPAM, Min. of Finance	Member

Cessation of Shri Vikram Dev Dutt as Nominee Director and Chairman and Managing Director of AIAHL w.e.f 28th February, 2023 resulted into his cessation from the membership in the Nomination and Remuneration Committee.

Post cessation of Directorship of Shri Satyendra Kumar Mishra, Shri Asangba Chuba Ao was nominated as member of Nomination and Remuneration Committee w.e.f. 5th February 2024. Later, on appointment of Sh. Shobhit Gupta as nominee Director, being the JS, MoCA on the Board of AI Assets Holding Limited, the Committee was reconstituted on 10th June 2024 and Shri Shobhit Gupta was nominated as member of the Committee vice Shri Asangba Chuba Ao.

Post cessation of Directorship of Smt Prama Sen, Shri Rahul Jain was nominated as member of Nomination and Remuneration Committee w.e.f 18th December, 2023.

Post cessation of Directorship of Shri Rahul Jain, Dr. Alok Pande was nominated as member of Nomination and Remuneration Committee w.e.f 10th June, 2024.

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.

The Nomination and Remuneration Committee had met once during the year as per details given below:

S No.	Meeting Number	Date of the Meeting	No. of Directors present
1	1st	14-10-2022	3

STAKEHOLDERS AND RELATIONSHIP 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 Stakeholders Relationship Committee of the Board on 10th October, 2023.

a) Composition of committee:

The Committee was constituted with the following Members in ex officio capacity:

Particulars of Director	Ex officio position	Position held in the Committee
Shri Padam Lal Negi	JS & FA, MoCA	Chairman
Shri Satyendra Kumar Mishra	JS, MoCA	Member
Shri Solomon Arokiaraj	JS IPP, DEA, Ministry of Finance	Member

Post cessation of Directorship of Shri Satyendra Kumar Mishra, Shri Asangba Chuba Ao was nominated as member of Stakeholders and Relationship Committee w.e.f. 5th February 2024. Later, on appointment of Sh. Shobhit Gupta as nominee Director, being the JS, MoCA on the Board of AI Assets Holding Limited, the Committee was reconstituted on 10th June 2024 and Shri Shobhit Gupta was nominated as member of the Committee vice Shri Asangba Chuba Ao.

Post cessation of Directorship of Smt. Parama Sen, Shri Rahul Jain was nominated as member of Stakeholders and Remuneration Committee w.e.f 18th December, 2023.

Post cessation of Directorship of Shri Rahul Jain, Dr. Alok Pande was nominated as member of Stakeholders and Remuneration Committee w.e.f. 10th June 2024.

b) Term of Reference:

The term 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

7. 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
2nd AGM	30th December, 2020	Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	Yes
3rd AGM	17th December, 2021	Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	No
4th AGM	30th December, 2022	Regd. Office: 2nd Floor, Air India Reservation Building, Safdarjung Airport, New Delhi-110003	No
4th Adjourned AGM	28th June, 2023	Regd. Office: 2nd Floor, Air India Reservation Building, Safdarjung Airport, New Delhi-110003	No
5th EGM	22nd November, 2021	Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	Yes

7. REGISTRAR AND SHARE TRANSFER AGENT

Series 1 NCD: M/s Link Intime India Pvt Ltd having its address at C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400083, is the Registrar and Transfer Agent (RTA) of the Company.

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

8. DEBENTURE TRUSTEE:

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

9. 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 stock Exchange or SEBI or any Statutory Authority, on any matter related to capital market, during the last three financial year, except the penalties for quarters March 2021, September, 2021 and March, 2022, June 2022, September 2022, December 2022 and March 2023 for delay in filing of Financial Statements of respective quarters for which Company has already submitted request for waiver of penalties. The BSE has waived the penalty imposed for September, 2021 vide its email dated 22.12.2022.

ii. Compliances Regarding Insider Trading

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

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

Number of Complaints filed during the year 2022-23	:	NIL
Number of Complaints disposed of during the year 2022-23	:	N.A.
Number of Complaints pending as on 31st March, 2023	:	NIL

10. CREDIT RATING

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

11. 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 Annual Report.

12. 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/-
Asangba Chuba Ao
Chairman and Managing Director
DIN: 08086220

Sd/-
Padam Lal Negi
Director
DIN: 10041387

Place: New Delhi
Date: 28th August, 2024

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 and on behalf of the Board
AI Assets Holding Limited

Sd/-	**Sd/-**
Rajiv Kapoor	**Satyendra Kumar Mishra**
Chief Financial Officer	**Chairman and Managing Director**
	DIN: 07728790

Date: 30th October, 2023
Place: New Delhi

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 and on behalf of the Board
AI Assets Holding Limited

Sd/-
Rajiv Kapoor
Chief Financial Officer

Sd/-
Asangba Chuba Ao
Chairman and Managing Director
DIN: 08086220

Date: 15th May, 2024
Place: New Delhi

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
AI ASSETS HOLDING LIMITED
2nd Floor, AI Administration Building,
Safdarjung Airport, Delhi-110003

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 2023 as stipulated in 'Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises, Ministry of Civil Aviation.

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

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

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

(i). The Company did not have proper composition of the Independent Directors on Board as required under Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and

(ii) Establishment of a vigil mechanism for directors and employees to report genuine concerns or grievances as required under section 177 (9) of the Companies Act, 2013

(iii) The Company did not have proper composition of Independent Directors in Nomination and Remuneration Committee as required under Regulation 19 of the (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(iv) The Company did not have proper composition of Independent Directors in Audit Committee as required under Regulation 18 of the (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(v) The Company was granted an extension of time vide order dated 16/09/2022 for the purpose of holding AGM, which was due to be held on or before 30/09/2022, by 3 months on the application filed by the company on 15/09/2022 under section 96 of the Companies Act, 2013. AGM of the Company was held on 30/12/2022. However, the audited Financial Statement of the company were abopted by members in the adjourned AGM of the company held on 28/06/2023.

(vi) The Company has not updated all applicable policies under SEBI Regulations.

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

Place : Delhi
Date : 25.06.2024

For Amit Agrawal & Associates
(Companies Secretaries)

sd/-
CS Amit Agrawal
(Partner)
M. No. F5311, C.P. No. : 3647
UDIN: F005311F000615943

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 2023

The preparation of financial statements of AI Assets Holding Limited for the year ended 31 March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory auditor appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 30 October 2023.

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 2023 under Section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

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

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

Sd/-
(Vinita Mishra)
Director General of Audit (Infrastructure)
New Delhi

Place: New Delhi
Dated: 29 July 2024

INDEPENDENT AUDITORS' REPORT

To

The Members of **AI Assets Holding Limited** ***(formerly Air India Assets Holding Limited)***
(CIN: U74999DL2018GOI328865)
Report on the Audit of the Standalone Ind AS Financial Statements

1. <u>Opinion</u>

We have audited the accompanying standalone Ind AS financial statements of **AI Assets Holding Limited** ***(formerly Air India Assets Holding Limited)*** **("the Company"),** which comprise the Balance Sheet as at 31st March, 2023, the statement of profit & loss, total comprehensive income, the statement of changes in equity, statement of cash flows for the year then ended and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information *(hereinafter referred to as the standalone Ind AS financial statements)*.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act 2013, as amended ("the Act') in the manner so required and give a true and fair view, in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and the other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2023, and its loss, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

2. <u>Basis for Opinion</u>

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. <u>Emphasis of Matter</u>

We draw your attention to: -

(i) Note no. 23 a) & 24.i of the standalone Ind AS financial statement regarding payment made by the company to the then AIL for its disinvestment amounting to Rs.8,31,949.58 million (excluding government grants amounting to Rs.76,296.70 million transferred to the then AIL for servicing interest of identified debts along with redemption of Series – 1 6.99% Non-Convertible Debentures for Rs.70,000 million which has been shown as separate line item under "Equity and Liabilities") and against such amount total assets (net of liability) transferred by the then AIL to the company amounting to Rs.1,51,908.26 million and difference of Rs.6,80,041.32 million has been classified as a separate line item under “Equity & Liabilities”. However, details about the component of differential amount (viz. provision of ECL/doubtful debts, provision for non-moving/scraped inventories, any other provision of assets etc.) has not been provided by the then AIL hence could not be verified.

(ii) Note no. 23.c.III of the standalone Ind AS financial statement regarding book transfer of the movable and immovable assets of Rs.77,533.76 million on the date of disinvestment through debit note/invoices without having any physical handover-takeover. Further, the title and physical possession of these assets except Airlines House, Kolkata (1 no), Sohni Apartment Kolkata (1 no) and Asian Village Games Apartments (5 nos) are still with the AIL held in trust on behalf of the company.

(iii) Note no. 23.c.III.a.ii of the standalone Ind AS financial statement regarding assets received from the then AIL has been classified as “Assets included in disposal group held for sale”. However, these assets have been accounted for at carrying value instead of at lower of carrying cost or fair value less cost to sell.

(iv) Note nos. 9, 17, 25.iv and 25.v of the standalone Ind AS financial statement regarding certain movable and immovable assets transferred by the then AIL classified under “Assets included in disposal group held for sale” for which either lease period has been expired or assets are under encroachment /legal disputes. Further, regarding surrender of the remaining lease right to the lessor on compensation basis though as stated to us in few cases, the lessor is denying for any compensation taking the ground that there is no clause in the agreement for the compensation.

(v) Note no 42.i of the standalone Ind AS financial statement regarding Rs.2,614.34 million (net of advances) shown as recoverable by the company from AIL, whereas AIL has confirmed Rs.1,494.70 million also as recoverable from the company, and differential amount of Rs.4,109.04 million, is stated to be under reconciliation.

(vi) Note no 9 and 28 of the standalone Ind AS financial statement regarding charging interest of Rs.4,508.74 million at the rate of 9% p.a. on outstanding recoverable amount of Rs.48,396.76 million from the subsidiaries. Though, the subsidiaries are not able to repay principal of the outstanding recoverable, the company is charging interest from these subsidiaries @ 9% on average balance. The company has also taken an independent opinion from consultant on this matter and in their opinion also the interest should not be charged as impact of the same will be on cash outflow of the company in the form of taxes on such notional income (if the subsidiaries are not able to repay.)

(vii) Note no 28 of the standalone Ind AS financial statement regarding interest charged by the company in contrary to the requirement of the section 186(7) of the Companies Act, 2013. The company had charged only @ 1% per annum on advance of Rs 562.50 million given by them to one of its subsidiaries which is well below the then prevailing yield on Government Security.

(viii) Note no 9 and 23.c.II of the standalone Ind AS financial statement regarding non provision as doubtful/impairment against investment in the subsidiaries of Rs.8,179.40 million and outstanding recoverable amounting to Rs.48,396.76 million classified under

"Assets included in disposal group held for sale" though the net worth of the subsidiaries (except AIASL & AAAL) has been eroded completely.

(ix) Note no 42.ii of the standalone Ind AS financial statement regarding difference of Rs.0.61 million in balances between AIASL and the company as at 31st March, 2023, due to difference in rental and interest on outstanding recoveries.

Also, the difference of Rs.7.46 million in balances between AAAL and the Company as at 31st March, 2023, due to difference in reimbursement of SBLC charges and interest on outstanding recoveries We report that to that extent, the accounts are unreconciled between the company vis a vis AIASL and AAAL.

(x) Note 17 of the standalone Ind AS financial statements, the company has classified Rs.981.22 million under "Liabilities against assets included in disposable group held-for-sale". These liabilities were transferred by the then AIL to the company on the basis of debit notes/credit notes only, however other supporting/confirmation for the said amount are not available.

(xi) Note 22.I.iv of the standalone Ind AS financial statements regarding contingent liability which includes demand raised by BSE for amounting to Rs. 2.01 million instead of firm liability as in the opinion of the management this will be waived off.

(xii) Note 25.vii and 42 (iii) of standalone Ind AS financial statements regarding certain amount of GST ITC though on GST portal such amount is not appearing. As per information provided to us the amount involved is Rs.53.86 million, in the opinion of the management the company is in the process to get this amount accepted by the GST department.

(xiii) Note 23.c.III.c.iv of the standalone Ind AS financial statements regarding non accounting of certain benefits (including house rent recoveries of housing colonies) accruing to AIL, AIXL or AI-SATS post disinvestment closing date on account of remaining assets including interest accrued thereof will be paid to the Government of India or such other person as nominated by the Government of India.

(xiv) Note 42 of the standalone Ind AS financial statements regarding claim for recovery/ adjustment of Rs.2,244.48 million by the then AIL towards interest on identified debts for the period prior to 1st October 2018 (in two parts i.e Rs.955.91 million through recoverable account and Rs.1,288.57 million in AIL settlement account) for which the company has no mandate for the payment/ disbursement of interest for such period i.e prior to 1st October, 2018 as in the opinion of the management such amount is not recoverable/ adjustable by the then AIL.

(xv) Note 24.ii of the standalone Ind AS financial statements, regarding accounting of Rs.1,776.88 million (excluding Rs.36.43 million not accepted by the company as these bills pertains prior to the date of disinvestment) subject to verification by the company. The impact on the accounts of such verification/ reconciliation relating to the medical bills and its consequential effects on the state of affairs of the company as on 31st March, 2023 are not ascertainable and hence cannot be commented upon.

(xvi) Note 29 of the standalone Ind AS financial statements, regarding physical verification of movable assets carried out by the outside agency is pending for reconciliation.

However, as per para 23.c.III.a.iii pending reconciliation and finalization of physical verification report items having value of Rs.460.82 million which has not been verified/ not found is subject to counter/ re-verification and reconciliation by the management. The financial impact on completion of reconciliation is not ascertainable as on date.

(xvii) Note 26 of the standalone Ind AS financial statements on disinvestment plan of the subsidiaries, during the year, roadshows has been conducted by DIPAM and draft PIM for AIESL, AIASL & AAAL have been prepared for discussion with the Government, though these subsidiaries are classified/ carrying as “Assets included in Disposal group held-for-sale” for a period of more than one year.

(xviii) Note 23.c.IX of the 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 detail of expenditure of Rs.2,564.78 million, which is adjusted against the amount withheld by AIL. The company had accounted for the above amount, leaving behind unadjusted amount of Rs.435.22 million on the basis of details received by them, in the absence of confirmation from AIL.

(xix) Note 21 of the standalone Ind AS financial statements regarding rates & taxes of Rs.571.50 million towards property tax, state levies and stamp duty on provisional basis against certain properties, however accounting of property tax, state levies and stamp duty is yet to be made against certain other properties as the amount is unascertainable/ not known.

(xx) Note 33 of the Standalone Ind AS financial statements, the company has not allocated the expenditure on CSR activity as required under section 135 of the Companies Act, 2013 on Corporate Social Responsibility (CSR) for previous years as the company has an obligation to transfer unspent amount to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of the section 135 of the said Act. As represented by the management, in the absence of the CSR committee/ appointment of Independent Director by the Competent Authority, the allocation/ expenditure on CSR activities relating to earlier years is not made. Such non-compliance may further entails penal provisions under section 135 (7) of The Companies Act, 2013.

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, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><th>S. No.</th><th>Key Audit Matters</th><th>How Our Audit addressed the key audit matters</th></tr>
<tr><td>1</td><td colspan="2">Transactions relating to disinvestment of Air India Limited
(refer note no 3, 23 & 24 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: -</td></tr>
<tr><td></td><td>In terms of decision of Government of India for financial assistance to the then AIL for the disinvestment, the company had transferred Rs.8,31,949.58 million during the year 2021-22 (excluding Grant of Rs.1,46,296.70 million inclusive of Rs 72,000 million received from GoI during the year), against this assets/liabilities/ monetization proceeds for Rs.1,51,908.26 million (after adjustment made for current year proceeds/adjustment for Rs 2,523.07 million) were transferred by the then AIL till 31st March 2023. The company has accounted for the funds transferred to the then AIL over and above the assets/liabilities amounting to Rs.6,80,041.32 million as separate line item under “Equity & Liabilities” as on 31st March 2023 . Further, AIL has not provided the details of above balance amount and detail of current assets equal to current liabilities retained by AIL in their books.</td><td>We have relied on the records relating to approvals by the Government of India through the various letters referred in the notes and restated framework agreement for the disinvestment of the then AIL and its subsidiaries. These assets and liabilities of the then AIL transferred to the company shall be monetized for the utilization of repayment of debts paid by the company to then AIL. Further, it was also explained to us that the purpose for which the company was created as SPV is for the said matter, hence we have relied on the same. Further the current assets equal to current liabilities retained by the AIL for which details were not provided, however, we have relied the self-certified documents provided by AIL.
We have relied on the information/ documents provided by the management as received from AIL. We have not been provided any Utilization certificate of funds utilized by AIL for the purpose these were intended to by either statutory auditors of AIL or from any independent agency.</td></tr>
<tr><td>2</td><td colspan="2">Independent Director under Companies Act, 2013
(refer Note 39 to the standalone Ind AS financial statements)
We consider this matter to be of most significance in our audit due to the non-compliance of the statutory requirements under the provisions of the Companies Act, 2013 -</td></tr>
<tr><td></td><td>Appointment of independent directors as the company’s NCDs are listed on Bombay Stock Exchange</td><td>In terms of section 149 of the Companies Act, 2013, read with Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is required to appoint at least two independent directors on their Board of Directors. The Company does not have any independent director since the date of its listing of NCDs on stock exchange.</td></tr>
<tr><td>3.</td><td colspan="2">Utilization of Grants
(refer Note 24 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 -</td></tr>
</table>

S. No.	Key Audit Matters	How Our Audit addressed the key audit matters
	1. Grant in aid received from Govt. of India of Rs.2,000 million towards servicing of interest for the three NCDs series of Rs.2,19,850 million issued by the company and Rs.70,000 million towards redemption of 6.99% Series – 1 NCD's due on 16.12.2022.	Our procedures of utilization of Government Grants include obtaining and understanding of the process involving the utilization of the Government Grants. We reviewed the relevant sanction letters embodying the purpose and utilization thereof of such grants in terms of rules framed under GFR. The note no 24 of the notes to standalone Ind AS financial statements of the company describe the purpose of formation of the company as "SPV" for transfer of identified debts of AIL to "SPV" duly approved by the Government of India and Board of Directors of both the companies. The Budgetary support / grant of Rs.2,000 million received during the year is accounted as "other income" to the extent of the equivalent amount expensed off during the year. The Budgetary Support of Rs.70,000 million received during the year is accounted as part of "Equity" as separate line item in the Standalone Ind AS financial statements.
	2. Grant in aid received from Government of India of Rs.1,250 million for medical expenses and utilized for the purpose for which it is received.	Our procedures of utilization of Government Grants include obtaining and understanding of the process involving the utilization of the Government Grants. We reviewed the relevant sanction letters embodying the purpose and utilization thereof of such grants in terms of rules made under GFR. In line of the medical scheme for retired and retiring employees of the then AIL, Government of India vide letter dated 28th March, 2023 released grant of Rs. 1,250 million to be utilized for the purpose of medical expenses of such retired and retiring employees.
4	***(refer Note 23 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 non availability of Tripartite Share Purchase Agreement (SPA) -	

S. No.	Key Audit Matters	How Our Audit addressed the key audit matters
	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 then AIL for all the transactions made between AIL and the Company.

5. <u>Information other than the standalone Ind AS financial statements and auditors' report thereon</u>

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. <u>Management responsibility for the standalone Ind AS financial statements</u>

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 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. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit read with matters as reported in "Emphasis of Matter" and "Key Audit Matters" paragraph above.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Change in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the

Companies (Indian Accounting Standards) Rules, 2015 as amended.

e) Disqualification of Directors stated in section 164(2) of the Act is not applicable to Government Company as per notification no. GSR 463E of the Ministry of Corporate Affairs, Government of India dated 5th June, 2015.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'. Our report expresses an unmodified opinion on the adequacy of and operating effectiveness of the company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, we report that, in terms of Ministry of Corporate Affairs, Government of India, notification number G.S.R. 463 (E) dated 5th June 2015 provisions of section 197 of the act are not applicable to the company.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 and Companies (Audit and Auditors) Amendment Rules, 2021 in our opinion and to the best of our information and according to the explanations given to us:

i. The Company 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) The Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from 1st April 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31st March 2023.

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

Sd/-
(Ashwani Sood)
Partner
M. No. 084242
UDIN: 23084242BGWSZA7470

Place: New Delhi
Date : 30th October, 2023

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 2023:

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

(i) (a) (A) The Company had maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment's. However, for "Assets included in disposable 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), Sohni Apartment Kolkata (1 no) and Asian Village Games Apartments (5 nos), and no fixed assets register w.r.t "Assets included in disposable group held for sale" was made available for our verification. (refer note no. 23.c.III.a of the standalone Ind AS financial statements).

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

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

(c) According to the information and explanations given to us as the "Assets included in disposal group held-for-sale" disclosed in the standalone Ind AS financial statements were transferred to the company by then AIL at their carrying value on the date of disinvestment of AIL i.e 27.01.2022 (refer note 23.c.III.a.i & 45.b of the standalone Ind AS financial statements). As per information and explanation given to us, we report that, that the title in respect of immovable properties, disclosed in the standalone Ind AS financial statements under "Assets included in disposal group held-for-sale" were not held in the name of the company except Airlines House, Kolkata (1 no), Sohni Apartment Kolkata (1 no) and Asian Village Games Apartments (5 nos), (refer note 45.b of the standalone Ind AS financial statements), 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**	3,329.37	Air India Limited	**No.**	**31st March, 2022**	Refer Note No. – 25.i of standalone Ind AS financial statements	-
2.	**Freehold**	112.75	AIAHL	**No.**	**31st March, 2023**	-	
3	**Other than Freehold**	68,968.18	Air India Limited	**No.**	**31st March, 2022**	Refer Note No. – 25.i of standalone Ind AS financial statements	-
4	**Other Structures**	3,285.22	Air India Limited	**No.**	**31st March, 2022**	Refer Note No. – 25.i of standalone Ind AS financial statements	-

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

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

(e) No proceedings have been initiated during the year or are pending against the Company as at 31st March, 2023 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, 2023 as defined under Indian Accounting Standard (Ind AS 2) – Inventories. Accordingly, the provisions of clause 3 (ii) (a) of the of the order is not applicable to the Company.

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

(iii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, during the year, the company has granted advances in the nature of loan to one of its subsidiaries (refer note no 22.II & 45 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	-	-	-	257.00
- Joint Ventures	-	-	-	-
	-	-	-	-
- Associates	-	-	-	-
- Others	-	-	-	-
Balance outstanding as at balance sheet date in respect of above cases (including interest accrued)				
- Subsidiaries	5,895.04	-	-	53,896.67
- 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 28 of the standalone Ind AS financial statements.)

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of advance in the nature of loan given, for Rs.562.50 million (paid in FY 2021-22) to one of its subsidiary, there is no stipulation of interest and terms of conditions for the repayment of principal and payment of interest, hence we are unable to comment as whether the repayments or receipts are regular.

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

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

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has granted 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 45 (a), 28 and 23(c)(II) of the standalone Ind AS financial statements.)

Advances to subsidiaries (inclusive of interest) amounting to Rs 53,896.67 million (including transferred from the then AIL amounting to Rs.49,839.76 million) classified as "Assets included in disposal group held for sale.

- Aggregate amount of loans or advances of above nature given during the year is Rs.257 million.
- Percentage thereof to the total loans granted during the year is 0.48%
- Aggregate amount of loans granted to Promoters, related parties as defined in clause (76) of section 2 of the Companies Act, 2013 is Rs.53,896.67.

(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 28 of the standalone Ind AS financial statements) on which interest at the rate of 1% per annum has been charged, which is in contravention to Section 186(7) of the Companies Act, 2013.

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

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

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

According to the information and explanation given to us, no undisputed amounts in respect of above were in arrears as at 31st of March, 2023 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 wilful 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.

(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 not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year, hence reporting under clause 3 (x) (b) of paragraph 3 of the order is not applicable.

(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. 31 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.

(d) In our Opinion and according to the information and explanation given to us, the group does not have any Core Investment Company as defined in the regulation made by the Reserve Bank of India, as part of the group. Accordingly, the provision of clause 3 (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 incurred cash losses of Rs.5,512.16 million in current financial year & cash losses of Rs.10,574.67 million in the immediately preceding financial year.

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

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

(xx) According to the information and explanations given to us and based on our examination of the records of the Company, the provision of clause 3 (xx) of the Order is not applicable to the company for the year ended 31st March, 2023. However, in respect of prior to financial year 2022-23, the compliance of the provisions of section 135 is yet to be made (refer note no. 33 of the standalone Ind AS financial statements).

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

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

Sd/-
(Ashwani Sood)
Partner
M. No. 084242
UDIN: 23084242BGWSZA7470

Place: New Delhi
Date : 30th October, 2023

Annexure 'B'

Report on Internal Financial Controls Over Financial Reporting

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

We have audited the internal financial controls over financial reporting of AI Assets Holding Limited *(formerly Air India Assets Holding Limited)* ("the Company") as of 31st March, 2023 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

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

2. **Auditors' Responsibility**

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

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

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

3. Meaning of Internal Financial Controls Over Financial Reporting

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

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

4. Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

5. Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to standalone Ind AS financial statements were operating effectively as at 31st March, 2023, 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.

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

(Ashwani Sood)
Partner
M. No. 084242
UDIN: 23084242BGWSZA7470:

Place: New Delhi
Date : 30th October, 2023

Annexure – 'C'

Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of M/s AI Assets Holding Limited *(formerly Air India Assets Holding Limited)* for the year 2022-23 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 transaction outside IT system on the integrity of the accounts along with the financial implications, if any may be stated.	The Company is maintaining the Books of Accounts on Tally Accounting Software and all accounting transactions are processed through the said accounting software., the job of which is outsourced to a professional firm, however, all transactions so entered in Tally are cross checked by the staff of company
2.	Whether there is any restructuring of any existing loan or cases of waiver/ write off of debts/loans/interest etc. made by lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated. 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.1,250 million towards medical expenses for eligible employees of AIL, Rs.70,000 million towards repayment of 6.99 % NCD Series - 1 and Rs.2,000 million towards interest on NCD's.

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

Sd/-
(Ashwani Sood)
Partner
M. No. 084242
UDIN: 23084242BGWSZA7470

Place: New Delhi
Date : 30th October, 2023

COMPLIANCE CERTIFICATE

We have conducted the audit of accounts of **M/s AI Assets Holding Limited** ***(formerly Air India Assets Holding Limited)*** for the year ending 31st March, 2023 in accordance with the directions/ sub-directions issued by C & AG of India under Section 143 (5) of the Companies Act, 2003 and certify that we have complied with all the Directions/ Sub Directions issued to us.

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

Sd/-
(Ashwani Sood)
Partner
M. No. 084242
UDIN: 23084242BGWSZA7470

Place: New Delhi
Date : 30th October, 2023

MANAGEMENT REPLIES TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF AI ASSETS HOLDING LIMITED FOR THE FINANCIAL YEAR 2022-23

Sl. No.	Emphasis of Matter	Management Reply
1.	Note no. 23 a) & 24.i of the standalone Ind AS financial statement regarding payment made by the company to the then AIL for its disinvestment amounting to Rs.8,31,949.58 million (excluding government grants amounting to Rs.76,296.70 million transferred to the then AIL for servicing interest of identified debts along with redemption of Series – 1 6.99% Non-Convertible Debentures for Rs.70,000 million which has been shown as separate line item under "Equity and Liabilities") and against such amount total assets (net of liability) transferred by the then AIL to the company amounting to Rs.1,51,908.26 million and difference of Rs.6,80,041.32 million has been classified as a separate line item under "Equity & Liabilities". However, details about the component of differential amount (viz. provision of ECL/doubtful debts, provision for non-moving/scraped inventories, any other provision of assets etc.) has not been provided by the then AIL hence could not be verified.	The Company is a SPV formed for the specific purpose of warehousing Assets and Liabilities of Air India. The Company does not have any commercial operations. Based on GoI various approvals, the Company had transferred an amount of Rs 8,31,949.58 million to the then Air India for settling various liabilities as stated above. Assets and liabilities transferred to the company amounting to Rs. 1,54,431.33 million as per GoI decisions and as per the restated framework agreement dated 5th Jan 2022 executed between AIL and the Company in FY 2021-22. The Company has shown these assets in the Financial Statements as "Assets held for Sale" as per IND AS 105. The amount paid to the then AIL over and above the assets/liabilities transferred to the company has thus been shown as 'Other Equity' as all the transactions pertaining to disinvestment as stated above were merely routed through the company. These transactions are unique and non-recurring. Hence, the excess amount is not shown as a Loss in the Profit and Loss account as these assets/subsidiaries transferred by AIL will be monetized/disinvested in due course. During the FY 2022-23, AIL has transferred Rs. 41.70 million receivables from DRDO to the Company. Also, against Rs. 3,000 million retained by the then AIL, Rs. 2,564.77 million, based on an estimate has been adjusted by the Company towards maintenance expenses of 6 aircraft, given short in flying conditions to the then AIL as on dated of disinvestment in terms of Share Purchase agreement (SPA). (Ref Note 23.c.III.c.IX) Accordingly, the total amount of Rs.680,041.32 million as on 31.03.2023 has been shown under "Other Equity".

Sl. No.	Emphasis of Matter	Management Reply
		Request received from auditors for providing information regarding provision of ECL/doubtful debts, provision for non-moving/scraped inventories, any other provision of assets etc. as on date of disinvestment of the then AIL has been forwarded to the AIL and the same is awaited.
2.	Note no. 23.c.III of the standalone Ind AS financial statement regarding book transfer of the movable and immovable assets of Rs.77,533.76 million on the date of disinvestment through debit note/invoices without having any physical handover-takeover. Further, the title and physical possession of these assets except Airlines House, Kolkata (1 no), Sohni Apartment Kolkata (1 no) and Asian Village Games Apartments (5 nos.) are still with the AIL held in trust on behalf of the company.	AIL has book-transferred the assets to the Company. However, as per clause 2.8 of the restated framework agreement dated 5th Jan 2022 executed between the Company and the then AIL, these assets have been held in trust by AIL on behalf of the company. Such assets are under transfer to the company and are in the process of being monetized. During the FY 2022-23, the Company initiated the monetization process and monetized/surrendered 6 units of properties. Regarding movable assets, the Company has hired an external agency to carry out the tagging of all the assets located at several locations. The agency has submitted a draft report in Excel to the company which is in the process of reconciliation. The accounting impact for discrepancies, if any, based on the findings in the report shall be given in the due course. The Company is following up for the title transfer of the remaining properties from AIL. The necessary accounting impact, if any, shall be given in the subsequent year(s) on monetization of properties.
3.	Note no. 23.c.III.a.ii of the standalone Ind AS financial statement regarding assets received from the then AIL has been classified as “Assets included in disposal group held for sale”. However, these assets have been accounted for at carrying value instead of at lower of carrying cost or fair value less cost to sell.	The assets have been transferred to the company by the then AIL at their respective carrying (Book) values. The same has been accounted in the books of the Company at these values. It was also decided in the meeting held on 01.12.2021 in MoCA, that since the properties are being transferred from one Government Organization to another, hence transfer be effected on “Book Value basis” and there does not arise any need of valuation of the property at this stage.

Sl. No.	Emphasis of Matter	Management Reply
4.	Note nos. 9, 17, 25.iv and 25.v of the standalone Ind AS financial statement regarding certain movable and immovable assets transferred by the then AIL classified under "Assets included in disposal group held for sale" for which either lease period has been expired or assets are under encroachment /legal disputes. Further, regarding surrender of the remaining lease right to the lessor on compensation basis though as stated to us in few cases, the lessor is denying for any compensation taking the ground that there is no clause in the agreement for the compensation.	The company is vigorously pursuing with the respective State governments /authorities to monetize these assets. There are certain properties where the lease period has expired. The company has taken up the matter with the State Governments/Local Allotting Authorities to renew the lease/surrender back the properties. As per certain lease deed, no compensation is payable by the Allotting authority and therefore the Allotting Authorities have expressed inability to offer any compensation. However, the company is corresponding with the State Governments/ Authorities to favorably consider the Company's request for compensation.
5.	Note no 42.i of the standalone Ind AS financial statement regarding Rs.2,614.34 million (net of advances) shown as recoverable by the company from AIL, whereas AIL has confirmed Rs.1,494.70 million also as recoverable from the company, and differential amount of Rs.4,109.04 million, is stated to be under reconciliation.	The recoverable amount shown in the books of the company amounting to Rs 2,614.34 million represents mainly Rs 481.71 million on account of receivable from DRDO, AMADEUS Rs.309.61 million, rental Rs. 354.19 million, unspent balance against amount retained by then AIL for maintenance of aircrafts Rs. 435.23 million and others. These amounts are recoverable by the company from AIL for which a meeting has been fixed to reconcile and resolve the same. Also please refer to replies given against serial no. 14 & 18.
6.	Note no 9 and 28 of the standalone Ind AS financial statement regarding charging interest of Rs.4,508.74 million at the rate of 9% p.a. on outstanding recoverable amount of Rs.48,396.76 million from the subsidiaries. Though, the subsidiaries are not able to repay principal of the outstanding recoverable, the company is charging interest from these subsidiaries @ 9% on average balance. The company has also taken an independent opinion from consultant on this matter and in their opinion also the interest should not be charged as impact of the same will be on cash outflow of the company in the form of taxes on such notional income (if the subsidiaries are not able to repay.)	Air India during the course of business with its subsidiaries had given advances for a period of time which were shown recoverable in AILs books. AIL used to charge 9% p.a ROI on the average balance of overdue amounts. AIL was charging interest by claiming that it had borrowed interest-bearing funds and had a cost that should be recovered. During the disinvestment of AIL, the subsidiaries were transferred to the company including such advances. AIAHL had raised funds through NCDs at rates varying from 6.99% to 7.39% p.a. and thus also has a cost. Requests were received from subsidiaries for waiver on charging interest on the overdue advances.

Sl. No.	Emphasis of Matter	Management Reply
		The matter was discussed in the 15th Audit Committee/36th Board of Directors meeting held on 6th June 2022. It was suggested in the meeting that the matter may be referred to MoF. A reference was made to MoF through MoCA for their examination. DEA, MoF vide OM dated 22/07/2022 conveyed that "These subsidiaries were already paying interest on the loans to Air India, these subsidiaries may pay at the same rate to AI Assets Holding Limited (AIAHL). First charge on income should be payment of interest". In terms of the above-referred OM, the company has charged 9% interest on the outstanding recoveries from its subsidiaries. During FY 2022-23, AIESL has paid on account Rs.1700 million & Rs. 450 million to the Company towards amount payable to the Company including 9% interest payment charged by it.
7.	Note no 28 of the standalone Ind AS financial statement regarding interest charged by the company in contrary to the requirement of the section 186(7) of the Companies Act, 2013. The company had charged only @ 1% per annum on advance of Rs 562.50 million given by them to one of its subsidiaries which is well below the then prevailing yield on Government Security.	The Board of Directors of the Company in its 33rd meeting dated 24/01/2022 had approved to charge an annual interest rate of 1% on the advance amount lent to M/s Alliance Air Aviation Limited, now a 100% subsidiary of the company. The Company is examining this issue, and adjustments required, if any, will be made in due course with the approval of the Board of Directors of the Company.
8.	Note no 9 and 23.c.II of the standalone Ind AS financial statement regarding non provision as doubtful/impairment against investment in the subsidiaries of Rs.8,179.40 million and outstanding recoverable amounting to Rs.48,396.76 million classified under "Assets included in disposal group held for sale" though the net worth of the subsidiaries (except AIASL & AAAL) has been eroded completely.	The Company has not provided impairment against investments and outstanding recoverable amount in the subsidiaries for the reasons stated below. Detailed write-up on the current status of all the subsidiaries has been given in the notes to accounts- Note no 23 II highlighting that these companies are steadily improving their financial and operational performance over the past few years. Despite the effect of the pandemic across the globe and on aviation related companies in particular the performance of the subsidiary companies namely AAAL and AIESL during the FY 2021-22 has been quiet better as mentioned below:

Sl. No.	Emphasis of Matter	Management Reply
		A. AAAL: The Company has full support from GoI and expects improved performance in future. The company has emerged as a major player in the GOI scheme UDAN. During FY 2022-23, the operating results of AAAL have improved compared to the previous year. The company is poised to lead the regional connectivity in India in the next decade and be a leading carrier. During the FY 2023-24, GOI has approved financial support of Rs. 6,000 million to AAAL and out of which Rs. 3,000 million has been invested by the Company in AAAL as of 15 Dec 2023. **B. AIESL:** AIESL is the largest MRO set up in India that can serve as a one-stop shop for all aircraft engineering requirements. The company has hanger facilities available at all major airports in Mumbai, Delhi, Chennai, Hyderabad, Kolkata, Trivandrum and Nagpur. The company has posted a profit after tax of Rs.-6,295.13 million for the FY 2022-23 second time in a row and the trend is expected to continue. **C. AIASL:** AIASL has posted a profit after tax of Rs.779.22 million for the FY 2022-23 and the net worth of the company is positive. AIAASL is making improvements in its operations every year.
		D. HCI: The management of HCI is of the view that though the company is in a loss but continuous support of the Holding Company as well as GoI will ensure that the Company runs its business as a Going concern. Due to improvement in operations, the Company has posted a reduced loss of Rs.685.62 million in FY 2022-23, approx. ~19% lower, compared to a loss of Rs. 842.51 million in FY 2021-23.

Sl. No.	Emphasis of Matter	Management Reply
		The company has signed Service Level Agreements with Air India valid up to 31.03.2024 which ensures that the Company will be able to run its business as a going concern in the near future. Further, all the subsidiary companies (except HCI) are already undergoing disinvestment as per the GoI decision. The GoI has planned the disinvestment of these companies in a phased manner and the same is targeted to be completed in the next 1-2 years. Looking at this disinvestment plan, the company has disclosed its investments in these subsidiaries as 'Assets held for sale", which is in compliance with the requirements of IND AS 105. Therefore no impairment has been provided on these assets.
9.	Note no 42.ii of the standalone Ind AS financial statement regarding difference of Rs.0.61 million in balances between AIASL and the company as at 31st March, 2023, due to difference in rental and interest on outstanding recoveries. Also, the difference of Rs.7.46 million in balances between AAAL and the Company as at 31st March, 2023, due to difference in reimbursement of SBLC charges and interest on outstanding recoveries We report that to that extent, the accounts are unreconciled between the company vis a vis AIASL and AAAL.	Since the accounts of these subsidiaries were closed much earlier, there were differences in the balance shown by AIASL & AAAL against the Company. However, the differences have been reconciled, and the accounting impact will be given in the subsequent period.
10.	Note 17 of the standalone Ind AS financial statements, the company has classified Rs.981.22 million under "Liabilities against assets included in disposable group held-for-sale". These liabilities were transferred by the then AIL to the company on the basis of debit notes/credit notes only, however other supporting/confirmation for the said amount are not available.	The liabilities have been accounted for on the basis of Debit/Credit notes provided by the then AIL. Details to the extent available have been given in the note 17. The Company has sought the supporting documents against these liabilities and the same are awaited. The company shall take appropriate action on receipt of documents from the then AIL in the subsequent year(s).

Sl. No.	Emphasis of Matter	Management Reply
11.	Note 22.I.iv of the standalone Ind AS financial statements regarding contingent liability which includes demand raised by BSE for amounting to Rs. 2.01 million instead of firm liability as in the opinion of the management this will be waived off.	The Company has requested BSE to consider the waiver of the penalty amount. The Ministry of Civil Aviation has also made a request to BSE vide letter dated 25/10/2022 to consider waiver of penalties. A penalty of Rs. 0.28 million has been waived by the BSE. Waiver for the balance amount is still awaited, hence liability for the same has been shown as contingent instead of firm liability.
12.	Note 25.vii and 42 (iii) of standalone Ind AS financial statements regarding certain amount of GST ITC though on GST portal such amount is not appearing. As per information provided to us the amount involved is Rs.53.86 million, in the opinion of the management the company is in the process to get this amount accepted by the GST department.	Out of the total input GST Rs.226.48 million, the company has availed the major portion of ITC, however, for the balance amount of Rs. 53.86 million which are not appearing on the portal of GST/not available for availment, services of a GST Consultant have been hired to assist in the availment of the said ITC.
13.	Note 23.c.III.c.iv of the standalone Ind AS financial statements regarding non accounting of certain benefits (including house rent recoveries of housing colonies) accruing to AIL, AIXL or AI-SATS post disinvestment closing date on account of remaining assets including interest accrued thereof will be paid to the Government of India or such other person as nominated by the Government of India.	The company has taken up the matter with the then AIL and sought the details in this regard. On receipt of the requested details, appropriate action shall be taken in the subsequent year(s).
14.	Note 42 of the standalone Ind AS financial statements regarding claim for recovery/ adjustment of Rs.2,244.48 million by the then AIL towards interest on identified debts for the period prior to 1st October 2018 (in two parts i.e Rs.955.91 million through recoverable account and Rs.1,288.57 million in AIL settlement account) for which the company has no mandate for the payment/ disbursement of interest for such period i.e prior to 1st October, 2018 as in the opinion of the management such amount is not recoverable/ adjustable by the then AIL.	The Company has not accepted the claim. In a meeting held on 07.09.2018 under the chairmanship of the then Hon'ble Finance Minister that the interest for Q3/Q4 of FY 2018-19 to be serviced by GOI. Further, "Interest Effective Date" as per Framework Agreement dated 23.11.2020 executed between he then AIL and the Company, is 01st October 2018 onwards. Hence, the interest for the period before 1.10.2018 is not admissible.

Sl. No.	Emphasis of Matter	Management Reply
15.	Note 24.ii of the standalone Ind AS financial statements, regarding accounting of Rs.1,776.88 million (excluding Rs.36.43 million not accepted by the company as these bills pertains prior to the date of disinvestment) subject to verification by the company. The impact on the accounts of such verification/ reconciliation relating to the medical bills and its consequential effects on the state of affairs of the company as on 31st March, 2023 are not ascertainable and hence cannot be commented upon.	AIL has submitted invoices for Rs. 1,813.31 million out of which claims of Rs. 36.43 million pertaining prior to disinvestment of the then AIL were rejected. Claims for Rs. 560.38 have been paid. The Company has not received bills/supporting papers for Rs. 588.60 million from AIL however, based on a discussion with Statutory Auditors, a provision has been made. The remaining bills are under verification and accounting impact shall be given in the subsequent year(s).
16.	Note 29 of the standalone Ind AS financial statements, regarding physical verification of movable assets carried out by the outside agency is pending for reconciliation. However, as per para 23.c.III.a.iii pending reconciliation and finalization of physical verification report items having value of Rs.460.82 million which has not been verified/ not found is subject to counter/ re-verification and reconciliation by the management. The financial impact on completion of reconciliation is not ascertainable as on date.	Regarding movable assets, the Company has hired an external agency to carry out the tagging of all the assets located at several locations. The agency has submitted a draft report in Excel to the company which is in the process of reconciliation. The accounting impact for discrepancies, if any, based on the findings in the report shall be given in due course.
17.	Note 26 of the standalone Ind AS financial statements on disinvestment plan of the subsidiaries, during the year, roadshows has been conducted by DIPAM and draft PIM for AIESL, AIASL & AAAL have been prepared for discussion with the Government, though these subsidiaries are classified/ carrying as “Assets included in Disposal group held-for-sale” for a period of more than one year.	Statement of fact.
18.	Note 23.c.IX 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 detail of expenditure of Rs.2,564.78 million, which is adjusted against the amount withheld by AIL.	Based on information received from AIESL on maintenance expenses incurred on aircraft that were not airworthy as on the date of disinvestment, the Company has adjusted Rs. 2,564.78 million against Rs. 3,000 million retained by the then AIL and has communicated to AIL.

Sl. No.	Emphasis of Matter	Management Reply
	The company had accounted for the above amount, leaving behind unadjusted amount of Rs.435.22 million on the basis of details received by them, in the absence of confirmation from AIL.	If any further adjustment is required to be made by the Company, accounting impact shall be given in the subsequent year(s).
19.	Note 21 of the standalone Ind AS financial statements regarding rates & taxes of Rs.571.50 million towards property tax, state levies and stamp duty on provisional basis against certain properties, however accounting of property tax, state levies and stamp duty is yet to be made against certain other properties as the amount is unascertainable/ not known.	Statement of fact.
20.	Note 33 of the Standalone Ind AS financial statements, the company has not allocated the expenditure on CSR activity as required under section 135 of the Companies Act, 2013 on Corporate Social Responsibility (CSR) for previous years as the company has an obligation to transfer unspent amount to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of the section 135 of the said Act. As represented by the management, in the absence of the CSR committee/ appointment of Independent Director by the Competent Authority, the allocation/ expenditure on CSR activities relating to earlier years is not made. Such non-compliance may further entails penal provisions under section 135 (7) of The Companies Act, 2013.	The Company is an SPV incorporated by GoI for the specific purpose and company is not being a commercial/business entity and financially dependent upon the Govt. of India even for recurring expenses of the company. In view of the said facts, the Company sent a request to the Min. of Corp. Affairs, Govt. of India through Ministry of Civil Aviation, vide AIAHL letter dated 25th March 2021 to consider exemption for the SPV from the applicability of such provisions to the Company including constitution of a Board CSR Committee. 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.

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

Sl. No.	Key Audit Matters	How our audit addressed the Key Audit Matters	Management Reply
1	**Transactions relating to disinvestment of Air India Limited** ***(refer note no 3, 23 & 24 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 inclusive of Rs 72,000 million received from GoI during the year), against this assets/liabilities/monetization proceeds for Rs.1,51,908.26 million (after adjustment made for current year proceeds/adjustment for Rs 2,523.07 million) were transferred by the then AIL till 31st March 2023. The company has accounted for the funds transferred to the then AIL over and above the assets/liabilities amounting to Rs.6,80,041.32 million as separate line item under "Equity & Liabilities" as on 31st March 2023 . Further, AIL has not provided the details of above balance amount and detail of current assets equal to current liabilities retained by AIL in their books.	We have relied on the records relating to approvals by the Government of India through the various letters referred in the notes and restated framework agreement for the disinvestment of the then AIL and its subsidiaries. These assets and liabilities of the then AIL transferred to the company shall be monetized for the utilization of repayment of debts paid by the company to then AIL. Further, it was also explained to us that the purpose for which the company was created as SPV is for the said matter, hence we have relied on the same. Further the current assets equal to current liabilities retained by the AIL for which details were not provided, however, we have relied the self-certified documents provided by AIL. We have relied on the information/ documents provided by the management as received from AIL. We have not been provided any Utilization certificate of funds utilized by AIL for the purpose these were intended to by either statutory auditors of AIL or from any independent agency.	This is a matter of fact.
2	**Independent Director under Companies Act, 2013** **(*refer Note 39 to the standalone Ind AS financial statements)*** We consider this matter to be of most significance in our audit due to the non-compliance of the statutory requirements under the provisions of the Companies Act, 2013 -		

Sl. No.	Key Audit Matters	How our audit addressed the Key Audit Matters	Management Reply
	Appointment of independent directors as the company's NCDs are listed on Bombay Stock Exchange	In terms of section 149 of the Companies Act, 2013, read with Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is required to appoint at least two independent directors on their Board of Directors. The Company does not have any independent director since the date of its listing of NCDs on stock exchange.	This is a matter of fact.
3.	**Utilization of Grants** **(*refer Note 24 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 -		
	1. Grant in aid received from Govt. of India of Rs.2,000 million towards servicing of interest for the three NCDs series of Rs.2,19,850 million issued by the company and Rs.70,000 million towards redemption of 6.99% Series – 1 NCD's due on 16.12.2022.	Our procedures of utilization of Government Grants include obtaining and understanding of the process involving the utilization of the Government Grants. We reviewed the relevant sanction letters embodying the purpose and utilization thereof of such grants in terms of rules framed under GFR. The note no 24 of the notes to standalone Ind AS financial statements of the company describe the purpose of formation of the company as "SPV" for transfer of identified debts of AIL to "SPV" duly approved by the Government of India and Board of Directors of both the companies. The Budgetary support / grant of Rs.2,000 million received during the year is accounted as "other income" to the extent of the equivalent amount expensed off during the year. The Budgetary Support of Rs.70,000 million received during the year is accounted as part of "Equity" as separate line item in the Standalone Ind AS financial statements.	This is statement of fact.

Sl. No.	Key Audit Matters	How our audit addressed the Key Audit Matters	Management Reply
	2. Grant in aid received from Government of India of Rs.1,250 million for medical expenses and utilized for the purpose for which it is received.	Our procedures of utilization of Government Grants include obtaining and understanding of the process involving the utilization of the Government Grants. We reviewed the relevant sanction letters embodying the purpose and utilization thereof of such grants in terms of rules made under GFR. In line of the medical scheme for retired and retiring employees of the then AIL, Government of India vide letter dated 28th March, 2023 released grant of Rs. 1,250 million to be utilized for the purpose of medical expenses of such retired and retiring employees.	This is a matter of fact.
4	**(*refer Note 23 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 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 then AIL for all the transactions made between AIL and the Company.	This is a matter of fact.

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 2023

S. No.	Audit Observations	Management Reply
i.	a. (A) The Company had maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment’s. However, for “Assets included in disposable 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), Sohni Apartment Kolkata (1 no) and Asian Village Games Apartments (5 nos), and no fixed assets register w.r.t “Assets included in disposable group held for sale” was made available for our verification. (refer note no. 23.c.III.a of the standalone Ind AS financial statements).	The then AIL has book transferred the assets to the Company. However, as per clause 2.8 of the Restated Framework Agreement dated 5th Jan 2022 executed between the Company and the then AIL, these assets have been held in trust by the then AIL on behalf of the company. Such assets are under transfer to the company. Regarding the Fixed Assets Register (FAR) for assets classified under “Assets included in disposable group held for sale”, it is submitted that Fixed Assets register is being maintained by respective subsidiary companies for their assets. A complete list of assets transferred has been provided by the then AIL Regarding movable assets, the Company has hired an external agency selected through a tender process to carry out the tagging of all the assets located at several locations. The agency has submitted a draft report in excel to the company which is in the process of reconciliation.
	(B) According to the information and explanation give 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 have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification. For “Assets included in disposable group held for sale” for which physical handover - takeover was not taken place at the time of transfer from erstwhile AIL to the Company, no report on physical verification of movable assets is made available to us for our verification and	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 has hired an external agency selected through a tender process to carry out the tagging of all the assets located at several locations. The agency has submitted a draft report in Excel to the company which is in the process of reconciliation.

S. No.	Audit Observations	Management Reply
	regard to the physical verification of immovable assets has been carried out partially by the management and made available to us for our verification. (refer note 23.c.III.a of the standalone Ind AS financial statements)	
	c. According to the information and explanations given to us as the "Assets included in disposal group held-for-sale" disclosed in the standalone Ind AS financial statements were transferred to the company by then AIL at their carrying value on the date of disinvestment of AIL i.e 27.01.2022 (refer note 23.c.III.a.i & 45.b of the standalone Ind AS financial statements). As per information and explanation given to us, we report that, that the title in respect of immovable properties, disclosed in the standalone Ind AS financial statements under "Assets included in disposal group held-for-sale" were not held in the name of the company except Airlines House, Kolkata (1 no), Sohni Apartment Kolkata (1 no) and Asian Village Games Apartments (5 nos), (refer note 45.b of the standalone Ind AS financial statements), the details of such properties is given below:	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.

Sr. No.	Description of a property	Gross carrying value (in Rs million)	Held in the name of	Whether promoter, director or their relative or employee	Period held: indicate a range, where appropriate	Reason for not being held in the name of company *
1	Freehold	3,329.27	Air India Limited	No.	31st March, 2022	Refer Note No. – 25.i of standalone Ind AS financial statements
2	Freehold	112.75	AIAHL	No.	31st March, 2023	
3	Other than Freehold	68,968.18	Air India Limited	No.	31st March, 2022	Refer Note No. – 25.i of standalone Ind AS financial statements
4	Other than Structures	3,285.22	Air India Limited	No.	31st March, 2022	Refer Note No. – 25.i of standalone Ind AS financial statements

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

S. No.	Audit Observations	Management Reply
	d. The company had not revalued any of its Property, Plant and Equipment's (including "Assets included in disposable group held for sale") during the year.	Statement of facts
	e. No proceedings have been initiated during the year or are pending against the Company as at 31st March, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.	Statement of facts
ii.	(a) The Company has not carried any inventory as on 31st March, 2023 as defined under Indian Accounting Standard (Ind AS 2) - Inventories. Accordingly, the provisions of clause 3 (ii) (a) of the of the order is not applicable to the Company. (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not been sanctioned any working capital limit during any point of time of the year from banks or financial institutions. Accordingly, the provision of clause 3 (ii) (b) of the Order is not applicable to the Company.	Statement of facts Statement of facts
iii.	(a) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company has granted advances in the nature of loan to one of its subsidiaries (refer note no 22.II & 45 of the standalone Ind AS financial statements.)	Statement of facts

Particulars	Grants/ SBLC/ BG	Security	Loans	Advances in nature of loans
Aggregate amount granted/ provided during the year				
-Subsidiaries	-	-	-	257.70
- Joint	-	-	-	-
Ventures	-	-	-	-
- Associates	-	-	-	-
- Others	-	-	-	-

<table>
<tr><th>S. No.</th><th>Audit Observations</th><th>Management Reply</th></tr>
<tr><td></td><td>
<table>
<tr><td>Balance outstanding as at balance sheet date in respect of above cases (including interest accrued)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>- Subsidiaries</td><td>5895.04</td><td>-</td><td>-</td><td>53896.67</td></tr>
<tr><td>- Joint</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Ventures</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>- Associates</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>- Others</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
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</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 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 facts</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 28 of the standalone Ind AS financial statements.)

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of advance in the nature of loan given, for Rs.562.50 million (paid in FY 2021-22) to one of its subsidiary, there is no stipulation of interest and terms of conditions for the repayment of principal and payment of interest, hence we are unable to comment as whether the repayments or receipts are regular.

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

S. No.	Audit Observations	Management Reply
	(e) No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the over-dues of existing loans given to the same parties.	Statement of facts
	(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has granted 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 45 (a), 28 and 23(c)(II) of the standalone Ind AS financial statements.) Advances to subsidiaries (inclusive of interest) amounting to Rs 53,896.67 million (including transferred from the then AIL amounting to Rs.49,839.76 million) classified as "Assets included in disposal group held for sale. • Aggregate amount of loans or advances of above nature given during the year is Rs.257 million. • Percentage thereof to the total loans granted during the year is 0.48% • Aggregate amount of loans granted to Promoters, related parties as defined in clause (76) of section 2 of the Companies Act, 2013 is Rs.53,896.67.	Statement of facts
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 28 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.	The Board of Directors of the Company in its 33rd meeting dated 24/01/2022 had approved to charge an annual interest rate of 1% on the advance amount lent to M/s Alliance Air Aviation Limited. The terms of this advance do not define any repayment period and therefore is repayable on demand. However, the Company is in the process of reviewing it.

S. No.	Audit Observations	Management Reply
v	According to information and explanation give to us, the company has not accepted any deposits from the public within the meaning of the directives issued by Reserve Bank of India, provisions of section 73 to 76 of the Act, any other relevant provisions of the act and the relevant rules framed thereunder. According, the provisions of paragraph 3(v) of the Order is not applicable to the Company.	Statement of fact.
vi	In our opinion and according to the information and explanation give to us, maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013. Accordingly, the provisions of paragraph 3 (vi) of the order is not applicable to the Company.	Statement of fact.
vii	(a) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company is regular in depositing undisputed statutory dues including Goods and Services Tax, TDS and any other statutory dues to the extent applicable to the appropriate authorities. According to the information and explanation given to us, no undisputed amounts in respect of above were in arrears as at 31st of March, 2023 for a period of more than six months from the date they became payable.	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 provisions of paragraph 3 (vii) (b) of the order is not applicable to the Company.	Statement of facts
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.

S. No.	Audit Observations	Management Reply
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 wilful 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. (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.	Statement of fact.

S. No.	Audit Observations	Management Reply
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 not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year, hence reporting under clause 3 (x) (b) of paragraph 3 of the order is not applicable.	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.
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. 31 of the standalone Ind AS financial statements).	Statement of fact.

S. No.	Audit Observations	Management Reply
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. (d) In our Opinion and according to the information and explanation given to us, the group does not have any Core Investment Company as defined in the regulation made by the Reserve Bank of India as part of the group. Accordingly, the provision of clause 3(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 incurred cash losses of Rs.5,512.16 million in current financial year & cash losses of Rs.10,574.67 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.

S. No.	Audit Observations	Management Reply
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.	Statement of fact.
xx	According to the information and explanations given to us and based on our examination of the records of the Company, the provision of clause 3 (xx) of the Order is not applicable to the company for the year ended 31st March, 2023. However, in respect of prior to financial year 2022-23, the compliance of the provisions of section 135 is yet to be made (refer note no. 33 of the standalone Ind AS financial statements).	The Company is an SPV incorporated for the limited purposes for the Disinvestment of Air India and not being a commercial business entity and dependent upon the Govt. of India grant funds. The Company sent a request to the Min. of Corp. Affairs, Govt. of India through Ministry of Civil Aviation, vide AIAHL letter dated 25th March 2021 to consider an exemption for the SPV from the applicability of such provisions to the Company including constitution of a Board CSR Committee. However, the Ministry of Corp. Affairs has advised that there is no provision of exemption under the Companies Act for the SPV. The Secretary, Ministry of Civil Aviation vide no. AV-18047/3/2019-AI dated 10th August 2023 has requested MCA to re-examine their decision for the exemption from CSR. The decision is awaited.

S. No.	Audit Observations	Management Reply
		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. However, the Company is in the process of retaining the applicable 2% of the average net profit of the period prior to the financial year 2021-22 in a fixed deposit.
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.	

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 2023

Report on the Internal financial Controls under clause (i) of the sub-section 3 of section 143 of the Companies Act, 2013 (" the Act")

Sl. No.	Audit Observations	Management Reply
1	**1. <u>Management's Responsibility for Internal Financial Controls</u>** (i) 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.	Statement of fact.

	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.	Statement of Fact

4	Inherent Limitations of Internal Financial Controls Over Financial Reporting	Statement of fact.
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, 2023, 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.	Statement of fact.

Annexure C

Referred to in paragraph under the heading Report on "Other Legal and Regulatory Requirements" of our Independent Auditor's Report of even date on the Standalone Financial Statement of AI Assets Holding Ltd. (The "Company") for the year ended on 31st Mar 2023

Sl. No.	Audit Observations	Auditor's Comments	Management Reply
1.	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transaction outside IT system on the integrity of the accounts along with the financial implications, if any may be stated.	The Company is maintaining the Books of Accounts on Tally Accounting Software and all accounting transactions are processed through the said accounting software., the job of which is outsourced to a professional firm, however, all transactions so entered in Tally are cross checked by the staff of company	Statement of Fact
2.	Whether there is any restructuring of any existing loan or cases of waiver/ write off of debts/loans/interest etc. made by lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a government company, then this direction is also applicable for statutory auditor of lender company)	There is no case of restructuring of an existing loan or cases of waiver/ write off of debts/loans/ interest etc. made by the lender to the Company due to the Company's inability to repay the loan.	Statement of Fact
3.	Whether funds (grants/ subsidy etc.) received/ receivable for specific schemes from Central/ State Government or its agencies were properly accounted for/utilized as per its terms and conditions? List the cases of deviation.	Yes, funds received/ receivable for specific schemes from central/ state agencies were properly accounted for/ utilized for the purpose it was intended for, Further, the company had received Rs.1,250 million towards medical expenses for eligible employees of AIL, Rs.70,000 million towards repayment of 6.99 % NCD Series - 1 and Rs.2,000 million towards interest on NCD's.	Statement of Fact

STANDALONE BALANCE SHEET AS AT MARCH 31, 2023

(₹ in million)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
I ASSETS :			
1 Non-current Assets			
(i) Property, Plant and Equipment	2	0.15	0.04
(ii) Financial assets:			
a) Cash and Cash equivalents	7	-	-
b) Bank balances other than (a) above	8	2,282.00	2,079.26
c) Other Financial Assets	4	114.00	117.04
Total Non-Current Assets		**2,396.15**	**2,196.34**
2 Current Assets			
(i) Financial assets:			
a) Cash and Cash equivalents	7	7,734.79	16,823.19
b) Bank balances other than (a) above	8	2,100.00	437.03
c) Other Financial Assets	4	1,573.90	443.10
d) Air India Limited Reconciliation A/c	3	2,720.85	7,244.48
(ii) Current Tax Assets (Net)	5	261.00	279.40
(iii) Other Current Assets	6	263.54	234.67
Total Current Assets		**14,654.08**	**25,461.87**
3 Assets included in Disposal group held-for-sale	9	1,39,026.85	1,36,788.83
Total Assets		**1,56,077.08**	**1,64,447.04**
II EQUITY AND LIABILITIES :			
1 Equity			
a) Equity Share Capital	10	6,23,654.50	6,23,654.50
b) Other Equity	11	(14,309.67)	(8,797.50)
c) Grant for the repayment of Series-I Bond	11	70,000.00	-
		6,79,344.83	6,14,857.00
d) Fund transferred to the then AIL over and above assets/liabilities received	3	(6,80,041.32)	(6,77,518.25)
Total Equity		**(696.49)**	**(62,661.25)**
2 Liabilities :			
(i) Non-current Liabilities			
a) Financial Liabilities			
i) Borrowings	12	1,49,850.00	1,49,850.00
ii) Other Financial Liabilities	13	-	-
b) Provisions	15	-	-
Total Non-Current Liabilities		**1,49,850.00**	**1,49,850.00**

(₹ in million)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
(ii) Current Liabilities			
a) Financial Liabilities			
i) Borrowings	**12**	-	70,000.00
ii) Trade Payables	**14**		
(a) Total outstanding, dues of micro and small enterprises		-	-
(b) Total outstanding, dues of creditors other than micro and small enterprises		3.76	0.97
iii) Other Financial Liabilities	**13**	5,096.93	5,576.20
b) Provisions	**15**	652.36	1.81
c) Unspent Grant-in-Aid from GOI	**16**	-	450.00
d) Other Current Liabilities	**16**	189.30	1.32
Total Current Liabilities		**5,942.35**	**76,030.30**
3 Liabilities against assets included in disposal group held for sale	**17**	981.22	1,227.99
Total Equity & Liabilities		**1,56,077.08**	**1,64,447.04**
Notes no. 1-49 forming integral part of the Financial Statement			

As Per Our Report of Even Date Attached
For Ashwani Sood & Associates
Chartered Accountants
Firm Registration No. 005036N

For and on behalf of the Board of Directors

Sd/-
S.K.Mishra
Chairman and Managing Director
DIN 07728790

Sd/-
Padam Lal Negi
Director
DIN 10041387

Sd/-
Ashwani Sood
Partner
M.No. 084242

Sd/-
Rajiv Kapoor
Chief Financial Officer

Sd/-
Kavita Tanwar
Company Secretary

Place: Delhi
Date: October 30, 2023

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in million, except EPS)

	Particulars	Note No.	Year ended March 31, 2023	Year ended March 31, 2022
I	Revenue from Operations		-	-
II	Other Income :			
	Rent from properties held for sale	18	1,568.69	838.67
	Other Misc. Income	18.1	10,693.77	19,102.70
III	**Total Income (I + II)**		**12,262.46**	**19,941.37**
IV	**Expenses:**			
	Employee Benefit Expenses	19	18.27	5.49
	Finance Cost	20	14,574.28	30,316.17
	Depreciation & Amortization	2	0.02	0.001
	Other Expenses	21	3,182.05	194.38
V	**Total Expenses**		**17,774.62**	**30,516.04**
VI	**Profit / (Loss) before exceptional items and Tax (III-V)**		**(5,512.16)**	**(10,574.67)**
VII	Exceptional Items		-	-
VIII	**Profit / (Loss) Before Tax (VI-VII)**		**(5,512.16)**	**(10,574.67)**
IX	**Tax Expense**			
	1. Current Tax		-	-
	2. Short/ (Excess) Provision of Tax		-	-
	3. Deferred Tax Liability / (asset)		-	-
X	**Profit / (Loss) For the Year (VIII-IX)**		**(5,512.16)**	**(10,574.67)**
XI	Other Comprehensive Income		-	-
	Total Other Comprehensive Income		-	-
XII	**Total Comprehensive Income for the year**		**(5,512.16)**	**(10,574.67)**
XIII	**Earning per Equity Share of Rs. 10 each**	36		
	Basic (Rs.)		**(0.09)**	**(0.60)**
	Diluted (Rs.)		**(0.09)**	**(0.60)**

Notes no. 1-49 forming integral part of the Financial Statement

As Per Our Report of Even Date Attached
For Ashwani Sood & Associates
Chartered Accountants
Firm Registration No. 005036N

For and on behalf of the Board of Directors

Sd/-
S.K.Mishra
Chairman and Managing Director
DIN 07728790

Sd/-
Padam Lal Negi
Director
DIN 10041387

Sd/-
Ashwani Sood
Partner
M.No. 084242

Sd/-
Rajiv Kapoor
Chief Financial Officer

Sd/-
Kavita Tanwar
Company Secretary

Place: Delhi
Date: Oct 30, 2023

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
A Cash Flow From Operating Activities		
Net Profit / (Loss) Before tax	(5,512.16)	(10,574.67)
Adjustments for:		
Depreciation / Amortisation	0.02	0.00
Finance Cost	14,574.28	30,316.17
Interest Income	5,456.61	1,287.19
Operating profit before working capital changes	**3,605.53**	**18,454.31**
(Increase) / Decrease in Trade Receivables	-	-
(Increase) / Decrease in Other Current & Non Current Assets	(718.33)	(1,41,609.67)
Increase / (Decrease) in Trade Payables	2.78	(0.19)
Increase / (Decrease) in other Current & Non current Liability	(337.51)	(380.71)
Cash Generated from Operations	**2,552.48**	**(1,23,536.26)**
Income Tax Paid (net of refund)		
Net Cash from Operating Activities	**2,552.48**	**(1,23,536.26)**
B Cash Flow From Investing Activities		
Acquisition of fixed assets	(0.13)	(0.04)
Sale of fixed assets	-	-
Receipt of Monetization Proceeds	-	904.85
Receipt of assets/investment in consideration of financial assistance to AIL (Refer Note 3 & 23.c)	(2,523.07)	1,50,906.41
Net Cash From Investing Activities	**(2,523.20)**	**1,51,811.22**
C Cash Flow From Financing Activities		
Proceeds from Borrowings	-	-
Proceeds from issue of Share Capital	-	6,23,654.00
Proceeds from Government Budgetary Support	70,000.00	13,780.00
Interest Income	5,456.61	1,287.19
Addition support provided to AI during the FY 2021-22	-	(6,11,780.00)
Reimbursement of interest/expenses	(14,574.28)	(30,316.17)
Payment for Reimbursement of interest Debt servicing/ expenses	-	(13,780.00)
Repayment of Borrowings	(70,000.00)	
Net Cash From Financing Activities	**(9,117.67)**	**(17,154.98)**
Net (Decrease)/Increase in Cash and Cash Equivalents	**(9,088.40)**	**11,119.98**

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Add: Cash and Cash Equivalents at the beginning of the Year	16,823.19	5,703.21
Cash and Cash Equivalents at the end of the Year	**7,734.79**	**16,823.19**
Component of Cash and Cash Equivalents		
Cash on hand	-	-
Balance in Current Account	250.81	40.70
Other Deposit Account	7,483.98	16,782.49
	7,734.79	**16,823.19**

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

Notes no. 1-49 forming integral part of the Financial Statement

As Per Our Report of Even Date Attached
For Ashwani Sood & Associates
Chartered Accountants
Firm Registration No. 005036N

For and on behalf of the Board of Directors

Sd/-
S.K. Mishra
Chairman and Managing Director
DIN 07728790

Sd/-
Padam Lal Negi
Director
DIN 10041387

Sd/-
Ashwani Sood
Partner
M.No. 084242

Sd/-
Rajiv Kapoor
Chief Financial Officer

Sd/-
Kavita Tanwar
Company Secretary

Place: Delhi
Date: October 30, 2023

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2023

(₹ in million)

A. Equity Share Capital	As at 31 March, 2023	As at 31 March, 2022
Balance at the beginning of the reporting year	6,23,654.50	0.50
Changes in equity share capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	-	0.50
Changes in equity share capital during the year		
Add: Equity Shares allotted during the year	-	6,23,654.00
Less: Buybacks	-	-
Balance at the end of reporting year	**6,23,654.50**	**6,23,654.50**

(₹ in million)

Particulars	Other Equity		Total equity attributable to equity Holders of the company
	Reserves and Surplus	Other comprehensive income - Reserve	
	Retained Earnings	Remeasurement of defined benefit plans	
Balance as at 31 March 2022	-8,797.50	-	**-8,797.50**
Effect of Deferred Tax Asset of earlier years	-	-	**-**
Profit for the Year	-5,512.16	-	**-5,512.16**
Other Comprehensive Income/(loss)	-	-	**-**
Grant for the repayment of Series-I Bond	70,000.00	-	**70,000.00**
Balance as at 31 March 2023	55,690.33	-	**55,690.33**
Fund transferred to the then AIL over and above assets/liabilities received as at 31 March 2023	-6,80,041.32	-	-6,80,041.32
Balance as at 31 March 2021	1,777.17	-	**1,777.17**
Effect of Deferred Tax Asset of earlier years	-	-	**-**
Profit for the Year	-10,574.67	-	**-10,574.67**
Other Comprehensive Income/(loss)	-	-	**-**
Balance as at 31 March 2022	**-8,797.50**	**-**	**-8,797.50**
Fund transferred to the then AIL over and above assets/liabilities received as at 31 March 2022	-6,77,518.25	-	-6,77,518.25

Notes no. 1-49 forming integral part of the Financial Statement

As Per Our Report of Even Date Attached
For Ashwani Sood & Associates
Chartered Accountants
Firm Registration No. 005036N

For and on behalf of the Board of Directors

Sd/-
S.K.Mishra
Chairman and Managing Director
DIN 07728790

Sd/-
Padam Lal Negi
Director
DIN 10041387

Sd/-
Ashwani Sood
Partner
M.No. 084242

Sd/-
Rajiv Kapoor
Chief Financial Officer

Sd/-
Kavita Tanwar
Company Secretary

Place: Delhi
Date: Oct 30, 2023

Notes to Standalone Financial Statements for the year ended 31st March, 2023

NOTE NO. - 1

1. COMPANY INFORMATION / OVERVIEW:

(i) 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 themonetization of these AI assets and the company to raise funds through GOI serviced bonds for repayments of the identified Air India loans. The Registered office and the Headquarters, the only office, of the company is situated at Airlines House, 113, Airlines house, Gurudwara Rakabganj Road, Delhi –110001.

The Standalone Financial Statements for the year ended 31st March, 2023 have been approved by the Board of directors of the Company in their meeting held on 30 October 2023.

2. BASIS OF PREPARATION OF STANDALONE FINANCIAL STATEMENTS ON GOING CONCERN BASIS:

(i) Statement of Compliance:

The Financial Statements of the company for the year ended 31st March 2023 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. As the year-end figures are taken from the source and rounded to the nearest digits, the figures reported for the previous quarters might not always add up to the yearend figures reported in this statement.

(ii) Basis of preparation and presentation:

The financial statements have been prepared under the historical cost convention, except certain financial assets and liabilities which are measured at fair value or amortized cost at the end of each financial year.

Notes to Standalone Financial Statements for the year ended 31st March, 2023

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

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, 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.

(iii) Standards issued but not yet effective:

The 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. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

a. Ind AS 1, Presentation of Financial Statements

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the standalone financial statements.

b. Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its Standalone financial statements.

c. Ind AS 12, Income Taxes

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its Standalone financial statements.

(iv) Critical accounting estimates / judgments:

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses andactual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates where necessary are recognized prospectively.

(v) Functional Currency

Currency of the primary economic environment in which the Company operates ("the Functional Currency") is Indian Rupee (Rs.) in which the Company primarily generates and expends cash. Accordingly, the Management has assessed its functional currency to be Indian Rupee (Rs.) The Financial Statements are presented in Indian Rupee (INR) which is Company's Presentation and Functional currency and all amounts disclosed in the Financial Statements and Notes have been rounded off to the nearest Million (up to two decimals), unless otherwise stated.

(vi) Operating cycle & Classification of Current & Non-Current:

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

Notes to Standalone Financial Statements for the year ended 31st March, 2023

2013. Accordingly, current liabilities and current assets include the current portion of non-current financial assets/liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

I. PROPERTY, PLANT AND 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.

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. DEPRECIATION / AMORTIZATION

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

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

III. 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.

IV. LEASES

As a lessee:

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

i. the contract involves the use of an identified asset,

ii. the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

iii. the Company has the right to direct the use of the asset.

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

As a Lessor:

Leases for which the Company 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 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.

Notes to Standalone Financial Statements for the year ended 31st March, 2023

V. REVENUE RECOGNITION

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

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

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

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

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

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

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

Notes to Standalone Financial Statements for the year ended 31st March, 2023

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

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

VI. BORROWING COST

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

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

VII. IMPAIRMENT OF NON FINANCIAL ASSETS

The Company assesses at each Balance Sheet date whether there is any indication that carrying amount of its non - financial asset has been impaired. If any such indication exists, the provision for impairment is made in accordance with IND AS-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.

VIII. TAX ON INCOME

Current income tax

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

Deferred Tax

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

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

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

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

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

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

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

Notes to Standalone Financial Statements for the year ended 31st March, 2023

IX. EMPLOYEES BENEFITS

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 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 ESI.

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

X. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

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

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

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

XI. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

XII. EARNINGS PER SHARE

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.

XIII. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

(i) Classification

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through Statement of Profit and Loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

(ii) Initial recognition and measurement

All financial assets are recognized initially at fair value, plus, in the case of financial assets not recorded at fair value through a Statement of Profit and Loss, transaction costs that are directly attributable to the acquisition of the financial asset should be recognised.

(iii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in below categories:

- **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.

- **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.

- **Financial assets at fair value through Statement of Profit and Loss**

  A financial asset comprising derivatives which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) Derecognition

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 the expected credit losses (ECL) model for measurement and recognition of impairment loss on the financial assets that are trade receivables or contract revenue receivables and all lease receivables etc.

(vi) Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

(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.

- **Financial liabilities at amortized cost**

  After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate

(EIR) method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

- **Financial liabilities at fair value through Statement of Profit and Loss** Financial liabilities at fair value through Statement of Profit and Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through Statement of Profit and Loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category comprises derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

  Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

(iv) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or 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 se le the liabilities simultaneously

XIV. CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information

XV. 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

XVI. MATERIALITY THRESHOLD LIMITS:

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

Threshold Items	Unit	Threshold Value (INR)
Prior Period Expenditure / Revenue	Million	10.00
Fair Valuation of Financial Instruments	Million	50.00

Notes to Standalone Financial Statements For The Year Ended March 31, 2023

NOTE 2: PROPERTY, PLANT & EQUIPMENT

(₹ in million)

Particulars	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	As at April 01, 2022	Additions	Other Adjustments	Disposals / Adjustments	As at March 31, 2023	As at April 01, 2022	For the year	Deductions / Adjustments	Total Upto March 31, 2023	As at March 31, 2023	As at March 31, 2022
TANGIBLE ASSETS :											
a) Office Equipment	0.04	-	-	-	0.04	0.001	0.01	-	0.01	0.03	0.04
b) Computer & Printers	-	0.02	-	-	0.02	-	0.00	-	0.00	0.02	-
c) Furniture & Fixture	-	0.11	-	-	0.11	-	0.01	-	0.01	0.10	-
TOTAL FOR TANGIBLE ASSETS	**0.04**	**0.13**	**-**	**-**	**0.17**	**0.001**	**0.02**	**-**	**0.02**	**0.15**	**0.04**
PREVIOUS YEAR	-	0.04	-	-	0.04	-	0.00	-	0.001	-	**0.04**

NOTE 3: RECOVERABLE FROM AIR INDIA LIMITED

(₹ in million)

Sl. No.	Particulars	Non - Current		Current	
		As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
	Opening Fund transferred to the then AIL over and above assets/liabilities received	**6,77,518.25**			
A	**FUND TRANSFERRED TO THE THEN AIL**				
i	NCDs proceeds (including ₹ 790 million monetization proceeds) transferred by the company in the FY 2019-20 to the then AIL towards repayment of identified Loans (Refer Note No. 23.b.I)	-	2,20,640.00	-	-
ii	Add:- Additional support provided to AI during the FY 2021-22 (Refer Note No. 23.b.II)	-	6,11,780.00		
iii	Less:- Fund unspent refunded by the then AILin the FY 2021-22 (Refer Note No. 23.b.II)	-	470.42		
	Net Fund Transferred to the then AIL {excluding Government grants as referred in Note No. 24} - (A)	**6,77,518.25**	**8,31,949.58**	**-**	**-**
B	**ASSETS/MONETIZATION PROCEEDS/ LIABILITY TRANSFERRED BYTHE THEN AIL TO THE COMPANY**				
i	Monetization Proceeds (Net) from sale of Identified Properties (Refer Note No. 23.c.I)	-	3,995.34	-	-
ii	Investment into four Subsidiaries from the then AIL to the AIAHL (Refer Note No. 23.c.II)	-	8,179.41		
iii	Recoverable outstanding with Subsidiaries of the then AIL transferred to the Company (Refer Note No. 23.c.II)	-	49,839.76	-	-

Notes to Standalone Financial Statements For The Year Ended March 31, 2023

(₹ in million)

Sl. No.	Particulars	Non - Current		Current	
		As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
iv	Immovable properties transferred to the company (Refer Note No. 23.c.III)	-	76,039.28	-	-
	Less:-Adv. Received from AIL against sale of immovable properties transferred to the company (Refer Note No. 25.ii)	-	-385.76		
v	Movable Assets (workshop equipment, Plant & Machinery, Ground Handling, Ramp Equipment, Furniture & Fixture, Electrical Fittings and Office Appliances) inclusive of GST (Refer Note No. 23.c.III)	-	1,494.48	-	-
vi	Recoverable of Garnishment of Fund by IATA in Devas Case (Refer Note No. 23.c.IV)	-	1,322.93	-	-
vii	Recoverable from DRDO by the then AIL transferred to the Company (Refer Note No. 23.c.V)	41.70	2,657.43	-	-
viii	Prepayment charges paid on NCDs of ₹74000million of the then AIL (pending novation in the name of the Company) (Refer Note No. 23.c.VI)	-	8,918.68	-	-
ix	Sale proceeds of investment in shares of Air Mauritius transferred to the Company	-	45.61	-	-
x	Advance paid by the then AIL to MADC for MRO Nagpur Land (Refer Note No. 23.c.VII)	-	114.00	-	-
xi	Amount withheld against PSS (AMADEUS) implementation fees as on 31-12-2021 (Refer Note No. 23.c.VIII)	-	309.61	-	-
xii	Amount withheld against Provision for 6 aircraft maint. Given short in flying condition ($40 Million) (Refer Note No. 23.c.IX)	-2,564.77	3,000.00	-	-
xiii	Scrap proceeds recoverable from AIL	-	0.09	-	-
xiv	Monetization proceeds Samata Nagar Property payable (Refer Note No. 23.c.X)	-	-50.28	-	-
xv	Advance Nerul HSG Project Payable (Refer Note No. 23.c.XI)	-	-415.33	-	-
xvi	CIDCO Expense Payable (Refer Note No. 23.c.XII)	-	-376.62	-	-
xvii	Profit on Sale of 13 Properties after disinvestment of the then AIL	-	-257.30	-	-

Notes to Standalone Financial Statements For The Year Ended March 31, 2023

(₹ in million)

Sl. No.	Particulars	Non - Current		Current	
		As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
	Value of assets/liabilities transferred by the then AIL (B)	**-2,523.07**	**1,54,431.33**		
	Fund transferred to the then AIL over and above assets/liabilities received has been grouped under the "Other Equity" (A-B)#	**6,80,041.32**	**6,77,518.25**	**-**	**-**
C	Air India Limited Reconciliation A/c (Refer Note No - 42.i)	-	-	2,720.85	7,244.48
	Net Recoverable from Air India Limited	**-**	**-**	**2,720.85**	**7,244.48**

The above data are based on the information provided by the then AIL to the company and the excess amount transferred by the company over the assets/liabilities received amounting to ₹6,80,041.32 million has been grouped under the "other equity". However, the company has not accepted a asset/liability transferred to the company as mentioned below in note no. 23.c.III (i.e. cost of one flat located at 6B, Shriram Apartments, Middleton Street, Kolkata for ₹10.09 million and corresponding sale consideration as advance of ₹ 20.15 million and adjustment of ₹ 955.91 million interest prior to 1st October 2018 adjusted by AIL in its RFATR A/c).

The company has reminded AIL vide emails, latest dated 27th August 2022 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, for which details/information is yet to be provided. Further, AIL has not provided the breakup of the above balance amount and the details of current assets equal to current liabilities etc.

NOTE 4: OTHER FINANCIAL ASSETS

(₹ in million)

Particulars	Non - Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Security Deposits#	-	-	0.01	0.01
Interest Accrued but not due on FDs	-	3.04	136.16	50.35
Other-Imprest & Advance	-	-	0.08	-
Prepaid Expenses (Refer Note No - 24.ii)	-	-	415.56	391.18
Accrued Rental Income	-	-	573.41	1.56
Advance Paid to MADC for MRO Nagpur Land (Refer Note No 23.c.VII)	114.00	114.00	-	-
Grant-in-aid from GoI (Refer Note No 24.iv)	-	-	447.45	-
Other Recoverable	-	-	1.23	-
Total	**114.00**	**117.04**	**1,573.90**	**443.10**

Security Deposit is with NSDL for 2 year A.C.F

Notes to Standalone Financial Statements For The Year Ended March 31, 2023

NOTE 5: INCOME TAX ASSETS (NET)

(₹ in million)

Particulars	Non - Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Tax Deducted at source	-	-	242.54	127.99
Advance Self Assessment Tax	-	-	-	26.00
Less: Provision for Tax	-	-	-	-
Income Tax Refund	-	-	18.46	125.41
Total	**-**	**-**	**261.00**	**279.40**

Refer Note no. 34

NOTE 6: OTHER CURRENT ASSETS

(₹ in million)

Particulars	Non-Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
GST ITC Balance	-	-	263.28	234.67
Other			0.26	
Total	**-**	**-**	**263.54**	**234.67**

NOTE 7: CASH AND CASH EQUIVALENTS

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Cash and Cash Equivalents		
Cash on hand	-	-
Balance with Bank :		
Current Account	250.81	40.70
Fixed Deposits less than 3 months*	7,483.98	16,782.49
Total	**7,734.79**	**16,823.19**

* 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, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Fixed Deposit against Margin Money for Alliance Air Aviation Ltd.'s SBLC/BG (Refer Note No - 22.II)	2,282.00	2,079.26	-	-
Earmarked balances as Fixed Deposit**	-	-	-	-
Other Fixed Deposits***	-	-	2,100.00	437.03
Total	**2,282.00**	**2,079.26**	**2,100.00**	**437.03**

** 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.

*** 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.

Notes to Standalone Financial Statements For The Year Ended March 31, 2023

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

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
1. Properties		
a) Movable Properties (Refer Note No 25.vii and 23.c.III)	1,255.26	1,268.00
b) Immovable Properties# (net of impairment and advances) (Refer Note No 25. i to vi, 23.c.III & 40)	75,695.52	76,014.25
2. Investment in Subsidiary Companies (Refer Note No 23.c.II)		
a) 138,424,200 Equity Shares of Rs.10 each fully paid up in AI Airport Services Limited (Previous Year : 138,424,200 Equity Shares)	1,384.24	1,384.24
b) 166,666,500 Equity Shares of Rs.10 each fully paid up in AI Engineering Services Ltd (Previous Year : 166,666,500 Equity Shares)	1,666.66	1,666.66
c) 40,225,000 Equity Shares of Rs 100/- each fully paid up in Alliance Air Aviation Ltd (Previous Year : 40,225,000 Equity Shares)	4,022.50	4,022.50
d) 11,060,000 Equity Shares of Rs.100 each fully paid up in Hotel Corporation of India Ltd (Previous Year : 11,060,000 Equity Shares)	1,106.00	1,106.00
3. i. Recoverable from Subsidiaries Companies t/f by the then AIL (Refer Note No 23.c.II)		
a) Recoverable From AAAL	23,602.27	23,345.27
b) Recoverable From AIASL	386.56	386.56
c) Recoverable From AIESL	19,475.63	21,175.63
d) Recoverable From HCI	4,932.30	4,932.30
ii. Other Recoverable from Subsidiaries		
a) Advance to AAAL (Refer Note No 28)	562.50	562.50
b) Interest on Recoverable from Subsidiaries Companies t/f by AI) (Refer Note No 28)	4,937.41	924.92
Total	**1,39,026.85**	**1,36,788.83**

For more details refer complete Note No. 23 and 25.

 # 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, 2023	As at March 31, 2022
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	*08 Flats at Asiad Village Complex, New Delhi*	15.08	128.34
5	*08 Flats, Jharneshwar Housing Complex, TT Nagar, Bhopal(70.05 Sq.M Each Flat)*	0.00	0.00

Notes to Standalone Financial Statements For The Year Ended March 31, 2023

(₹ in million)

Sl. No.	Particulars	As at March 31, 2023	As at March 31, 2022
6	*12 Flats at Sardar Colony, Jamnagar*	0.00	0.00
7	*12 Residential Apts., 13 Mullen Street, Ballygunge, Kolkata*	164.69	164.69
8	*13 Flats, Aquarious-Taurus, CHSL Maurya Rd., Mumbai (W)*	-	7.38
9	*13 Residential Apts., Sohini Apts. 18/2A – 1 Ddai Shankar Sarani, Golf Greens, Kolkata*	2.53	2.53
10	*14 Exec. Flats, Pali Hill Bandra, Mumbai*	294.00	294.00
11	*20 Residential Exec. Flats, JVPD- Vile Parle, Mumbai*	0.00	0.00
12	*60 Flats at Samta Nagar, Kandivali (E) Mumbai*	198.95	198.95
13	*A1B, Plot No.235, CSKO, 1909 of Fort Division, Nariman Point, Mumbai*	5,620.94	5,620.94
14	*AI Housing Colony, Vasant Vihar, New Delhi*	51,399.85	51,399.85
15	*AI Plot of Land at Baba Kharak Singh Marg, New Delhi*	4,770.66	4,770.66
16	*Air India Hqrs., Airlines House, 113, Gurudwara*	468.59	468.59
17	*Airlines House, 39, C.R. Avenue, Kolkata*	95.14	95.14
18	*Airlines House, CBO, Hat Hill, Lal Baug, Mangalore(Built Up Area – 1219.94 Sqm.)*	92.78	92.78
19	*Booking Office, Museum Rd., Vellayambalam, Thiruvanantpuram(Built Up Area –2190.33 Sqm.)*	-	0.00
20	*Bungalow Plot No. ASL-56 Survey No. 925 in Ashwin L at New Nashik.*	0.00	0.00
21	*CBO,10/59 Bhadbhada Road, TT Nagar, Bhopal[617.94 Sqm. (388.66 Sqm. GF & 229.28 Sqm.– Mezzanine Floor)]*	0.00	0.00
22	*CBO, 169/152, Yadunath Marg,Varanasi,(Built Up Area – 769.00 Sqm.)*	0.00	0.00
23	*CBO, Civil Lines, Nagpur*	-	146.79
24	*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)]*	0.00	0.00
25	*CBO, Durbar Hall Road, Cochin and Collis Estate, MG Road, Cochin(Built Up Area – 812.00 Sqm.)*	0.00	0.00
26	*CBO, Plot No.8 Type VII/2.7 Area Unit I in the New Capital Area, Bhubaneswar*	0.00	0.00
27	*CBO, Sector-34A, Chandigarh[1881.13 Sqm. (Basement+GF+04 Floors)]*	0.00	0.00
28	*CBO, Sy No – 2309/5, Aberdeen Village, Tagore Road, Port Blair*	0.00	0.00
29	*City Booking Office, Mascot Junction, Thiruanantpuram*	38.25	38.25
30	*Commercial Land at Ganeshguri,Guwahati*	2.77	2.77
31	*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
32	*Commercial Land at Rail Head Complex, Rakh Bahu, Residency Rd., Jammu*	0.00	0.00
33	*Commercial Land for Booking Office at Jamnagar*	-	0.00
34	*Commercial Office at Slough Mathisen Way, Colnbrook, London*	410.95	410.95

Notes to Standalone Financial Statements For The Year Ended March 31, 2023

(₹ in million)

Sl. No.	Particulars	As at March 31, 2023	As at March 31, 2022
35	*Commercial Space for CBO, IInd Floor, Dr. B.R. Ambedkar Market Complex, Hill Curt Road, Dist. Darjeeling (WB), Bagdogra (Siliguri)*	0.44	0.44
36	*Flat-102, Diana Apt, Mangalore*	-	2.69
37	*Flat No.31/1, Dr. M.G. Ramchandran Road, Besant Nagar, Chennai*	5.18	5.18
38	*Flat S1, Madhuvan Apt. Mangalore*	-	0.53
39	*Indian Airline Housing Colony & Sports Stadium, Mennambakkan, Chennai (Built Up Area – 38418.00 Sqm.)*	1,336.74	1,336.74
40	*Land at Nerul Purchased From CIDCO (NB)*	24.58	24.58
41	*Land & Bldg. at AI Unity Complex, Chennai(Built Up Area – 10185.00 Sqm.)*	129.10	129.10
42	*Land & Building for Booking Office, Airlines House, Ganga Jalia Talav,Bhavnagar – 364001*	0.00	0.00
43	*Land & Building for Booking Office,Airlines House, Lal Darwaja, Ahmedabad.*	0.00	0.00
44	*Land & Building for Booking Office, Airlines House, Station Road,Near SBI, Bhuj.*	-	16.81
45	*Land For Aircraft Maint Base Trivandrum*	282.60	282.60
46	*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
47	*Land for Booking Office,T.P. Scheme No.9, Plot No.1, Vadodra*	0.00	0.00
48	*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
49	*Land for Housing Colony at Gangamuthanahalli, Bengaluru.*	43.58	43.58
50	*Land for Housing Colony at NCC Nagar, Thiruvananthapuram*	12.86	12.86
51	*Land for Staff Quarters at Sardar Nagar, Site No.1 Vibhag-1, Hansol, Near Indira Bridge, Ahmedabad*	0.00	0.00
52	*Land for Staff Quarters,No.1 to 11, Moti Magri Scheme,Udaipur.(Built Up Area – 253.62 Sqm. (02 Flats)*	0.00	0.00
53	*Manager's Residence, House No.24, Mugumo Rd., Lavington, Nairobi*	28.78	28.78
54	*New Operation Building Kolkata*	124.00	124.00
	Other Structure & Buildings	3,161.22	3,192.49
55	*Residential Complex, Central Training Establishment*	2,262.40	2,262.40
56	*Residential Land at 26/607, Maharani Laxmi Bai Road, Gwalior Area 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
57	*Residential Land at Malviya Nagar Scheme B-Block Railway Station Road, Jaipur*	0.00	0.00
58	*Residential Land at Sector-3, Trikuta Nagar, Jammu*	0.00	0.00
59	*Residential Land for,E Type Staff Quarters, Unit VIII in the New Capital Area, Bhubaneswar ,*	0.00	0.00

Notes to Standalone Financial Statements For The Year Ended March 31, 2023

(₹ in million)

Sl. No.	Particulars	As at March 31, 2023	As at March 31, 2022
60	*Residential Plot for Staff Quarters at Khaikhali, Kolkata*	100.90	100.90
61	*Residential Plot No.24, Sector 27, CIDCO, Nerul, Navi Mumbai*	4,558.46	4,558.46
62	*Residential Plot No-43,44 78 & 79, Village Nana Mava Rajkot*	0.00	0.00
63	*Share in Krupanidhi Bldg., Mumbai.*	0.00	0.00
64	*Space for CBO, Nehru Place Commercial Complex, Tonk Road, Jaipur*	0.00	0.00
65	*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)*	0.00	0.00
66	*Vacant Residential Land at Dag No. 487, Village Borjhar, Mouza – Kakhin Rani Under Palasbari Circle, Guwahati (Assam)*	0.00	0.00
	Total	**75,720.56**	**76,039.29**
	Less: Impairment	25.03	25.03
Total Net of Impairment		**75,695.52**	**76,014.26**

NOTE 10: EQUITY SHARE CAPITAL

Particulars	As at 31-Mar-23		As at 31-Mar-22	
	Number in Million	₹ in million	Number in Million	₹ in million
Authorised Capital				
Equity Shares of Rs 10/- each	70,000.00	7,00,000.00	70,000.00	7,00,000.00
Issued, Subscribed and Fully Paid up Capital				
Equity Shares of Rs 10/- each	62,365.45	6,23,654.50	62,365.45	6,23,654.50
	62,365.45	**6,23,654.50**	**62,365.45**	**6,23,654.50**

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

Name of Shareholder	As at 31-Mar-23		As at 31-Mar-22	
	Number of shares held	%	Number of shares held	%
Min. of Civil Aviation Representatives, Govt. of India, on behalf of the President of India	62,365.45	100%	62,365.45	100%

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

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

Particulars	As at 31-Mar-23		As at 31-Mar-22	
	Number in Million	₹ in million	Number in Million	₹ in million
At the beginning of the year	62,365.45	6,23,654.50	0.05	0.50
Issued during the Year	-	-	62,365.40	6,23,654.00
Outstanding at the end of the year	**62,365.45**	**6,23,654.50**	**62,365.45**	**6,23,654.50**

Notes to Standalone Financial Statements For The Year Ended March 31, 2023

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. 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.
3. 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).
4. Share reserved for issue under option and contract or commitment for sale of shares or disinvestment is Nil (Previous Year: Nil).

Promoter's shareholding* **Number in Million**

Name of Promoter	As at 31-Mar-23		As at 31-Mar-22	
	Number of shares held	%	Number of shares held	%
Min. of Civil Aviation Representatives, Govt. of India, on behalf of the President of India	62,365.45	100%	62,365.45	100%

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

NOTE 11: OTHER EQUITY

(₹ in million)

Particulars	As at 31-Mar-23		As at 31-Mar-22	
Surplus in Profit and Loss Account:				
Balance as per last Balance Sheet		-8,797.50		1,777.17
Grant for the repayment of Series-I Bond	70,000.00		-	
Profit for the year	-5,512.16		-10,574.67	
Less:				
Transfer to General Reserve	-		-	
Add: Prior Period Adjustments	-		-	
Less: Prior Period Adjustments	-		-	
Net Surplus		64,487.84		-10,574.67
Total Reserves & Surplus		**55,690.33**		**-8,797.50**

Retained Earnings:

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

Notes to Standalone Financial Statements For The Year Ended March 31, 2023

NOTE 12: BORROWINGS

(Refer Note No - 22.III) **(₹ in million)**

Particulars	Non - Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
6.99% Debentures Series I-Tenure 3 Yrs 3 months-GOI fully serviced*	-	-	-	70,000.00
7.39% Debentures Series II-Tenure 10 Yrs-GoI assured for servicing and repayment	70,000.00	70,000.00	-	-
7.39% Debentures Series III-Tenure 10 Yrs-GoI assured for servicing and repayment	79,850.00	79,850.00	-	-
Total	**1,49,850.00**	**1,49,850.00**	**-**	**70,000.00**

Note: 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.

*Series I, 6.99% Debentures paid on 16th December, 2022.

NOTE 13: OTHER FINANCIAL LIABILITIES

(₹ in million)

Particulars	Non - Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Interest Accrued on Bonds but not due for payment	-	-	4,998.04	5,185.72
Deposit transferred - JDC arrears against housing colonies*	-	-	97.50	390.48
Others (including EMD)	-	-	1.39	-
Total	**-**	**-**	**5,096.93**	**5,576.20**

* The then AIL has transferred deposits of JDC arrears of the employees to the company which will be payable when the employees will vacate the housing colonies (properties have been transferred to the company)

NOTE 14: TRADE PAYABLE

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade Payables		
- Micro Small and Medium Enterprises	-	-
- Other Payables	3.76	0.97
Total	**3.76**	**0.97**

Notes to Standalone Financial Statements For The Year Ended March 31, 2023

Ageing of trade payables

As at March 31, 2023 **(₹ in million)**

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

As at March 31, 2022 **(₹ 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 (MSME)	-	-	-	-	-	-
(i) Undisputed dues (Others)	-	0.93	0.04	-	-	**0.97**
(iii) Disputed dues (MSME)	-	-	-	-	-	-
(iv) Disputed dues (Others)	-	-	-	-	-	-
Total	**-**	**0.93**	**0.04**	**-**	**-**	**0.97**

NOTE 15: PROVISIONS

(₹ in million)

Particulars	Non - Current		Current	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
Provision for Tax	-	-	-	-
Provision for Expenses	-	-	652.36	1.81
Total	**-**	**-**	**652.36**	**1.81**

NOTE 16: OTHER CURRENT LIABILITIES

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
A. Unspent Grant		
Grant-in-Aid for CGHS	-	400.00
Grant-in-Aid for NHA	-	50.00
Total A (Refer Note no. 24)	-	**450.00**
B. Other Current Liabilities		
Salary Payable	-	1.06
Statutory Dues	189.26	0.16
Other	0.04	0.10
Total B	**189.30**	**1.32**
Total (A+B)	**189.30**	**451.32**

Notes to Standalone Financial Statements For The Year Ended March 31, 2023

NOTE 17: LIABILITIES AGAINST ASSETS INCLUDED IN DISPOSAL GROUP HELD FOR SALE (TRANSFERRED BY THE THEN AIL)

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Advance Received against sale of Properties (Refer Note No - 25.ii)	138.98	385.76
Advance CIDCO Nerul HSG Project (Refer Note No 23.c.XI)	415.33	415.33
Expense Payable - CIDCO Nerul Properties (Refer Note No 23.c.XII)	376.62	376.62
Monetization Proceeds Samata Nagar Property (Refer Note No 23.c.X)	50.29	50.28
Total	**981.22**	**1,227.99**

NOTE 18: OTHER INCOME

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Rent from properties held for sale	1,568.69	838.67
Total	**1,568.69**	**838.67**

NOTE 18.1: OTHER MISCELLANEOUS INCOME

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Grant-in-aid from GoI (Refer Note No-24)	4,260.52	16,231.41
Revenue share of AIASL transferred by the then AIL (Refer Note No.- 27)	-	356.53
Interest Income on FDRs	947.87	1,287.19
Interest on outstanding recoveries of subsidiaries (Refer Note No. - 28)	4,508.74	916.05
Advance Forfeited	1.70	50.69
Profit on Properties sold	951.47	257.30
Interest on Income Tax Refund	12.49	-
Misc. Income	10.98	3.53
Total	**10,693.77**	**19,102.70**

NOTE 19: EMPLOYEE BENEFIT EXPENSES

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Salaries and Wages	18.27	5.49
Total	**18.27**	**5.49**

Notes to Standalone Financial Statements For The Year Ended March 31, 2023

(₹ in million)

NOTE 20: FINANCE COST

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest on Bonds of AIAHL	14,545.93	15,966.91
Reimbursement of Interest of Identified Debts of the then AIL	-	5,430.58
Prepayment Charges on the then AIL's NCDs (Refer Note No. - 23.c.VI)	-	8,918.68
Interest on Overdrafts	28.35	
Total	**14,574.28**	**30,316.17**

NOTE 21: OTHER EXPENSES

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
NCD's & Equity Related Expenses	0.33	37.54
Legal And Professional Expenses	21.07	2.64
Meeting Related Expenses	0.29	0.09
Advertisement Expenses	3.41	1.75
Medical Expenses AIL Eligible Employees	2,260.52	-
Bank Charges	0.04	0.01
Conveyance & Fuel Expenses	0.61	0.09
Lease Rent Expenses	97.02	
Building Maintenance Expenses	98.72	100.82
Electricity Consumption Charges	20.53	-
Water Charges	2.49	-
Nezul Charges	65.21	-
MSTC Service Charges	16.71	-
Impairment of Assets included disposal group held for sale	-	25.03
Manpower Supply services	19.13	0.18
Printing & Stationary	0.43	0.25
ROC Filing Fees	0.05	25.01
Rates & Taxes *	571.50	-
Telephone Expenses	0.07	0.00
Travel, Boarding & Lodging Expenses	1.62	0.16
Office Expenses	0.64	0.13
Misc. Expenses	0.87	0.07
Remuneration To Statutory Auditor		
- Audit fees	0.45	0.30
- Out of Pocket Expenses	-	0.03
Other audit fees (Tax, Internal Audit & Limited Review Fees)	0.34	0.28
Total	**3,182.05**	**194.38**

* Prov. of ₹ 571.50 million towards Property tax/Stamp duty/other levies made against certain properties

Notes forming part of the Standalone Financial Statements of AI Assets Holding Limited for the year ended 31st March 2023.

(In the financial statements, “the then AIL” represents AIL before privatization, and “AIL” represents after privatization)

22. CONTINGENT LIABILITY, CONTINGENT ASSETS & CAPITAL COMMITMENTS:

I. Contingent Liabilities (to the extent not provided for)

Claims against the Company not acknowledged as debts:

i. 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 withheld by the department 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.

ii. 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.

iii. Properties have been book transferred to the Company by the then AIL and the title and physical possession of these properties were with the AIL on the date of transfer. Hence, the dues, if any, towards property taxes/ house Tax and/or any other claim as on the date of transfer against these properties has not been informed/intimated by the then AIL, hence no provision against the same up to the financial year 2021-22 has been made.

However, an estimated provision against property tax for the financial year 2022-23 for certain properties for which information is made available has been provided for during the year.

iv. In terms of the requirement of SEBI regulation, LODR Regulation 2015, BSE has raised a demand for delayed submission of half-yearly/quarterly financials for an aggregate amount of ₹ 2.01 million (Previous year ₹ 0.45 million) as on 31.03.2023.

Bombay Stock Exchange (BSE) on Company’s request has waived the demand under SEBI (LODR) Regulations, 2015. However, as per BSE portal, a demand of ₹ 2.01 million is outstanding as on 31.03.2023.

The Ministry of Civil Aviation vide letter dated 25.10.2022 & the Company vide letter dated 25.09.2023 have requested BSE to consider waiver of the remaining penalties. Hence liability has not been provided for.

v. An email dated 3rd August 2023 received from Dy Head MMG for levy of ₹ 318.35 million for liquidated damages against recoverable from DRDO. The company has taken up the matter of liquidated damages with DRDO, AIL and AIESL for deletion/waiver as aircraft were delivered within the extended date of delivery i.e. 15th June 2023 and therefore liquidated damages should not be levied by DRDO.

II. Guarantee given by the Company:

As per the approval granted by the Board of Directors in its 29th meeting held on 27th December 2021 the Company has given guarantees of USD 71.74 million (equivalent to ₹ 5,895.04 million). Out of this, USD 45.60 million (equivalent to ₹ 3,746.95 million) is the Corporate Guarantee, USD 19.05 million (equivalent to ₹ 1,565.34 million) is in the form SBLC, and USD 7.09 million (equivalent to ₹ 582.75 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 ₹ 2,282.00 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 ₹ 3,130.68 million). FEDAI spot rate (82.1700) as on 31st March 2023 has been adopted for the conversion of USD into ₹.

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

III. Capital & Other Long-Term Commitments:

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

S. No.	Particular	As at 31st March 2023 (in million)	As at 31st March 2022 (in million)
1	**Due Dates of Principal Repayments**		
	1. 6.99% Series – I dated 16-12-2022	Nil	₹ 70,000
	2. 7.39% Series – II dated 12-10-2029	₹ 70,000	₹ 70,000
	3. 7.39% Series – III dated 22-10-2029	₹ 79,850	₹ 79,850

23. TRANSACTIONS RELATING TO THE DISINVESTMENT OF THE THEN AIR INDIA LIMITED (AIL):

a. Decisions of Government of India for the financial assistance to the then AIL for the disinvestment:

As per the decision of the meeting held on 7th September 2018 under the chairmanship of The Hon'ble Finance Minister, (refer Ministry of Finance, GOI, O.M.F.16(8)-B(P&A)/2018 dated 19th Sept 2018) identified debts amounting to ₹ 2,94,640 million.

Subsequent to the above meeting, a meeting was held and an ex-facto approval was given by Union Cabinet in Feb 2019 for formation of SPV under the name and style Air India Assets Holding Limited (AIAHL) for the warehousing of following assets and liabilities of the then AIL: -

i) Its shares held in AIASL, AAAL, AIESL, and HCI

ii) Paintings artifacts and other non-operational assets as may be decided by Air India Ltd and the Government of India

iii) Non-core assets as may be decided by Air India Ltd and the Government of India

iv) Immoveable properties whether leasehold or freehold

v) Accumulated working capital loans not backed by any asset and

vi) Other assets/liabilities or of its subsidiaries, as may be decided by Air India Ltd/ Government of India

As per the decision of GoI (refer point 23(a) above) and Memorandum of Association of the Company, Paintings, art and artifacts are to be transferred to the AIAHL from the AIL. However, as per subsequent decision of GoI, vide O.M. File No-3/24/2017-DIPAM II B (Vol. VII) dated 17th October 2019 art and artifacts will be handed over by AIL to the National Gallery of Modern Arts (NGMA) free of cost.

Further, Ministry of Finance vide Office Memorandum No.16(6)-B(P&A)/2020-Pt. dated 22nd November 2021 approved financial assistance to AIL for settling guaranteed/other past dues/ overdue for ₹ 6,22,220 million.

In the consequence of the above decisions the details of Funds transferred to the then AIL and assets/liabilities received by the Company from the then AIL along with explanatory details are as under: -

Sl. No.	PARTICULARS	2022-23 ₹ in million	2021-22 ₹ in million
	Fund transferred to the then AIL over and above assets/liabilities received as on 31st March, 2022	**6,77,518.25**	**-**
A	**Funds transferred to the then AIL**		
i	NCDs proceeds (including ₹ 790 million monetization proceeds) transferred by the Company in the FY 2019-20 to the then AIL towards repayment of identified Loans (Refer Note No. 23.b.I)	-	2,20,640.00
ii	Add:- Additional support/fund provided to the then AIL during the FY 2021-22 (Refer Note No. 23.b.II)	-	6,11,780.00
iii	Less:- Fund unspent refunded by the then AIL in the FY 2021-22	-	470.42
	Net Fund Transferred to the then AIL {excluding Government grants as referred in Note No. 24} (A)		**8,31,949.58**
B	**Assets/liabilities/monetization proceeds transferred by the then AIL to the company**		
i	Monetization Proceeds (Net) from the sale of Identified Properties (Refer Note No. 23.c.I)	-	3,995.34
ii	Investment into four Subsidiaries transferred from the then AIL to the Company (Refer Note No. 23.c.II)	-	8,179.41

Sl. No.	PARTICULARS	2022-23 ₹ in million	2021-22 ₹ in million
iii	Recoverable outstanding with four Subsidiaries of the then AIL transferred to the Company (Refer Note No. 23.c.II)	-	49,839.76
iv	Immovable properties transferred to the Company (Refer Note No. 23.c.III)	-	76,039.28
	Less:- Adv. Received from AIL against sale of immovable properties transferred to the Company (Refer Note No. 25.ii)	-	-385.76
v	Movable Assets (workshop equipment, Plant & Machinery, Ground Handling, Ramp Equipment, Furniture & Fixture, Electrical Fittings, Office Appliances. (Refer to Note No. 23.c.III)	-	1,494.48
vi	Recoverable of Garnishment of Fund by IATA in Devas Case transferred to the Company (Refer Note No. 23.c.IV)	-	1,322.93
vii	Recoverable from DRDO by the then AIL transferred to the Company (Refer Note No. 23.c.V)	41.70	2,657.43
viii	Prepayment charges paid on NCDs of ₹ 74000 million of the then AIL (pending novation in the name of the Company) (Refer Note No. 23.c.VI)	-	8,918.68
ix	Sale proceeds of investment in shares of Air Mauritius transferred to the Company	-	45.61
x	Advance paid by the then AIL to MADC for MRO Nagpur Land (Refer Note No. 23.c.VII)	-	114.00
xi	Amount withheld against PSS (AMADEUS) implementation fees as on 31-12-2021 (Refer Note No. 23.c.VIII)	-	309.61
xii	Amount withheld against Provision for maintenance of 6 aircraft Given short in flying condition ($40 million) (Refer Note No. 23.c.IX)	-2,564.77	3,000.00
xiii	Scrap proceeds recoverable from AI	-	0.09
xiv	Monetization proceeds Samata Nagar Property payable (Refer Note No. 23.c.X)	-	-50.28
xv	Advance Nerul HSG Project Payable (Refer Note No. 23.c.XI)	-	-415.33
xvi	CIDCO Expense Payable (Refer Note No. 23.c.XII)	-	-376.62
xvii	Profit on Sale of 8 Properties after disinvestment of the then AIL	-	-257.30
	Value of assets/liabilities transferred by the then AIL (B)	**-2,523.07**	**1,54,431.33**
Fund transferred to AI over and above assets/liabilities received has been grouped under the "Other Equity" (A-B) #		**6,80,041.32**	**6,77,518.25**

Note: # The above data are based on the information provided by the AIL to the Company and the excess amount transferred by the Company over the assets/liabilities received amounting to ₹ 6,80,041.32 million (Previous Year ₹ 6,77,518.25 million) has been grouped under the "other equity".

The Company has reminded AIL vide emails, latest dated 20th October 2022 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, for which details/information is yet to be provided by the then AIL. Further, AIL has not provided the breakup of the above balance and the details of current assets equal to current liabilities, etc.

Further, as per the table in para 23(a) above, total amount of ₹ 6,11,309.58 million (net of ₹ 6,11,780.00 million and ₹ 470.42 million i.e., refunded by the then AIL) transferred by the

Company to the then AIL during the FY 2021-22 and utilization thereof by the then AIL are based on the information/documents provided by the management of the AIL.

b. Funds transferred, as stated in table 23(a) above, to the then AIL by the Company along with explanatory details are as under: -

I. <u>Funds transferred for the repayment of the Identified Debts of the then AIL - ₹ 2,94,640.00 million</u>

As it was decided in the above-stated meeting (refer in para 23(a) above) that the identified debts of the then AIL amounting to ₹ 2,94,640.00 million would be transferred from Air India Limited to the SPV w.e.f. 1st October 2018. It was also decided in the said meeting that these identified debts would be serviced by the SPV from the disinvestment proceeds from the transfer of identified subsidiaries, monetization of identified properties and non-core assets of AI and shortfall to be met out of the budgetary support by Govt. of India through Ministry of Civil Aviation budget. In view of lenders reservations for transfer of these AI Identified debts to AIAHL the Identified debts are continued in the books of Air India Limited and it was further decided that interest on such identified debts will be served by the SPV till its repayment.

In view of above-mentioned constraints/reservations of the lenders, it was decided (in the meeting of Ministry of Finance held on 30th May 2019) that the SPV would raise funds of ₹ 2,94,640.00 million. The Ministry of Finance Government of India issued Letter of Assurance no.F.12(29)-B(SD)/2018 dated 18th June 2019 and the Ministry of Civil Aviation, GOI Letter of Authorization no. Av.17046/368/2017-AI dated 30th August 2019 to allow SPV to raise bonds from the market. Accordingly following three series of listed Non-Convertible Debentures (NCDs) were issued by the Company during Sept and October of FY 2019-20 aggregating to ₹ 2,19,850.00 million as under:

i. 6.99% NCD Series-1 (GoI fully serviced) of ₹ 70,000 million,

ii. 7.39% NCD Series-2 (GoI assured for servicing and repayment) of ₹ 70,000 million; and

iii. 7.39% NCD Series-3 (GoI assured for servicing and repayment) of ₹79,850 million.

In addition to the above, it was decided in the said meeting that identified bonds/ debentures of ₹ 74,000 million of AIL to be novated in the name of the Company.

The above funds amounting to ₹ 2,19,850 million raised through bonds have been transferred to Air India for the repayment of the listed Identified Debts (as per Schedule-I of the Framework Agreement executed between the then AIL and AIAHL dated 23rd Nov 2020 for the identified debts of ₹ 2,20,640.00 million) and balance of ₹ 790.00 million from the monetization proceeds of the Identified Non-Core properties with AIL for which approval has been accorded by the Ministry of Finance approval vide their OM.F.16(2)-B(P&A)/2021 dated 16 June 2021.

II. **Funds transferred, as stated in table 23(a) above, for the settlement of guaranteed/ other past dues/overdues of the then Air India Limited-₹6,11,309.58 million:**

In addition to the para-I above, GoI has approved further financial assistance to the then AIL for settling guaranteed/other past dues/overdues for ₹ 6,22,220 million vide para no.-2 of the office memorandum of Ministry of Finance No.16(6)-B(P&A)/2020-Pt. dated 22 November 2021 and for the said required fund, the Government of India (GoI) has infused equity capital of ₹ 6,23,654.00 million in the Company (AIAHL) against 62,36,54,00,000 equity shares of ₹ 10 per equity share. Out of these funds, the Company has transferred an amount of ₹ 6,11,309.58 million (net of ₹ 470.42 million refunded by the then AIL) to the then AIL. The balance amount of ₹ 12,344.42 million, lying in the fixed deposit has been utilized in accordance with the letter issued by the Ministry of Civil Aviation (MoCA) dated 31st March 2022.

Further, the details provided by the then AIL for utilization of the fund transferred by the Company are as under: -

(₹ in million)

S. No.	Particulars / Liabilities	Amount
i.	Repayment of the other than identified above loan/borrowings of the then AIL	₹ 2,88,540.00
ii.	Repayment of 9.08% NCDs of the then AIL	₹ 74,000.00
iii.	Payment of charges on premature redemption of the then AIL NCDs	₹ 16,880.68
iv.	Payment of premature termination for the settlement of SLB of Aircraft	₹ 1,19,390.00
v.	Payment of IGST on import of 21 - B787SLB of Aircraft	₹ 4,180.00
vi.	Payment of Current liabilities (i.e. liabilities over and above current assets)	₹ 1,08,318.90
TOTAL		**₹ 6,11,309.58**

c. Transfer of assets/liabilities/monetization proceeds by AIL to the Company against the amount transferred as stated in the table above (23.a)

I. **Monetization proceeds for the sale of identified Non-Core Properties:**

As per the decision of Government of India in a meeting held on 7th September, 2018 (refer Ministry of Finance, GOI, O.M. F.16(8)-B(P&A)/2018) under the chairmanship of Hon'ble Finance Minister, it was decided that the sale of Identified Air India assets to be done and monetization proceeds received after 1st October 2018 are to be transferred to the SPV/ AIAHL monetization Escrow Account and AIAHL to apply such sale proceeds for servicing the Identified Debts. Accordingly, 111 properties have been identified as non-core assets for monetization purposes. The Identified properties and the status for monetization have been indicated in the Framework and Restated Framework Agreements dated 23rd Nov 2020 and 5th January 2022 executed between AIAHL and AIL. Accordingly, AIL has transferred monetization proceeds of ₹ 3,995.34 million from 1st October 2018 to 31st March 2022 (i.e. ₹ 904.85 million in the FY 2021-22 and ₹ 3,090.49 million in the previous financial years). Details of the monetization proceeds recoverable from AIL are as under: -

(₹ in million)

S. No.	Particulars	FY 2022-23	FY 2021-22
1.	Opening balances at the beginning of the year	-	1,102.44
2.	Add: Monetization during the year	362.10	904.85
	Total monetization during the year	**362.10**	**2,007.29**
3.	Less: Monetization proceeds funds transferred by AIL to AIAHL Escrow Bank Account during the year	279.34	904.85
4.	MSTC and Nezul Charges	76.61	-
5.	Less: Adjustment out of lumpsum payment received from the then AIL of ₹ 5500 million against the monetization proceeds.	-	1102.44
6.	**Total amount paid by AIL against monetization proceeds**	355.95	**2,007.29**
7.	**Closing balance with AIL against monetization proceeds**	**6.15**	**-**

II. Investment and outstanding recoverable from Subsidiary Companies:

As per the decision mentioned in para 23.a above, the then AIL has also transferred investments in four subsidiaries as well as outstanding recoverable from these subsidiaries as on the disinvestment date. Details for the same as under:-

S. No.	Name of the Subsidiaries	No. of equity shares	Value of equity shares (₹ in million)	Date of transfer	Outstanding recoverable (₹ in million)
1	AI Airport Services Limited	138,424,200 Equity Shares of ₹ 10 each fully paid up	1,384.24	13th Jan 2022	386.56
2	AI Engineering Services Limited	166,666,500 Equity Shares of ₹ 10 each fully paid up	1,666.66	12th Jan 2022	21,175.63
3	Alliance Air Aviation Limited	40,225,000 Equity Shares of ₹ 100/- each fully paid up	4,022.50	25th Jan 2022	23,345.28
4	Hotel Corporation of India Limited	11,060,000 Equity Shares of ₹ 100 each fully paid up	1,106.00	11th Jan 2022	4,932.30
	Total		**8,179.40**		**49,839.76**

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

AI Airport Services Ltd (AIASL):

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

AI Engineering Services Ltd (AIESL):

AIESL is the largest MRO set up in India that can serve as a one-stop-shop for all aircraft engineering requirements. The Company has got hangar facilities available in all major airports in Mumbai, Delhi, Chennai, Hyderabad, Kolkata, Trivandrum, and Nagpur. AIESL commenced its operations from January 2015 after receiving its DGCA License. MRO business is a highly capital-intensive industry, and it generally has a gestation period of 4 to 5 years for consolidation of operations.

AIESL has taken various initiatives to improve its overall revenues such as signing of activity-based SLA with the then Air India Ltd, starting MRO facility in Sharjah and plans to expand the same to Dubai, developing dedicated marketing teams to capture MRO business, offering training services, handling VVIP flights to generate additional revenue. 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. In view of this AIESL is likely to be profitable in financial year 2022-23 and in near future.

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. The growth in Tier - II and Tier - III cities is still largely untapped and AAAL is likely to emerge as the largest player with its ATR 72-600 fleet suitable for serving these smaller airports. The Company has continued to operate to the Northeastern region like Guwahati, Lilabari, Tezpur in Assam, Shillong in Meghalaya and Agatti and Diu on request from NEC, MHA and Diu Administration under Viability Gap Funding (VGF) arrangements. These routes are operationally profitable. The Company has strategized itself to invest major resources in Government of India’s UDAN scheme. The performance of the airline under UDAN has been excellent wherein the Company has been operationally positive. Alliance Air is in the threshold of turnaround and poised to lead the regional connectivity in India in the next decade and be a leading regional carrier of Asia.

Alliance Air is on its way to reverse the trend of adverse financial parameters in this financial year 2022-23 by and thereafter further consolidate the gains. The Company has reduced operating loss during the FY 2022-23. Further, the Company has also implemented cost-saving measures for the reduction of costs.

During FY 2022-23, the Ministry of Civil Aviation vide OM dated 9.11.2022 moved a request to the Ministry of Finance to provide financial assistance of ₹ 6000 million to AAAL. The Ministry of Finance has approved the proposal in FY 2023-24. As a result, the Company will improve its performance further.

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 2023-24, the company has moved a request to provide financial assistance of ₹ 871.40 million so as to enable the company to pay its liabilities and improve its performance.

III. Movable and immovable properties transferred to the Company by the then AIL as stated in table 23(a):

As per framework agreement and restated framework agreement signed between the Company and the then AIL dated 20th November 2019 and 5th January 2022 respectively which is in line with GoI decisions, identified immovable properties of ₹ 76,049.38 million have been transferred by the then AIL to the Company vide debit note no. 5 as well as an advance of ₹ 405.91 million received from customers towards pending sale of 13 properties (refer note no 25.ii). The cost of the property along with the advance includes the cost of one flat located at 6B, Shriram Apartments, Middleton Street, Kolkata for ₹ 10.09 million and corresponding sale consideration as advance of ₹ 20.15 million taken by the then AIL for the monetization of such flat. These transfers have been made through their RFATR/Debit/Credit note. However, as per the copy of sale agreement provided to the Company the flat has already been sold by the then AIL in the month of October 2021. Since the monetization was completed prior to the disinvestment of the then AIL (i.e. 27th January 2022), and hence the Company has adjusted/reversed the cost of such flat and advance. Further, the Company has also written an email to AIL requesting to provide the reason for transfer of cost of the flat as well as sale proceed as advance though the sale of such flat has already been executed prior to the date of disinvestment as well as debit/credit note issued against the same and reply is still awaiting.)

Further, the then AIL has also transferred movable assets of ₹ 1,494.48 million (inclusive of GST) vide invoices dated 1st January 2022 and debit note no.- 4 dated 31st March 2022).

The details of the immovable and movable assets/properties spread all over at the AIL locations/stations are as under: -

S. No.	Class of Assets	Transferred Value/ Cost (₹ in million)	Nos. of Items/ Assets
A	**IMMOVABLE ASSETS**		
1	Freehold	3,927.19	22
2	Other than Freehold	68,795.60	43
3	Other Structures	3,316.49	416
	TOTAL	**76,039.28**	**481**
B	**OTHER MOVABLE ASSETS**		
	Electrical Fitting	26.43	8,448
	Furniture	59.42	35,291
	Ground Handling	127.21	2,131
	Office Appliances	72.92	22,885
	Plant & Machinery	517.39	2,645
	Workshop Equipment	667.34	2,063
	Vehicles	23.79	535
	TOTAL	**1,494.48***	**73,998**

*Inclusive of GST

a. **Title and Physical Possession of the Assets transferred to the Company**:

i. 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. As per para 2.8 of the restated framework agreement these properties will be held in trust by AIL. Title deeds of 3 nos. of immovable properties for book value of ₹ 194.39 million have been transferred by AIL to the company viz. Airlines House, Kolkata (1 no), Sohni Apartment Kolkata (1 no) and Asian Village Games Apartments (5 nos).

ii. All the assets, referred in para 23(c)(III) above, received by the Company have been accounted for on the basis of value/cost at which it has been transferred by the then AIL to the Company vide debit note dated 31st March 2022 and invoices dated 1st January 2022.

iii. The movable and immovable assets have been book transferred by the then AIL without any physical handover-takeover. The Company has appointed an external agency for identification and tagging of the movable assets. The draft excel workbook of the physical verification of the movable assets has been submitted by the outside agency, however reconciliation with the list of movable assets provided by the then AIL with report submitted by the agency as well as vetting of the physical verification data submitted by outside agency is under process as movable assets of ₹ 460.82 million is non verifiable/not found as per draft excel workbook. In the case of deviation/

discrepancies, if any, found on completion of reconciliation will be adjusted on approval from the appropriate authority in due course.

Further, physical verification of immovable properties has been carried out partially by the management during the year and physical verification of the remaining properties will be completed in due course.

b. Other Structures:

Other Structures as stated in table 23(a) includes temporary structures, structures on license land owned by Airport operators etc. for which Company is in the process of verification and identifying the status of these structures. The structures are very old and as per the license agreement, the licensor i.e the airport operator may ask to return the land in original condition i.e without these structures. On completion of the identification and verification, accounting impact required, if any, in this regard will be given in due course on approval from the competent authority (also refer note no. 25 below).

c. Immovable properties in the occupancy & use of AIL:

Following Land and Buildings are in the occupancy and uses of the AIL details are as under:

i. In terms of letter no- HQ/CMD/2021/3263 Dated 27th October, 2021 three office building viz. Airlines house Delhi, Airlines house Kolkata and Central Training Establishment (CTE) Hyderabad are to be used by AIL for a period of not less than 2 years from the closing date. The rent for these buildings is of ₹ 0.10 million per building per month.

ii. Office building at Nariman point Bombay has been given on rent to third parties by the then AIL and rent accrued against the said property collected by AIL up to Jun 2022 and thereafter the Company has started raising invoices on the tenants except TCS as agreement was valid till June 2023 for which AIL continued for the entire FY 2022-23.

iii. For the properties other than the above referred to in point no. i & ii which are under the possession of AIL, AIL has given a vacation plan and accordingly AIL has initiated the vacation of certain properties.

iv. As per para no. 2.8 of restated framework agreement that any benefit accruing to AIL, AIXL or AI-SATS post disinvestment closing date on account of the remaining AI assets including any interest accrued, shall be paid to the government (or such other person as nominated by the GoI). In view of the above, the Company has requested AIL to provide the details of such benefits/income to which the Company/GoI is entitled, including any deposits taken by the then AIL from the tenants to be refunded at the time when the properties will get vacated. On receipt of such information accounting impact will be given.

IV. Deposits recoverable under dispute transferred by the then AIL to the Company:

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

In 2012, Mauritius Entities commenced arbitration against India and Mauritius Bilateral Agreement and arbitral award of 2020 in this matter was granted in favor of the Mauritius entities. The petitioners treated AIL as “alter ego” of the Indian Government and adjudging AIL should be jointly and severally liable for the amount and the Supreme Court of the provinces of Quebec, passed an ex-parte garnishment order on IATA. Under this garnishment order, all the collection of Air India, on global basis, settled by IATA, were required to be garnished and not paid to Air India, in the regard to the litigation of Devas with Government of India. The ex-parte garnishment was challenged by AIL through its counsel in Canada and the Supreme Court of Quebec passed an order on 8th January, 2022 whereby the garnishment amount was reduced to 50% of the collections and the final decision on this matter was pending.

Subsequently, the application for leave to appeal from the judgment of the Court of Appeal of Quebec (Montréal), Number 500-09029888-229, 2022 QCCA 1264, dated September 20, 2022, has been dismissed by Supreme Court of Canada vide Order dated 11 May 2023 in favor of AIL. The company has requested vide email dated 14th October 2023 to AIL to confirm and remit the amount received by AIL. On receipt of confirmation of amount from AIL the necessary accounting entries shall be made.

Further, in terms of GoI letter ref. 17046/15/2020-AI dated 31st March 2022 liability or any further sums as may be necessary to be paid on the basis of the final order of Superior Court, Quebec, Canada. Accordingly the accounting impact will be given on receipt of the amount from AIL in the financial year in which it is received.

V. Amount recoverable from DRDO by the then AIL transferred to the Company against Sale of Aircrafts to DRDO:

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 ₹ 605.66 million during the financial year 2022-23. Further, an email dated 3rd August 2023 received from Dy Head MMG for levy of ₹ 318.35 million for liquidated damages against the above recoverable. The company has taken up the matter of liquidated damages with DRDO, AIL and AIESL for deletion/waiver as aircraft were delivered within the extended date of delivery i.e 15th June 2023 and therefore liquidated damages should not be levied by DRDO.

VI. Prepayment charges paid on NCDs of ₹ 74,000 million of the then AIL (pending novation in the name of the Company):

The then AIL 9.08% Non-Convertible Debentures (NCDs) of ₹ 74,000 million, were to be novated in the name of the Company but due to the pending approval for novation of these NCDs to the Company by the majority bond holder, NCDs continued to be accounted in the books of the then AIL. The due dates for the repayments of series I, II and III were from November/December 2027 to November/ December 2031 but the same has been prepaid on 20th January, 2022 (by the then AIL out of funds transferred by the Company) as a result of which prepayment charges of ₹ 8,918.68 million has been paid for early redemption of NCDs. However, the then AIL has adjusted prepayment charges of ₹ 9,874.59 million against ₹ 74000 million of the then AIL (pending novation in the name of the Company) including ₹ 955.91 million interest prior to 1st October 2018 (out of ₹ 2,244.48 million ₹ 955.91 million interest adjusted in RFATR and ₹ 1,288.57 million in AIL Settlement A/c) for which there is no mandate of the GoI hence the Company has not accepted the adjustment.

VII. Advance paid by the then AIL to MADCL (for land adjacent to MRO Land at Nagpur) transferred to the Company:

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 has been transferred by the then AIL to the Company. AIAHL Board in its 20th Board meeting held on 23rd June 2021 approved “in principle” the transfer of the 19 acres of land adjacent to the MRO at Nagpur to AIAHL as a Co-developer. As per the copy of the letter dated 7th December 2020 provided by AIL, MADCL has been requested to transfer the allotment in the name of the Company (AIAHL) and the same is under process.

VIII. Amount withheld by AIL towards PSS (AMADEUS) implementation fees:

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

IX. Amount withheld by AIL towards maintenance of 6 aircraft:

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 was shown under current assets in the books of the Company in FY 2021-22.

The Company has received details of total expenditure of ₹ 2,564.78 million details for the same are as under:

i	Towards five engines:	
	1. Material consumed	₹ 1,923.23 million*
	2. Manhour cost	₹ 74.26 million
	3. Freight charges & custom duties	₹ 162.74 million
ii	Airframe- Manhour cost	₹ 404.55 million
	Total	**₹ 2,564.78 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. However, the company has written AIL to provide the actual amount paid by them and on the receipt of this information from AIL necessary accounting impact, if any, will be given in due course.

X. Monetization Proceeds Samata Nagar Property Payable:

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

XI. Advance Nerul CIDCO HSG Project Payable:

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

XII. CIDCO Expense Payable:

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 and the Company has also sought details from AIL.

24. Government Grants:

i. For servicing Interest of Identified Debts of the then AIL and AIAHL

In addition to the fund provided by the GoI as stated in table 23(a) following of Budgetary support / Grants given by the Government of India to the Company for servicing the Interest of identified debts of the then AIL from 1st October 2018 to till the date of repayment of such identified debts including interest of AI's 9.08% Bonds/debentures of ₹ 74,000 million and servicing the Interest on bonds issued by AIAHL.

(₹ in million)

Year	Budgetary support / Grant Received from GoI for servicing Identified debts' interest	Utilization of Grant Fund	Unspent Grant Fund at the end of the year
2018-19	₹ 13,000.00	₹ 13,000.00	₹ Nil
2019-20	₹ 25,680.50	₹ 23,253.95	₹ 2426.55
2020-21	₹ 21,836.20	₹ 21,811.35	₹ 2451.40
2021-22	₹ 13,780.00	₹ 16,231.40	Nil
2022-23	₹ 2,000.00*	₹ 2,000.00*	Nil

ii. Grant received for expenditure towards medical facilities of eligible retired/retiring employees of the then AIL including of the subsidiaries:

As per the decision of Government of India (MoCA) vide letter dated 16th February, 2022 (File No. 17046/65/2-19-AI) a scheme has been approved for providing medical facilities to the eligible permanent retired/retiring beneficiaries of AIL including eligible permanent employees of AI Engineering Services Limited (AIESL) and AI Airport Services Limited (AIASL) post disinvestment.

In line with the said scheme, Government of India vide letter dated 28th March 2023 released ₹ 1250.00 million to the Company. In addition to the Grant, the Company has also received one time subscription charges of ₹ 110.98 million as per aforesaid scheme and the said amount has been grouped under Grant fund.

The Company has remitted ₹ 432.98 million (₹ 17.42 million for FY 2022-23 & ₹ 415.56 million for FY 2023-24) to CGHS on account of the annual subscription charges for the financial year 2023-24 and ₹ 50.00 million will be utilized towards Out Patient Department (OPD) & Inward Patient Department (IPD) expenses of the eligible employees.

* Also refer note no. 24 (iv)

Further, the OPD facilities was discontinued by the AIL from October 2022 onwards as a result those retirees who had not received CGHS card and incurred expenditure out of the own pocket, made claims to the company for an amounting to ₹ 74.23 million has been provided for.

Furthermore, AIL has raised claims of ₹1,813.31 million (Seven Invoices without supporting papers) against medical facilities provided by AIL to retired employees, for the period from the date of disinvestment i.e. 27th January 2022 to 31st December 2022. The above claims include ₹ 36.43 million which has not been accepted & accounted for by the Company as these claims pertain prior to the above stated period. Further, the above claim also include ₹ 588.60 million for which bills/supporting documents is yet to be provided by AIL to the Company. However, the liability for the said amount has been provided in anticipation that AIL will provide the supporting documents before reimbursement of the said amount to AIL by the Company. Out of the remaining claim of ₹ 1,188.28 million, claims for amounting to ₹ 560.38 million have been paid to AIL and remaining are in the process of verification and on completion of the said process accounting impact of excess/short found, if any, will be adjusted.

iii. Series-1, 6.99% NCDs issued on 18th September 2019 by the Company for a tenor of 3 years & 3 months. Series-1 accordingly was due for redemption on 16th December 2022. The Company has redeemed the aforesaid NCDs on the due date i.e. 16 Dec 2022 out of Govt. grant funds and accordingly Grant fund of ₹ 70,000 million has been transferred to other equity.

iv. Summary of grant received by the Company and its utilization during the financial year 2022-23 are as under: -

(₹ in million)

S. No.	Particulars	FY 2022-23	FY 2021-22
A	**Opening Un-spent Grant-in-aid**	450.00	2,451.40
1	**Grant received during the year**		
i.	Budgetary support/ Grants received by the Company from Min. of Civil Aviation, GOI Redemption of Series-1 6.99% NCDs issued by AIAHL	70,000.00	-
ii.	Interest expense of Bonds	2,000.00	13,780.00
iii.	For Medical Expenses of Eligible Retirees	1,250.00	450.00
iv.	One time subscription charges received from eligible retired employees	110.98	-
v.	Interest earned on CGHS grants	2.10	-
B	**Total**	**73,363.08**	**14,230.00**
2	**Utilization of the Grants**		
i.	Interest expenses for AI Bond	-	5,430.59
ii.	Redemption of Series-1 6.99% NCDs issued by AIAHL	70,000.00	-
iii.	Interest expenses of AIAHL bond	2,000.00	10,797.36

(₹ in million)

S. No.	Particulars	FY 2022-23	FY 2021-22
iv.	Medical Expenses	2,260.52	
v.	Utilization of Fund for bond expenses debited by AI for 9.08% ₹ 74,000 million NCDs obligation of AIAHL	-	3.45
C	**Total**	**74,260.52**	**16,231.40**
	Net Unspent/(receivable) Grant in Aid (A+B-C)	**(447.44*)**	**450.00**
-	Unspent Grant-in-aid for CGHS Subscription	8.82	400.00
-	Unspent Grant-in-aid for NHA Subscription	50.00	50.00
-	Grant Receivable from GOI for medical expenses of AIL retirees	(506.26)	-
	Net Unspent/(receivable) Grant in Aid	**(447.44)**	**450.00**

* After adjusting grant receivable from GOI of ₹ 506.26 million towards medical expenses with unspent grant of NHA amounting to ₹ 50.00 million and unspent grant of CGHS amounting to ₹ 8.82 million.

25. Assets included in disposal group held for sale:

i. Immovable Assets:

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

The ownership/possession of identified properties are in the name of the then AIL and the then AIL had disposed off 47 full properties and 3 partial properties * (out of above said total of 111 identified properties) and the sale proceeds of these properties (47+3) amounting to ₹ 3995.4 million 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 are transferred to the Company at carrying value of the respective assets held for sale as on 31st March 2022. 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 2023 (₹ in million)	Transferred Value/ Cost as on date of transfer (₹ in million)	Nos. of Items/ Assets as on 31st March 2023	Nos. of Items/ Assets as on date of transfer
1	Freehold Land & Building	3,442.12	3,927.19	12	22
2	Leasehold/ others	68,968.18	68,795.60	45	43
3	Other Structures #	3,285.22	3,316.49	403	416
	Total	**75,695.52**	**76,039.28**	**460**	**481**

Note: * Number and respective value of the assets classified correctly during the year.

Other structure includes building/structure constructed on license land from GMR Hyderabad

for which company has entered into a tripartite agreement between AIL, the company and GMR Hyderabad International Airport Ltd for a period 5 years i.e from April 2022 to March 2027 for the right of use of the said property by AIESL.

ii. 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 ₹ 106.51 million (Previous Year ₹ 385.76 million) against sale of unsold properties (excluding advance for 4 properties ₹ 32.47 million for which monetization process have been initiated by AIAHL). The monetization of these properties is yet to be completed.

iii. 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). 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 17th August, 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.

iv. Out of 111 properties, the assets classified as held for sale includes 12 Residential Apartments at 13 Mullen Street, Ballygunge, Kolkata, West Bengal which is in the occupancy of Waqf Board, Kolkata. The Waqf Board is claiming that the ownership of the property is in the name of Waqf Board and they are not agreeing to vacate the property. The then Air India initiated legal action against the Waqf Board, however, court has vide its order dated 11/08/2022 directed the lower court to frame specific issues pertaining to the maintainability of the suit and decide the issue along with other issues at the time of final hearing of the suit subsequently AIL has submitted original documents to the court. The matter is sub judice.

Further, one commercial land located at Patna and one residential land for bungalow at Nashik have been encroached by trespassers.

Furthermore, commercial land at Jamnagar Gujrat was handed over in July 2022 to allotting authority against court directive.

v. The Company has decided to surrender some of leasehold properties (which does not have provision for monetization/ properties having issues) on the basis of compensation from lessor due to the surrender of the right to use. However, some of the lessors have not agreed to offer any compensation taking the ground that there was no clause in the lease deed for any compensation. Accordingly, the Company is in the process of surrendering 4 immovable properties without any compensation. The carrying value of these 4 properties transferred by the then AIL is ₹ 1.00 per property. These 4 properties belong to the respective state governments to whom properties will be surrendered. Further, the Company had requested 26 lessors to offer suitable compensation against surrendering the properties. 5 lessors have agreed to offer compensation to the Company whereas the response from the remaining 21 lessors is awaited.

vi. The then AIL had paid an advance of ₹ 24.6 million to CIDCO for purchase of another plot of leasehold land at Nerul 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. However, the same has been transferred by the then AIL as immovable properties and as classified under "Assets held for Sale".

vii. Movable Assets:

The Company, under disinvestment strategy of the then AIL has received movable assets from the then AIL. Details of the same are as under:

Category	No. of Items	Value at which transferred to the Company (₹ in million)
Electrical Fitting	8,448	22.49
Furniture	35,291	50.79
Ground Handling	2,131	107.97
Office Appliances	22,885	61.94
Plant & Machinery	2,645	438.86
Workshop Equipment	2,063	565.65
Vehicles	535	20.30
Total	**73,998**	**1268.01***

* Excluding GST

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

Note: -Under disinvestment plan, monetization proceeds of the above properties will be utilized towards repayments of identified debts, hence fair value of the properties (movable and immovable), investments in subsidiaries etc. could not be disclosed as a confidentiality measures. However, in the case where bid value of the properties is lower than the carrying value a provision for the same has been accounted for.

However, the board has decided in the meeting no 45th Held on 10th October 2023, the process of transfer is to be completed in due course on discussion with the respective subsidiaries.

26. Disinvestment plan of the subsidiaries:

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

Consequent to the Strategic Disinvestment of Air India the government has initiated the process of disinvestment of three subsidiaries of AIAHL (AI Airport Services Ltd., AI Engineering Services Ltd., & Alliance Air Aviation Ltd.). Committees have been constituted to oversee the disinvestment process and DIPAM has commenced the exercise of investor meetings for the disinvestment. 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.

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

27. INCOME FROM IDENTIFIED ASSETS:

Transfer of Revenue share from Subsidiaries:

As part of the Framework agreement for transfer of income/distribution of the subsidiaries identified for transfer to the Company, the then AIL has credited to the Company, the Revenue share under their agreement with AIASL for 20% share of their 3rd party handling revenue, for the period 1st April 2021 to 13th January, 2022. However, as per the decision of the Board of Directors of the Company in the meeting held on 22nd July, 2022, revenue share shall not be charged / recovered by the Company from 13th January, 2022 onwards i.e. after the date of transfer of holding of AIASL to the Company.

28. INTEREST ON RECOVERABLE FROM SUBSIDIARIES:

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 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 in the FY 2022-23 ₹ 4,508.74 million (Previous Year ₹ 916.05 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.

29. PHYSICAL VERIFICATION AND RECONCILIATION:

I. As per the policy of the Company, physical verification of property, plant & equipment (PPE) has been conducted by the management during the year 2022-23 and no discrepancy on physical verification has been found.

II. For Physical verification of movable assets classified as held for sale has been carried out during the year by the outsource agency. Reconciliation of item identified on physical verification with items transferred by the then AIL is under process. Excess/shortage, if any, found on reconciliation will be accounted for on completion of reconciliation and approval of the competent authority.

In the case of immovable properties approximately 50% has been physical verified as per policy of biennial verification.

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

There has been no transaction with a MSME during the year. Hence, the information on the outstanding as at 31st March 2023 is NIL.

(₹ in million)

	Particulars	31st March, 2023	31st March, 2022
a.	Principal amount due and remaining unpaid	-	-
b.	Interest due on above	-	-
c.	Payment made beyond the appointed day during the year	-	-
d.	Interest paid	-	-
e.	Interest due and payable for the period of delay	-	-
f.	Interest accrued and remaining unpaid	-	-
g.	Amount of further interest remaining due and payable in succeeding years	-	-

Note: 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 and relied upon by the Auditor.

31. RELATED PARTY DISCLOSURES:

Disclosure of the names and designations of the Related Parties as required by Indian Accounting Standard (Ind AS24) during the year 2022-23.

A. Key Managerial Personnel & Relatives

i. Key Managerial Personnel & Relatives

Sr. No.	Name of Director	Designation	Date of Appointment / Cessation
1.	Shri Vikram Dev Dutt	Chairman	28.02.2023 (Cessation)
2.	Shri Satyendra Kumar Mishra	Director	22.01.2018 (Appointment) CMD w.e.f. 01.03.2023
3.	Shri Vimlendra Anand Patwardhan	Director	27.12.2022 (Cessation)
4.	Shri Rajesh Singh Shrinarayan Sharma	Director	27.12.2022 (Appointment) 03.02.2023 (Cessation)
5.	Shri Padam Lal Negi	Director	03.02.2023 (Appointment)
6.	Smt. Parama Sen	Director	10.06.2021 (Appointment)

Sr. No.	Name of Director	Designation	Date of Appointment / Cessation
7.	Shri Peeyush Kumar	Director	27.12.2022 (Cessation)
8.	Shri Solomon Arokiaraj	Director	27.12.2022 (Appointment)
9.	Shri Rajiv Kapoor	CFO	12.11.2021 (Appointment)
10.	Ms. Kavita Tanwar	CS	01.08.2022 (Appointment)

ii. Transactions with Key Managerial Personnel

There are no transactions with Key Managerial Personnel except for the Salaries or remuneration paid to the KMPs as under during the year FY 2022-23. Details for the same are as under: -

a. Shri Vikram Dev Dutt, CMD ₹ 3.57 million (prev. year ₹ 0.65 million)

b. Shri Rajiv Kapoor, CFO ₹ 1.83 million (prev. year ₹ 0.70 million)

c. Ms. Kavita Tanwar, CS ₹ 0.80 million (prev. year ₹ NIL)

iii. There were no Loans or Credit Transactions with KMPs of the Company or their relatives during the year.

B. In terms of Ind AS 24, following are related parties and Government Related entities i.e., Significantly controlled and influenced entities (Government of India):

i. Name and relationship of group 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

Transactions with Group Companies: -

(₹ in million)

S. No.	Transactions	2022-23	2021-22
1.	**Alliance Air Aviation Limited (AAAL)**		
a.	**Revenue**		
i.	Interest @ 1% P.A. on advances to AAAL	5.63	1.0
ii	Interest on Outstanding Recoveries	2149.18	403.02
iii	Rentals	2.03	-
b.	Funds remitted against amount transferred by the then AIL in FY 2021-22 towards NASFT charges.	257.00	-
c.	**Closing Balance as on 31st March** - Advance to AAAL - Outstanding Recoverable - Reimbursement from AAAL - Investments	 562.50 26,122.76 33.48 4,022.50	 562.50 23,748.30 8.86 4,022.50

(₹ in million)

S. No.	Transactions	2022-23	2021-22
2.	**AI Engineering Services Limited (AIESL)**		
a.	**Revenue**		
i.	Interest on Outstanding Recoveries	1865.56	407.27
ii	Rental & others	536.57	-
b.	**Expenditure**		
i.	Manpower Charges	15.05	-
c	**Funds received against Recoverable**	1700.00	-
d.	**Closing Balance as on 31st March** - Outstanding Recoverable - Investments	 21,739.44 1,666.67	 21,175.63 1,666.67
3.	**AI Airport Services Limited (AIASL)**		
a.	**Revenue**		
i.	Interest on Outstanding Recoveries	35.72	7.43
ii.	Rental	6.96	-
b.	**Expenditure**		
i.	Manpower Charges	1.52	-
c.	**Closing Balance as on 31st March** - Outstanding Recoverable - Investments	 435.47 1384.20	 393.99 1,384.20
4.	**Hotel Corporation of India Limited (HCI)**		
a.	**Revenue**		
i.	Interest on Outstanding Recoveries	452.66	97.29
b.	**Expenditure**		
i.	Meeting expenses	0.2	-
c.	**Closing Balance as on 31st March** - Outstanding Recoverable - Investments	 5482.16 1106.00	 5,029.59 1,106.00

ii. Others (Government and Government Related Entities:

Sr. No	Name of Company	Relationship
1.	The then AIL (till 27th January 2022)	Entity under control by the Government of India
2.	Government of India (mainly Ministry of Civil Aviation and Ministry of Finance)	

Transactions with Government and Government related parties: -

(₹ in million)

Name of Entity	For the year ended March 31, 2023	For the year ended March 31, 2022
Amount of budgetary support / grant received from GoI	73,252.10	13,780.00
Equity Capital Received from Government of India	N.A.	6,23,654.00
Funds transferred to the then AIL (net of refund)	N.A.	6,11,309.58

Name of Entity	For the year ended March 31, 2023	For the year ended March 31, 2022
Amount of GOI grant transferred to Air India Limited towards servicing the Identified Debts	N.A.	6,719.16
Reimbursement of Interest expenses including withholding taxes, Penal and default interest debited to the Company by Air India advising utilization of Grant for servicing the Identified debts –obligation of AIAHL	N.A.	5,430.59
Reimbursement of and other charges including legal expenses to the Company by Air India advising utilization of Grant for servicing the Identified debts –obligation of AIAHL	N.A.	3.46
Monetization Proceeds received/receivable from AIL	N.A.	904.85
Rental Income and Revenue Sharing credited by AIL	N.A.	838.67
Interest on FDR credited by AIL	N.A.	15.54
Maintenance, Utilities, taxes, etc. debited to the Company by AIL	N.A.	100.82
Salary of Deputed employee of AIL	N.A.	-
Amount Recoverable from Air India under AI Reconciliation account (Net of payable).	N.A.	7,244.48
Immovable properties t/f to AIAHL the then AIL	N.A.	76,039.28
Movable properties t/f to AIAHL by the then AIL	N.A.	1,494.48
Outstanding recoverable of the then subsidiaries of AIL	N.A.	49,839.76
Transfer of investments of the then subsidiaries of AIL.	N.A.	8,179.41

Note: - Post disinvestment AIL is not government related party.

32. 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, 2023	As at 31st March, 2022
1	AI Airport Services Limited (AIASL)	100%	100%
2	AI Engineering Services Limited (AIESL)	100%	100%
3	Alliance Air Aviation Limited (AAAL)	100%	100%
4	Hotel Corporation of India Limited (HCI)	80.38%	80.38%

33. 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 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. However, the Company is in the process of retaining the applicable 2% of the average net profit of the period prior to the financial year 2021-22 in a fixed deposit.

34. PROVISION FOR TAXATION:

In terms of the provisions of Section 115 BAA of the Indian Income tax 1961, which provide for an option of lower rate of 22% plus applicable surcharge for a domestic Company (as against higher rate of about 30% plus applicable surcharge) for any previous year relevant to the assessment year beginning on or after 1st April 2020, subject to no deduction or exemptions allowed under specified sections, no carry forward or set off of past year losses, or set off losses or unabsorbed depreciation in amalgamation being available to the Company, and the such option once exercised to continue forever. The company had opted for lower tax rate u/s 115BAA. Accordingly, provision for tax based on lower rate u/s Sec 115BAA in the books of account are as under: -

(₹ in million)

Sl. No.	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
1.	Net Taxable Profit	(5,512.16)	(10,574.67)
2.	Tax Payable @ 22% plus 10 Surcharge and 4% Cess	-	-
3.	Net Tax Payable/(Refund) after TDS deducted claimed	-	-

Sl. No.	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
4.	Short Provision of Income tax for FY2019-20 due Interest u/s 234C	-	-
5	*Interest u/s 234A, B and C included above	-	-

35. DEFERRED TAX ASSETS/LIABILITY:

The Company has losses in the current financial year and may not be in profit in the future year. In the 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. Hence, in line with Ind AS 12 “Income Taxes,” the existence of tax losses is strong evidence that future taxable profit may not be available. Hence, based on the same Deferred Tax assets / Liabilities have not been created.

36. EARNINGS PER SHARE:

Earnings per share calculated as per Ind AS 33 are as under:

(₹ in million)

Details	As at March 31, 2023	As at March 31, 2022
Profit/(Loss) After tax for the year (as numerator)	(5,512.16)	(10,574.67)
Weighted Average no. of equity shares of ₹ 10 each (as denominator)	62,365.45	17,524.31
EPS Basic & Diluted After Tax	**(0.09)**	**(0.60)**

37. REMUNERATION TO STATUTORY AUDITORS:

The details of the audit fees and out of pocket expenses for the year 2022-23 are as under:

(₹ in million)

Particulars	F.Y. 2022-23	F.Y. 2021-22
Audit Fees including quarterly review	0.58	0.40
Out of Pocket Expenses	0.07	0.03
Tax audit fees provision	0.12	0.10
Total	**0.77**	**0.53**

38. DIVIDEND:

In terms of letter from Ministry of Civil Aviation vide ref no. 17046/19/2021-AI dated 12th November 2021 the Company has been exempted from the payment of dividend.

39. INDEPENDENT DIRECTOR:

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.

40. IMPAIRMENT:

The Company on disinvestment of AIL has received various assets and the Company on the balance sheet. The Company has made the provision for impairment of ₹ NIL (Previous Year ₹ 25.03 million against a property in Mangaluru) in accordance with IND AS-36.

The company has approached Income Tax Department for the purchase of a land and building situated at Mangaluru for a consideration of ₹ 103.00 million for which Income Tax Department has given in principal approval vide its letter no. F.No.10(1)/MNG/Pr. CCIT/2023-24 dated 25th April, 2023 for the purchase of the said property subject to transfer of the title in the name of AIAHL from AIL. The necessary accounting impact will be given at the time of completion of the transactions.

41. 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.

42. CONFIRMATIONS / RECONCILIATIONS:

The Company has sought the confirmation of balances for major receivables and payables as on 31st March 2023. However, some of the parties have responded and their balances are in agreement with the balances shown in the books of the Company except in case of AIASL, AAAL and AIL for which details are as under:

i. Regarding balance confirmation from AIL, against the recoverable of ₹ 2,614.34 million (₹ 2,720.85 million less advance against sale of properties of ₹ 106.51 million) AIL has confirmed ₹ 1,494.70 million as payable by the company to the AIL. However, the company is not in agreement with the balance shown/confirmed by AIL. The reconciliation of the same with AIL is under process.

Further, the 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 was 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) <u>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.</u> 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. As a result of this, there is difference to that extent i.e. ₹ 1,288.57 million in AIL Settlement A/c as compared to AIL Reconciliation A/c in the books of the Company and ₹ 955.91 million interest in RFATR a/c as compared to AIL Recoverable A/c in the books of the Company.

ii. Regarding balance confirmation from AIASL, there is a difference of ₹ 0.61 million (Previous Year ₹ 1.34 million) due to difference in rental and interest on outstanding recoveries and regarding balance confirmation from AAAL, there is a difference of ₹ 7.46 million due to difference in reimbursement of SBLC charges and interest on outstanding recoveries.

iii. The balances of GST as per books and as per GST portal are subject to reconciliation.

43. EMPLOYEES BENEFITS:

The Company has not recognized any expenditure towards defined contribution plans, in respect of Employees Provident Fund and Employee State Insurance benefits, etc. and hence actuarial valuation is not required.

Further, the Company has not provided liability towards gratuity as per the letter dated 10th August 2022 received from the actuary that all the employees of the Company is on a contractual basis for a period of 3 years or less than 3 years, and renewal of the contract is uncertain.

44. Following are the details of Foreign Currency earned and expended by the Company during the Financial Year 2022-23:

(₹ in million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Foreign Exchange Earnings	-	-
Foreign Exchange expended	-	-
Net Foreign Exchange Earnings	**-**	**-**

45. ADDITIONAL REGULATORY INFORMATIONS:

a. 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	53,896.67*	100%	51,327.18	100%

b. Title deeds of Immovable Property not held in the name of the Company

(₹ in million)

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value FY 2022-23	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	Reason for not being held in the name of the Company
Asset held for sale	Freehold	3,442.12	Air India Limited /AIAHL **	No	31 March 2022	Refer Note No.23.c.III & 25
	Leasehold/ others	68,968.18	Air India Limited	No	31 March 2022	Refer Note No.23.c.III & 25
	Other Structures	3,285.22	Air India Limited	No	31 March 2022	Refer Note No. 23.c.III & 25
Total		75,695.52				

* ₹ 257.00 million were transferred to AAAL during the year against amount transferred by the then AIL in FY 2021-22 towards NASFT charges.

** Air India Limited ₹ 3,329.37 million; AIAHL ₹ 112.75 million

c. Details of Benami property held:

There is no benami property held by the Company as per section 2(8) of the Benami Transactions (Prohibition) Amendment Act, 2016.

d. Wilful Defaulter

Not Applicable

e. Relationship with Struck off Companies:

The Company has no outstanding balances as on 31.03.2023 (previous period: Nil) with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.

f. 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 ₹ 2282.00 million.

g. 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.

h. Ratios

(₹ in million)

Current ratio

Particular	**As at March 31, 2023**	**As at March 31, 2022**
Total current assets	14,654	25,462
Total current liabilities	5,942	76,030
Ratio	2.47	0.33
% change	**636.37%**	**-78%**
Reason	Due to decrease in current assets as well as current liability as compared to previous year.	

Debt equity ratio

Particular	**As at March 31, 2023**	**As at March 31, 2022**
Total debt	1,49,850	2,19,850
Shareholder's equity	-696	-62,661
Ratio	-215.15	-3.51
% change	**6032.17%**	**-102.84%**
Reason	Due to negative net-worth of the company in the current year, due to excess of fund transferred to AI over assets/liab. received charged to other equity and Grant from GoI for payment of series-I Bond of ₹ 70,000 million.	

Debt service coverage ratio

Particular	**As at March 31, 2023**	**As at March 31, 2022**
Earnings available for debt service (EBIDTA)	9,062.1	19,741.5
Total debt	1,49,850.00	2,19,850.0
Ratio	0.06	0.09
% change	**-32.65%**	**-15.19%**
Reason	Due to decrease in total income of the company.	

Return on equity

Particular	**As at March 31, 2023**	**As at March 31, 2022**
Net profits after tax	-5,512.16	-10,574.67
Average Shareholders' equity	-31,678.87	-32,219.46
Ratio	-0.17	-0.33
% change	**-46.98%**	**617.78%**
Reason	Due to reduced net loss during the year	

Inventory turnover ratio

Particular	**As at March 31, 2023**	**As at March 31, 2022**
Cost of goods sold	-	-
Average inventory	-	-
Ratio	-	-
% change	**-**	**-**
Reason	No inventory or COGS	

Trade receivable turnover ratio

Particular	**As at March 31, 2023**	**As at March 31, 2022**
Revenue from operations	1,569	839
Closing trade receivables	-	-
Ratio	-	-
% change	**-**	**-**
Reason	Nil Trade Receivables of the company.	

Trade payable turnover ratio

Particular	**As at March 31, 2023**	**As at March 31, 2022**
Other expenses	3,182	194
Closing trade payables	3.76	1.0
Ratio	**847.36**	**200.04**
% change	**324%**	**169%**
Reason	Due to increase in other expenses as compared to previous year.	

Net capital turnover ratio

Particular	**As at March 31, 2023**	**As at March 31, 2022**
Rental Revenue from properties	1,568.69	839
Working capital	8,711.72	-50,568
Ratio	0.180	-0.017
% change	**-1186%**	**-105%**
Reason	Due to increase in Rental revenue as compared to previous year.	

Net profit ratio

Particular	**As at March 31, 2023**	**As at March 31, 2022**
Net Profit for the year	-5,512.16	-10,575
Rental Revenue from properties	1,568.69	839
Ratio	-3.51	-12.61
% change	**-72%**	**-3714%**
Reason	Due to increase in rental revenue and due to Medical expenses & Rates & Taxes	

Return on capital employed

Particular	**As at March 31, 2023**	**As at March 31, 2022**
Profit before exceptional item & tax plus finance cost	9,062.12	19,742
Capital employed	1,49,153.51	1,57,189
Ratio	0.061	0.126
% change	**-52%**	**20%**
Reason	Due to decrease in Total Income	

Return on investment

Particular	**As at March 31, 2023**	**As at March 31, 2022**
Income from investment	Nil	Nil
Closing balance of investment	Nil	Nil
Ratio	Nil	Nil
% change	**Nil**	**Nil**
Reason	No investment made	

1. Total debt = Non-current borrowings + Current borrowings
2. Earnings before interest & tax (EBIT) = Profit before exceptional item & tax + Finance costs
4. Working capital = Total current assets - Total current liabilities
5. Capital employed = Total equity + Borrowings
6. Total equity = Total equity excluding non-controlling Interest (less) / add (deferred tax assets) / deferred tax liability (net)

i. Compliance with approved Scheme(s) of Arrangements

No approved scheme of arrangement is there, hence, not applicable.

j. Utilization of Borrowed funds and Share Premium

All borrowings of the Company have been used for the intended purpose, hence, not applicable.

46. FAIR VALUE MEASUREMENT AND FINANCIAL INSTRUMENTS:

a. 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 borrowings and total equity of the Company.

iv. The Company's Audit Committee and BoD review the capital structure of the Company from time to time. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

v. During the financial year ended 31 March 2023, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

b. Financial instruments – by category and fair value hierarchy

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy.

As on 31st March 2023 **(₹ in million)**

Particulars	Carrying Value				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial Assets							
Non-Current							
Recoverable from AIL/ Govt. of India	-	-	-	-	-	-	-
Current							
Trade Receivable*	-	-	-	-	-	-	-
Cash & Cash Equivalents*	-	-	7,734.79	7,734.79	-	-	-
Bank Balances other than cash and cash equivalents*	-	-	2,100.00	2,100.00	-	-	-
AI Reconciliation Account/ Recoverable from AIL	-	-	2,720.85	2,720.85	-	-	-
Other Financial Assets	-	-	1,573.90	1,573.90	-	-	-
Total	**-**	**-**	**14,129.54**	**14,129.54**	**-**	**-**	**-**
Financial liabilities							
Non-Current							
Borrowings	-	-	1,49,850.00	1,49,850.00	-	-	-
Current					-	-	-
Borrowing	-	-	-	-	-	-	-
Trade Payables	-	-	3.76	3.76	-	-	-
Other Financial Liabilities	-	-	5,096.93	5,096.93	-	-	-
Total	**-**	**-**	**1,54,950.69**	**1,54,950.69**	**-**	**-**	**-**

As on 31st March 2022 **(₹ in million)**

Particulars	Carrying Value				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial Assets							
Non-Current							
Recoverable from AIL/Govt. of India	-	-	-	-	-	-	-
Current							
Trade Receivable*	-	-	-	-	-	-	-
Cash & Cash Equivalents*	-	-	16,823.20	16,823.20	-	-	-
Bank Balances other than cash and cash equivalents*	-	-	437.03	437.03	-	-	-
AI Reconciliation Account/ Recoverable from AIL	-	-	7,244.48	7,244.48	-	-	-
Other Financial Assets	-	-	443.11	443.11	-	-	-
Total	**-**	**-**	**24,947.81**	**24,947.81**	**-**	**-**	**-**
Financial liabilities							
Non-Current							
Borrowings	-	-	1,49,850	1,49,850	-	-	-
Current					-	-	-
Borrowing	-	-	70,000	70,000	-	-	-
Trade Payables	-	-	0.97	0.97	-	-	-
Other Financial Liabilities	-	-	5,576.19	5,576.19	-	-	-
Total	**-**	**-**	**2,25,427.17**	**2,25,427.17**	**-**	**-**	**-**

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 based on unobservable market data. Fair values 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.

47. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES:

The Company has exposure to following risks arising from financial instruments:

(i) Credit Risk

(ii) Liquidity Risk

(iii) Market Risk

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

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

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's approach to manage Liquidity is to have sufficient liquidity to meet its liabilities when they are due, by seeking allocation for budgetary support from GOI.

The Company believes that its liquidity position, including total cash (including bank deposits-FDRs in Escrow bank account and excluding interest accrued but not due) of ₹ 9,834.79 million as at 31st March 2023 (Previous Year ₹ 17,260.22 million) anticipated future internally generated funds from government and interest, and its full availability, will enable it to meet its future known obligation in the ordinary course of business. However, if liquidity needs were to arise, the Company believes it has access to financing arrangement, value of unencumbered assets, which should enable it to meet its ongoing capital, operating, and liquidity requirement. The Company will continue to consider various borrowing options to maximize liquidity and supplement cash requirement as necessary.

The Company's liquidity management process as monitored by management includes the following:

- Day to day funding, managed by monitoring future cash flows to ensure that requirements can be met.
- Maintaining rolling forecast of the Company's liquidity position on the basis of expected cash flows from budgetary support from GOI.

Exposure to Liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting data.

The contractual cash flow amount is gross and undiscounted, and includes interest accrued but not due on.

(₹ in million)

As at 31st March 2023	Carrying amount	Contractual Cash Flows				
		Upto 1 year	1-3 Year	3-5 Year	More than 5 years	Total
Trade Payables	3.76	3.76	-	-	-	3.76
Interest Accrued but not due on Borrowings/NCDs	4,998.04	4,998.04	-	-	-	4,998.04
Others	98.89	98.89	-	-	-	98.89
Totals	**5,100.69**	**5,100.69**	**-**	**-**	**-**	**5,100.69**

As at 31st March 2022	Carrying amount	Contractual Cash Flows				
		Upto 1 year	1-3 Year	3-5 Year	More than 5 years	Total
Non-Convertible Debentures (Series-1 AIAHL issued NCD full repayment assured by Min. of Fin, GOI vide letter No.12(29)-B(SD)/2018 dated 18.6.19 due for 100% repayment on 16 Dec 2022)	70,000	70,000	-	-	-	70,000
Trade Payables	0.10	0.10	-	-	-	0.10
Interest Accrued but not due on Borrowings/NCDs	5185.72	5185.72	-	-	-	5185.72
Others	-	-	-	-	-	-
Totals	**75,185.82**	**75,185.82**	**-**	**-**	**-**	**75,185.82**

(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. 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.

B. 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.

48. The Company has consistently applied its accounting policies in the preparation of financial statements. During this year, there has been no change in the accounting policies being followed by the Company.

49. Previous year's figures have been reclassified/regrouped, wherever considered necessary.

For and on behalf of Ashwani Sood & Associates Chartered Accountants **ICAI Firm Registration No. 005036N**	**For and on behalf of the Board of Directors**	
Sd/- **Ashwani Sood** **Partner** Mem. No. 084242	**Sd/-** **S.K. Mishra** **Chairman and Managing Director** DIN 07728790	**Sd/-** **Padam Lal Negi** **Director** DIN 10041387
	Sd/- **Rajiv Kapoor** Chief Financial Officer	**Sd/-** **Kavita Tanwar** Company Secretary

Place: New Delhi
Date: Oct 30, 2023

CONSOLIDATED FINANCIAL STATEMENTS OF AI ASSETS HOLDING LIMITED GROUP

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF AI ASSETS HOLDING LIMITED FOR THE YEAR ENDED 31 MARCH 2023

The preparation of Consolidated Financial Statements of **AI ASSETS HOLDING LIMITED** for the year ended 31 March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) read with Section 129(4) of the Act is responsible for expressing opinion on the financial statements under section 143 read with Section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 15 May 2024.

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 2023 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/-
(Vinita Mishra)
Director General of Audit (Infrastructure)
New Delhi

Place: New Delhi
Dated: 29 July 2024

Independent Auditor's Report

To

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

Report on the Audit of the Consolidated Ind AS Financial Statements

1. Qualified Opinion

We have audited the accompanying Consolidated Ind AS Financial Statements of AI Assets Holding Limited *(formerly Air India Assets Holding Limited)* (herein after referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2023, and the Consolidated Statement of Profit & Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information *(hereinafter referred to as the Consolidated Ind AS financial statements)*.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, except for the possible effects of the matters described in the Basis for Qualified Opinion Section of our report, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Companies Act 2013, as amended ("the Act') in the manner so required and give a true and fair view, in conformity with the Indian Accounting Standards prescribed under Section 133 of the act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (Ind AS) and accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2023, and its consolidated loss (including consolidated other comprehensive income), the consolidated statement of changes in equity and its consolidated cash flows for the year ended on that date.

2. Basis for Qualified Opinion

In respect of one of the subsidiaries viz Hotel Corporation of India Limited whose independent auditor has given a qualified opinion vide their Independent Auditor's Report dated 28th December, 2023. The same is reproduced hereunder:-

Sl No.	Qualifications
1.	**Disagreement between Jammu & Kashmir Government & 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 17th July 2023, resulted in the transfer of CLVH ownership to the UT of J&K, UT of J&K took over 145 employees of HCIL working at CLVH The UT of J&K agreed to assume liabilities as follows:

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

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

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

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

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

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

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

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

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

2.	**<u>Inventory:</u>** Inventory records and Accounting records are not integrated. Further, there was no system of internal control on inventories on which we could rely for the purpose of our audit. There are no satisfactory audit procedures that we could adopt to obtain sufficient and appropriate audit evidence to satisfy ourselves as to the existence, quantities and conditions of these inventories and to access their valuation. Any adjustments that might have been found necessary in respect of the above would have a consequential significant effect on the financial position of the company as at 31st March 2023 and the related disclosures in the financial statements.

	Further the valuation of regular consumed inventory is derived as 50% cost of the closing inventory at year end, instead of any proper standard mechanism for arriving at closing valuation of inventory. The category of “Inventories” comprises obsolete stock from CLVH, currently valued at cost, presenting a deviation from the prescribed guidelines of Ind AS-2 “Inventories.” According to the standard, such inventory should be valued at the lower of its Net Realisable Value or Cost. It is anticipated that the inventory value at CLVH might be lower than its recorded cost. This discrepancy in valuation methods necessitates immediate attention to ensure compliance with accounting standards. Reviewing and adjusting the valuation approach for obsolete inventory aligns with the principles of Ind AS-2, promoting accuracy and reliability in financial reporting practices. ***(Refer Note 29 of the Consolidated Ind – AS Financial Statements)***
3.	**MSMED Act compliances** The Company has classified MSME Vendors registered under Micro Small and Medium Enterprises Development (MSMED) Act, 2006. The compliances of procurement; provision for interest, if any, on outstanding dues to MSME units could not be verified. We therefore are unable to determine the delay in making payment to such entities and liability of interest and compliance on such delayed payments in terms of provisions of MSMED Act. ***(Refer Note 31 of the Consolidated Ind – AS Financial Statements)***
4.	**Discrepancies in Accounting Records:** During our comprehensive analysis of the accounting records, a series of discrepancies, incompleteness, and ambiguities have been uncovered. These include instances of incorrect accounting entries, lacking of clarity within the accounting documentation, and the presence of entries assigned to incorrect accounting periods. The identified errors range from misallocated transactions to entries lacking comprehensive supporting information, resulting in a lack of transparency and accuracy in the financial records. The existence of entries attributed to different periods adds complexity and challenges to maintaining the chronological order and coherence of the financial statements. Addressing these discrepancies, ensuring completeness, and clarifying ambiguities are essential to uphold the accuracy and reliability of our financial reporting. Immediate attention and thorough rectification efforts are warranted to reconcile these discrepancies and enhance the integrity of our accounting records.

The impact of above qualifications on Consolidated Ind - AS financial statements, if any, is not ascertainable.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Ind - AS Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Consolidated Ind

AS Financial Statements under the provisions of The Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us together with audit evidence obtained by the other auditors in terms of their reports referred to in the "Other Matters" section below is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind – AS Financial Statements.

3. **Emphasis of Matter**

We draw attention to: -

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

(i) Note no. 23 a) & 24.i of the Consolidated Ind AS Financial Statements regarding payment made by the company to the then AIL for its disinvestment amounting to Rs.8,31,949.58 million (excluding government grants amounting to Rs.74,296.70 million transferred to the then AIL for servicing interest of identified debts and against such amount total assets (net of liability) transferred by the then AIL to the company amounting to Rs.1,51,908.26 million (i.e after adjustment of Rs.2,523.07 million) as a result differential amount of Rs.6,80,041.32 million has been classified as a separate line item under "Equity & Liabilities". However, details about the component of differential amount (viz. provision of ECL/doubtful debts, provision for non-moving/ scraped inventories, any other provision of assets etc.) has not been provided by the then AIL hence could not be verified.

(ii) Note no. 23.c.III of the Consolidated Ind AS Financial Statements regarding book transfer of the movable and immovable assets of Rs.77,533.76 million on the date of disinvestment through debit note/invoices without having any physical handover-takeover. Further, the title and physical possession of these assets except Airlines House, Kolkata (1 no), Sohni Apartment Kolkata (1 no) and Asian Village Games Apartments (5 nos) are still with the AIL held in trust on behalf of the company.

(iii) Note no. 23.c.III.a.ii of the Consolidated Ind AS Financial Statements regarding assets received from the then AIL has been classified as "Assets included in disposal group held for sale". However, these assets have been accounted for at carrying value instead of at lower of carrying cost or fair value less cost to sell.

(iv) Note nos. 9, 17 and 25 of the Consolidated Ind AS Financial Statements regarding certain movable and immovable assets transferred by the then AIL classified under "Assets included in disposal group held for sale" for which either lease period has been expired or assets are under encroachment /legal disputes. Further, regarding surrender of the remaining lease right to the lessor on compensation basis though as stated to us in few cases, the lessor is denying for any compensation taking the ground that there is no clause in the agreement for the compensation.

(v) Note no 45.i of the Consolidated Ind AS Financial Statements regarding Rs.2,614.34 million (net of advances) shown as recoverable by the company from AIL, whereas

AIL has confirmed Rs.1,494.70 million also as recoverable from the company, and differential amount of Rs.4,109.04 million, is stated to be under reconciliation.

(vi) The Holding Company had charged interest of Rs.4,508.74 million at the rate of 9% p.a. on outstanding recoverable amount of Rs.48,396.76 million from the subsidiaries. Though, the subsidiaries are not able to repay principal of the outstanding recoverable, the Holding Company is charging interest from these subsidiaries @ 9% on average balance. The Holding Company has also taken an independent opinion from consultant on this matter and in their opinion also the interest should not be charged as impact of the same will be on cash outflow of the Holding Company in the form of taxes on such notional income (if the subsidiaries are not able to repay.)

(vii) The Holding Company had charged interest which is contrary to the requirement of the section 186(7) of the Companies Act, 2013. The Holding Company had charged interest @ 1% per annum on advance of Rs 562.50 million given by them to one of its subsidiaries which is well below the then prevailing yield on Government Security.

(viii) Note no 9 and 23.c.II of the Consolidated Ind AS Financial Statements regarding non provision as doubtful/impairment against investment in the subsidiaries of Rs.8,179.40 million and outstanding recoverable amounting to Rs.48,396.76 million classified under “Assets included in disposal group held for sale” though the net worth of the subsidiaries (except AIASL) has been eroded completely.

(ix) Note no 45.ii of the Consolidated Ind AS Financial Statements regarding difference of Rs.0.61 million in balances between AIASL and the company as at 31st March, 2023, due to difference in rental and interest on outstanding recoveries.

Also, the difference of Rs.7.46 million in balances between AAAL and the Company as at 31st March, 2023, due to difference in reimbursement of SBLC charges and interest on outstanding recoveries We report that to that extent, the accounts are unreconciled between the company vis a vis AIASL and AAAL.

(x) Note 17 of the Consolidated Ind AS Financial Statements, the company has classified Rs.981.22 million under “Liabilities against assets included in disposable group held-for-sale”. These liabilities were transferred by the then AIL to the company on the basis of debit notes/credit notes only, however other supporting/confirmation for the said amount are not available.

(xi) Note 22.I.iv of the Consolidated Ind AS Financial Statements regarding contingent liability which includes demand raised by BSE for amounting to Rs. 2.01 million instead of firm liability as in the opinion of the management this will be waived off.

(xii) Note 25.vii and 45 (iii) of Consolidated Ind AS Financial Statements regarding certain amount of GST ITC though on GST portal such amount is not appearing. As per information provided to us the amount involved is Rs.53.86 million, in the opinion of the management the company is in the process to get this amount accepted by the GST department.

(xiii) Note 23.c.III.c.iv of the Consolidated Ind AS Financial Statements regarding non accounting of certain benefits (including house rent recoveries of housing colonies) accruing to AIL, AIXL or AI-SATS post disinvestment closing date on account of remaining assets including interest accrued thereof will be paid to the Government of India or such other person as nominated by the Government of India.

(xiv) Note 45 of the Consolidated Ind AS Financial Statements regarding claim for recovery/ adjustment of Rs.2,244.48 million by the then AIL towards interest on identified debts for the period prior to 1st October 2018 (in two parts i.e Rs.955.91 million through recoverable account and Rs.1,288.57 million in AIL settlement account) for which the company has no mandate for the payment/ disbursement of interest for such period i.e prior to 1st October, 2018 as in the opinion of the management such amount is not recoverable/ adjustable by the then AIL.

(xv) Note 24.ii of the Consolidated Ind AS Financial Statements, regarding accounting of Rs.1,776.88 million (excluding Rs.36.43 million not accepted by the company as these bills pertains prior to the date of disinvestment) subject to verification by the company. The impact on the accounts of such verification/ reconciliation relating to the medical bills and its consequential effects on the state of affairs of the company as on 31st March, 2023 are not ascertainable and hence cannot be commented upon.

(xvi) Note 29 of the Consolidated Ind AS Financial Statements, regarding physical verification of movable assets carried out by the outside agency is pending for reconciliation. However, as per para 23.c.III.a.iii pending reconciliation and finalization of physical verification report items having value of Rs.460.82 million which has not been verified/ not found is subject to counter/ re-verification and reconciliation by the management. The financial impact on completion of reconciliation is not ascertainable as on date.

(xvii) Note 26 of the Consolidated Ind AS Financial Statements on disinvestment plan of the subsidiaries, during the year, roadshows has been conducted by DIPAM and draft PIM for AIESL, AIASL & AAAL have been prepared for discussion with the Government, though these subsidiaries are classified/ carrying as “Assets included in Disposal group held-for-sale” for a period of more than one year.

(xviii) Note 23.c.IX of the Consolidated Ind AS Financial Statements Rs.3,000 million was withheld by the then AIL towards the maintenance of 6 aircrafts against which the company had received detail of expenditure of Rs.2,564.78 million, which is adjusted against the amount withheld by AIL. The company had accounted for the above amount, leaving behind unadjusted amount of Rs.435.22 million on the basis of details received by them, in the absence of confirmation from AIL.

(xix) Note 21 of the Consolidated Ind AS Financial Statements regarding rates & taxes of Rs.571.50 million towards property tax, state levies and stamp duty on provisional basis against certain properties, however accounting of property tax, state levies and stamp duty is yet to be made against certain other properties as the amount is unascertainable/ not known.

(xx) Note 36 of the Consolidated Ind AS Financial Statements, the Holding Company has not allocated the expenditure on CSR activity as required under section 135 of the Companies Act, 2013 on Corporate Social Responsibility (CSR) for previous years as the company has an obligation to transfer unspent amount to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of the section 135 of the said Act. As represented by the management, in the absence of the CSR committee/ appointment of Independent Director by the Competent Authority, the allocation/ expenditure on CSR activities relating to earlier years is not made. Such non-compliance may further entails penal provisions under section 135 (7) of The Companies Act, 2013.

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

(i) The Company has written a letter to Department of Public Enterprise dated 1st September, 2020 for exemption of Section 149 (4) ,Section 177 and Section 178 of The Companies Act 2013, relating to appointment of Independent Directors, Constitution of Audit Committee and Constitution of Nomination and Remuneration Committee respectively. Reply is awaited from Department of Public Enterprise.

(ii) a) As per para 9 of Ind-AS 2 on *Inventories*

Inventories shall be measured at cost or net realizable value. The Company has valued the inventories during the year at weighted average cost. Valuation of inventories has not been done as per Ind-AS 2 at year end. Hence, we are unable to comment on the impact of the same.

b) Inventory valuation as per financial books maintained on SAP and actual inventory accounting by separate software "Ramco" is different. In the absence of reconciliation of the value, we are unable to comment as many balances since opening are negative. In inventory no balance can be negative as such company has provided Rs. 500 million provision of shortage of inventory but there is no system of physical verification of inventory.

(iii) Company has not deducted Income tax at source while accounting for provision for expenses. The impact of such non-compliance cannot be ascertained.

(iv) Company has calculated interest payable/receivable on average balance of Inter Companies. The company has not calculated interest as per MSA with various Inter Companies.

(v) The company has not complied with Ind AS 36 on *Impairment of Assets*.

(vi) a) Note 45 of the Consolidated Ind – AS Financial Statements, the reconciliation and matching of certain unmatched receivable/recoverable from staff and payables including certain control ledger is in the process.

b) Note 45 of the Consolidated Ind – AS Financial Statements. The Trade receivables, deposits received, deposits paid and trade payable are subject to confirmation.

c) The company is in process of reconciliation of revenue and tax deducted at source as accounted in financials as per 26 AS.

d) Note 45 of the Consolidated Ind – AS Financial Statements, the Good and Service Tax (GST) and other statutory dues are in the process of reconciliation with the returns filed and statutory records maintain by the company.

(vii) As per the policy of the company, for the physical verification of PPE, the Company has appointed a professional firm of Chartered Accountant including for the assets tagging of the PPE (Delhi) in a phase manner. The firm has submitted its report dated 17th August, 2022 showing shortage of 41 items having WDV of Rs. 0.83 million and found 2152 excess items. The discrepancies and excess found will be adjusted / accounted for after taking approval from the competent authority. Further, as per report submitted, 1056 number of assets could not be verified due to non-availability of product/assets code to identify the assets code given in the assets list.

(viii) Prior period expenses to the tune of Rs. 517.49 million and prior period income to the tune of Rs.175.66 million has been booked in previous year 2020-21 and 2021-22. The books of 2020-2021 and 2021-2022 has been restated and consequential adjustments / disclosure has been made in respective years.

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

(i) Note 52 of the Consolidated Ind – AS Financial Statements - which states that the financial statements of the company have been prepared on going concern basis for the reasons stated therein in spite of continuous accumulated losses and net worth of the company fully eroded.

D) In respect of Hotel Corporation of India Limited (Subsidiary)- Vide their Auditor's Report dated 28th December, 2023.

(i) **Amount Receivables:**

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

- It has come to our attention that there are potential additional amounts receivable pertaining to CLVH. These amounts, upon proper scrutiny and validation of claims by the concerned authorities, could bolster the current receivables. These potential receivables stem from Revision of Rates for CRPF/BSF and we believe that with careful assessment and verification, these sums could significantly augment overall receivable balance, Revenue as well as Tax impact, if any. We propose a detailed examination and validation process to ensure the accuracy and realization of these prospective receivables and its accounting treatment, ultimately enhancing financial position.

- Regular customers are having debit balance beyond credit policy for which no check chart is prepared for adequate recovery steps, if, taken. After completion of outstanding of 3 years, provision is made treating them as Doubtful debts. However, the recovery process needs be strengthened. Even, the same are not shown as disputable until and unless there are legal proceedings. In absence in obtaining any audit evidence with regards to recoverability, periodicity or disputable or otherwise, we are unable to comment whether the same are disputable/recoverable or not.
- The Company has made provision for Bad & doubtful debts to the on account of legal notice/ cases pertaining to few parties apart from provision made in accordance with the usual policy of the Company.

(ii) **Amount Payables:**

- Note 45 of the Consolidated Ind – AS Financial Statements, company does not follow a proper system of obtaining confirmations and performing reconciliations and/ or assessment of correct balances in respect of amount payable to Trade Payables; Deposits received (SD/EMD); Government Departments and other parties. Accordingly amount payable to various parties are subject to confirmations, reconciliations and/or assessments.
- Pending such confirmations, reconciliations and/ or assessments, impact thereof on the Financial Statements is not ascertainable and quantifiable. In absence of obtaining audit evidence with regards party wise, age wise and reasons for holding the same beyond the period stated in the Company's policy, we are unable to comment on amount payable and periodicity thereof.
- Trade Payables have been bifurcated into two parts i.e., MSME and others and further sub-divided as disputable or otherwise. Disputed trade payables taken only in cases where matter is under litigation. In case of delayed outstanding against MSME/ others, beyond the period of Credit policy of the Company have been considered as undisputable by the management. Assessment for identifying disputable one is not available. In absence of any audit evidence with regards to assessment of disputable or otherwise, we are unable to comment thereon and impact thereof on financial statements.

(iii) **Unlinked receipts**

- Unlinked receipts from debtors against billing by the Company, which could not be matched with the amount standing to the debit of the receivables is appearing as liabilities “Advance from Customers/Other Advances” in the financial statements of the Company. To that extent, the Trade Receivables and Current Liabilities are overstated.

(iv) **Loss/shortage of Property, Plant & Equipment**

- Records for Property Plant Equipment (Fixed Assets) are not properly maintained and updated at various units. No physical verification of PPE has been conducted by the management during the current financial year (Management represents last inspection was conducted in FY 2019-20).

- Note 29 of the Consolidated Ind – AS Financial Statements, further, statements wherever, prepared for physical verification has no base and as such verification is not capable of reconciliations either with the Books of Accounts or Fixed Assets Records, wherever, maintained. Hence impact of loss/ shortage/ scrap of assets remains indeterminable.

v) **Lease Rentals/Turnover Levy payable to AAI/MIAL/DIAL**

- Note 22 of the Consolidated Ind – AS Financial Statements, the lease rentals and turnover levy payable to Airport Authority of India (AAI)/Delhi International Airport Limited (DIAL)/ Mumbai International Airport Limited (MIAL) are provided in the books of accounts of the Company and duly reflected in the financial statement. Further in view of the dispute between the Company and AAI/DIAL/MIAL, interest on account of outstanding payable is not provided but disclosed under the head Contingent Liability and are not in conformity with the accounting principles generally accepted in India.

vi) **Provision of Wage Revision of Differential Liability**

Note 22 & 45 of the Consolidated Ind – AS Financial Statements, the earlier wage agreement was expired on 31st December, 2006 and the union has submitted Charters of demands. The Company had negotiations between Wage Negotiation Committee of the Management and Co-Ordination Committee of HCI Unions and after receipt of final approval from the Ministry of Civil Aviation, the Memorandum of Understanding dated 8th August, 2019 was entered into between the unions and the Company for implementing wage revision for the Unionized category of employees for a period of 10 years effective 18th August 2008. The wage revision was implemented in the financial year 2019-20. The total estimated provision for arrears of wage revision for the unionized category of employees of the company as on 31st March, 2023 is Rs. 146.36 million. The Management had announced an interim relief of Rs. 5,000/- per month per employee for officers effective from 1st January, 2017 which continues to be paid and has been expensed out through the Statement of Profit and Loss Account amounting to Rs. 0.88 million as on 31st March, .2023. As and when wage revision is approved, this amount would be adjusted against arrears payable, if any, for which employee wise details have been maintained separately in the books of accounts. Further, the calculations for arrears payable to employees effective 8th August, 2008 are in progress. The management is of the opinion that in case the wages provided is inadequate then the provision for differential liability will be made in the year it is finalized.

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

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

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

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

- Since the Company has not appointed Independent Directors, the Company has not complied with the provisions of Section 177(2) and Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 as regards the composition of the Audit Committee and the Nomination and Remuneration Committee of the Board.
- The above non-compliance was also reported us in our previous audit report dated 16th January, 2023 for financial year 2021-2022.

ix) **Internal Control System**

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

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

Fair value of the financial assets and financial liabilities is arrived based upon best information available or provided by the management. We have relied upon the management information for fair valuation in the absence of other required information.

xi) **Going Concern**

Note 52 of the Consolidated Ind – AS Financial Statements, regarding the Company has incurred a net loss of Rs. 685.62 million during the year ended 31st March, 2023 and, as of that date, the Company's current liabilities exceeds its total assets by Rs. 607.32 million and it has accumulated losses of Rs. 8200.23 million which has resulted in complete erosion of the net worth of the company. However, based on the assessment conducted by the Management and other factors mentioned in the aforementioned note, these financial statements have been prepared on a going concern basis and no adjustment has been made to the carrying value of the assets and liabilities of the Company as at the reporting date.

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

(i) Note 59 to the Consolidated Ind – AS Financial Statements, regarding during the year 2022-23, Air India Limited and Alliance Air Aviation Limited has raised an invoice for an amount of Rs. 121.41 million and Rs. 1.61 million respectively towards penalty. However, the same has not been provided in the books of accounts of the company.

(ii) The Company is charging interest at the rate of 9% p.a. on overdue balances of receivables in respect of group companies, namely, Air India Engineering Services Limited and Alliance Air Aviation Limited. During the audit period, interest on overdue payments amounting to Rs.116.67 million has been booked as other income. We have relied on the management contention that such amount will be fully recovered and hence, no further adjustments are required for the current audit period.

(iii) The Company has inventories consisting of stores and spares gross amounting to Rs. 56.11 million (Provision of Rs. 33.14 million has been made for obsolescence of such inventories). These inventories are transferred from Air India Limited and Air India Engineering Services Limited, which are not used for more than three years. We have relied on the management contention that such inventories have value in use and is at-least equal to the carrying value in the books based on the confirmation received from the user (technical) department of the Company and hence, no further adjustments are required for the audit period.

(iv) Note 50 to the Consolidated Ind – AS Financial Statements, the Company has entered into leases for various commercial premises (with option to purchase/renew but title of the same may or may not eventually be transferred) which are scattered at various locations/stations/ regions, there is a foreclosure clause in the contract wherein it is cancellable by providing notice period of 90 days by either side. In view of the management, considering it as cancellable lease, the same does not qualify for recognition under Ind AS 116 Lease Accounting.

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

(v) The Company has provided interest amounting to Rs. 35.69 million at the rate of 9% p.a. to AIAHL on average of outstanding balance payable.

(vi) Note 45 to the Consolidated Ind – AS Financial Statements, amounts receivables from and payables to the various parties are subject to confirmation and reconciliation.

(vii) Note 33 to the Consolidated Ind – AS Financial Statements, Go Airlines India Limited has submitted their application to NCLT for insolvency resolution process and accordingly NCLT has accepted the application and initiated the insolvency process vide order dated 10th May 2023 and now company has filed its claim amounting Rs 220.35 million as on 31st March 2023 (including interest amounting Rs. 11.27 million and accordingly company has made the 100% provision of the receivables excluding interest in ECL).

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

4. <u>Key Audit Matters</u>

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

S. No.	Key Audit Matters	How Our Audit addressed the key audit matters
1	**In respect of Holding Company,** **Transactions relating to disinvestment of Air India Limited** *(refer note no 23 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 of such assets in the 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 inclusive of Rs 72,000 million received from GoI during the year), against this assets/liabilities/ monetization proceeds for Rs.1,51,908.26 million (after adjustment made for current year proceeds/adjustment for Rs 2,523.07 million) were transferred by the then AIL till 31st March 2023. The company has accounted for the funds transferred to the then AIL over and above the assets/liabilities amounting to Rs.6,80,041.32 million as separate line item under "Equity & Liabilities" as on 31st March 2023 . Further, AIL has not provided the details of above balance amount and detail of current assets equal to current liabilities retained by AIL in their books.	We have relied on the records relating to approvals by the Government of India through the various letters referred in the notes and restated framework agreement for the disinvestment of the then AIL and its subsidiaries. These assets and liabilities of the then AIL transferred to the company shall be monetized for the utilization of repayment of debts paid by the company to then AIL. Further, it was also explained to us that the purpose for which the company was created as SPV is for the said matter, hence we have relied on the same. Further the current assets equal to current liabilities retained by the AIL for which details were not provided, however, we have relied the self-certified documents provided by AIL. We have relied on the information/ documents provided by the management as received from AIL. We have not been provided any Utilization certificate of funds utilized by AIL for the purpose these were intended to by either statutory auditors of AIL or from any independent agency.
2.	**Independent Director under Companies Act, 2013** **(*Refer Note 39 to the Consolidated Ind AS financial statements*)** We consider this matter to be of most significance in our audit due to the non-compliance of the statutory requirements under the provisions of the Companies Act, 2013 -	
	Appointment of independent directors as the company's NCDs are listed on Bombay Stock Exchange	In terms of section 149 of the Companies Act, 2013, read with Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is required to appoint at least two independent directors on their Board of Directors. The Company does not have any independent director since the date of its listing of NCDs on stock exchange.

<table>
<tr><td>3</td><td colspan="2">Utilization of Grants
(Refer Note 24 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 Consolidated Ind AS financial statements -</td></tr>
<tr><td></td><td>1. Grant in aid received from Govt. of India of Rs.2,000 million towards servicing of interest for the three NCDs series of Rs.2,19,850 million issued by the company and Rs.70,000 million towards redemption of 6.99% Series – 1 NCD’s due on 16.12.2022.</td><td>Our procedures of utilization of Government Grants include obtaining and understanding of the process involving the utilization of the Government Grants. We reviewed the relevant sanction letters embodying the purpose and utilization thereof of such grants in terms of rules framed under GFR.

The note no 24 of the notes to Consolidated Ind AS financial statements of the company describe the purpose of formation of the company as “SPV” for transfer of identified debts of AIL to “SPV” duly approved by the Government of India and Board of Directors of both the companies.

The Budgetary support / grant of Rs.2,000 million received during the year is accounted as “other income” to the extent of the equivalent amount expensed off during the year. The Budgetary Support of Rs.70,000 million received during the year is accounted as part of “Equity” as separate line item in the Consolidated Ind AS financial statements.</td></tr>
<tr><td></td><td>2. Grant in aid received from Government of India of Rs.1,250 million for medical expenses and utilized for the purpose for which it is received.</td><td>Our procedures of utilization of Government Grants include obtaining and understanding of the process involving the utilization of the Government Grants. We reviewed the relevant sanction letters embodying the purpose and utilization thereof of such grants in terms of rules made under GFR.

In line of the medical scheme for retired and retiring employees of the then AIL, Government of India vide letter dated 28th March, 2023 released grant of Rs. 1,250 million to be utilized for the purpose of medical expenses of such retired and retiring employees.</td></tr>
<tr><td>4</td><td colspan="2">(Refer Note 23 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 non availability of Tripartite Share Purchase Agreement (SPA) -</td></tr>
</table>

	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 then AIL for all the transactions made between AIL and the Company.
	In respect of Subsidiary Companies: **Hotel Corporation of India Limited**	
5.	**Going Concern**	
	The company is in loss, net worth is fully eroded, going concern needs to be examined	As per the management projection and clarification, management are of the view that though the company is in a loss but continuous support Government of India will ensure the company runs its business as going concern. Also, the Company has signed Master Service Agreements with Air India which is valid up to 31st December, 2024 and a new customer has been on-boarded i.e. Spicejet Limited with Catering Agreement up to 1st May 2025 which ensures that company will be able to run its business as going concern in near future. ***(Refer Note 52 of the Consolidated Ind – AS Financial Statements)***. The Company is also tapping Online Travel Agents, Walk-in Customers, Event Booking, Corporates for increasing the business. The Company is also planning of introducing additional capex for operationally essential matters, obtaining ISO Certification in order to upgrade the present properties. Refurbishment of existing 30 Guest Rooms at Centaur Hotel Delhi are in process to increase the occupancy level. The Company does not have any loan from financial institutions and none of the creditors have applied for insolvency against the Company. Based upon the above facts and data, we have performed our audit procedure and make opinion accordingly.

6.	**Contingent Liabilities:** There are various litigations pending before various forums against the Company and management's judgement is required for estimating the amount to be disclosed as contingent liability. We identified this as a key audit matter because the estimates on which these amounts are based involve a significant degree of management judgement in interpreting the cases and it may be subject to management bias. *(Refer Note 22 of 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: - 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 judgements and assessments whether provisions are required; - considering the management assessments of those matters that are not disclosed as the probability of material outflow is considered to be remote - reviewing the adequacy and completeness of disclosures Based on the above procedures performed, the estimation and disclosures of contingent liabilities are considered to be adequate and reasonable
7.	**Uncertain Taxation Matters** The Company has material uncertain tax matters under dispute which involves significant judgement to determine the possible outcome of these disputes.	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.

8.	**Other Matter – Goods and Service Tax**	In certain units, the Company has received advances from its customers, on which GST has not deposited as per provisions of Goods and Services Tax Act/Rules, the amount whereof is not ascertainable and quantifiable in absence of appropriate records. Further Company has availed GST Input (ITC) on the invoices of the Creditors/ Vendors but the same has not been surrendered back in case wherein payment has not been made within stipulated timelines under the GST. The amount whereof is not ascertainable and quantifiable in absence of appropriate records. In both the above cases, GST liability has not been provided which will impact on the results of Financial Statements, but the amount thereof is not ascertainable/ determinable in absence of appropriate records.
	In respect of Subsidiary Companies:	
	AI Engineering Services Limited	
9.	Inventory valuation and Accounting Inventory accounting has been maintained on "Ramco" software whereas financial records are maintained in SAP. Inventory valuation has been taken on weighted average method of Rs. 604.39 million as per SAP has many entries in negative since 1st April 2022 which is not acceptable in accounting. Management has provided provision of Rs. 500 million. On estimation basis which will impact the other accounting effect which cannot be ascertained. On the basis of above observation, we are unable to comment of its implication and other effects in the other accounts as inventory transferred by AIL has not been physically verified.	
10.	The Government of India vide letter dated 16th February, 2022 has approved medical benefit facility to the eligible permanent retired/retiring employees of Air India Limited including eligible permanent employees of AIESL post disinvestment. As per the scheme, all the expenditure under this scheme will be borne by M/o Civil Aviation through Budgetary provisions.	

	AIESL has written back Rs. 2334.2 million of medical expenses provided in earlier years. This is sizeable amount taken as liability in earlier years.	
11.	AIESL has changed income tax filing from old regime to new regime and has filed income tax return on 30th October 2023 with net income and has claimed refund of Rs. 860.8 million which has been taken defective by income tax department. Now company has made provision of income tax payable Rs. 339.0 million Figures of the balance filed along with income tax return are not matched with audited balance sheet figures as such we are unable to comment of the consequence of such filing.	

5. Other matters

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

(Rs. in million)

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

(ii) These financial statements have been audited by other auditors whose reports have been furnished to us by the Holding Company's Management and our opinion on the Consolidated Ind – AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report on the Consolidated Ind - AS Financial Statements in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors and the procedures performed by us are as stated Auditor's Responsibility section above after considering the requirement of Standards on Auditing (SA 600) on 'Using the work of Another Auditor including materiality.

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

6. **Information other than the Consolidated Ind – AS Financial Statements and auditors' report thereon**

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

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

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

When we read the reports containing the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions necessitated by the circumstances and the applicable laws and regulations.

7. **Management responsibility for the Consolidated Ind AS Financial Statements**

The Holding Company's management and Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Consolidated Ind AS Financial Statements that give a true and fair view of the Consolidated financial position, consolidated financial performance, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind – AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purposes of presentation of the Consolidated Ind – AS Financial Statements by the Directors of the Holding Company, as aforesaid.

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

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

8. **Auditor's Responsibilities for the Audit of the Consolidated Ind – AS Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the Consolidated Ind – AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Holding Company and its subsidiaries have adequate internal financial controls with reference to the Consolidated Ind – AS Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated

Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Ind – AS Financial Statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Ind – AS Financial Statements. We are responsible for the direction, supervision and performance of the audit of the Consolidated Ind – AS Financial Statements of such entities included in the Consolidated Ind – AS Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Ind – AS Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

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

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

9. <u>Report on Other Legal and Regulatory Requirements</u>

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued

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

2. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements and other financial information of subsidiaries as noted in the “Other Matters” paragraph we report, to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the Consolidated Ind – AS Financial Statements read with matters as reported in “Emphasis of Matter” and “Key Audit Matters” paragraph above.

   b) Except, for the possible effects of the matters described in the basis of qualified opinion section above, in our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind – AS Financial Statements have been kept so far as appears from our examination of those books and reports of other auditors.

   c) The consolidated Balance Sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of change in equity and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind – AS Financial Statements.

   d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India.

   e) In view of exemption given vide notification no. GSR 463(E) dt. 5th June 2015, issued by the Ministry of Corporate Affairs, Government of India, provision of section 164(2) of the Companies Act, 2013, regarding disqualification of Directors, are not applicable to Holding Company and its subsidiaries.

   f) With respect to the adequacy of the internal financial controls of the Holding Company and its subsidiaries and the operating effectiveness of such controls, refer to our separate Report in **‘Annexure B’** which is based on the Auditor’s Reports of the Holding Company and its Subsidiary Companies.

   g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended, we report that, in terms of Ministry of Corporate Affairs, Government of India, notification no. G.S.R. 463 (E) dated 5th June 2015 provisions of section 197 of the act are not applicable to the Group.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and the other financial information of subsidiaries, as referred in the "Other Matters" paragraph:

i. The Consolidated Ind – AS Financial Statements disclose the impact of pending litigations as at 31st March, 2023 on the consolidated financial position of the Group in the note number 22 of the Consolidated Ind AS Financial Statements.

ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

iv. (a) The respective managements of the Holding Company and its subsidiary companies have represented to us, that to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the holding company or its subsidiary company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company and its subsidiary companies ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The respective managements of the Holding Company, its subsidiary companies have represented to us that, to the best of it's knowledge and belief, no funds have been received by the holding company or its subsidiary companies from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary companies shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

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

v. No dividend have been declared or paid during the year by the Holding Company or its subsidiaries.

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

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

Sd/-
(Ashwani Sood)
Partner
M. No. 084242
UDIN: 24084242BKBJJN9488

Place: New Delhi
Date: 15-05-2024

ANNEXURE – A TO THE INDEPENDENT AUDITOR'S REPORT

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

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

Qualifications or adverse remarks in the Companies (Auditors Report) Order (CARO) reports of the Holding and four subsidiaries are hereunder included in the Consolidated Ind – AS Financial Statements who have been subject to audit are:

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

Sr. No.	Name	CIN	Holding company/ subsidiary company	Clause number of the CARO report which is qualified or is adverse
5.	Hotel Corporation of India Limited	U55101DL1971GOI394499	Subsidiary Company	(i) (a) (A) (i) (b) (i) (c) (ii) (a) (vii) (a) (vii) (b) (xiii) (xiv) (b)

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

Sd/-
(Ashwani Sood)
Partner
M. No. 084242
UDIN: 24084242BKBJJN9488

Place: New Delhi
Date: 15-05-2024

ANNEXURE – B TO THE INDEPENDENT AUDITOR'S REPORT

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

Report on the Internal Financial Controls with reference to the Consolidated Ind – AS Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of AI Assets Holding Limited *(formerly Air India Assets Holding Limited)* ("the Holding Company") and its subsidiaries as of 31st March, 2023 in conjunction with our audit of the Consolidated Ind AS financial statements of the Company for the year ended on that date.

1. Management's Responsibility for Internal Financial Controls

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

2. Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to Consolidated Ind – AS Financial

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

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

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

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

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

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

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

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

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

i) The Company did not have an effective system for timely accounting of entries, to prevent duplicate / rectification accounting entries.

ii) There should be maker checker process to have better control process. There are lot of repetitive corrective entries which should be avoided.

(iii) In SAP most of the entries and entries pertaining to expenses borne by other group companies and then reimbursed by the Company had no supporting's to check the validity of entry.

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

v) The Company has internal audit conducted by chartered accountant firm wherein scope of audit work is not exhaustive as per size and volume business done by company. Compliance of internal audit report is still pending and hence we are unable to comment on any consequential effect in the books of accounts of company. We suggest that internal audit reports along with compliance may be placed before Audit Committee of Board at regular interval.

5. MATERIAL WEAKNESS

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

6. Qualified Opinion

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

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

Material Weaknesses

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

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

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

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

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

(a) Deficiencies in the design of internal control over the preparation of the financial statements being audited:

(i) Detailed documented Standard Operating Procedures as required by the guidance note on Internal Financial Controls over Financial Reporting for critical processes are not in place.

(ii) Authorisation controls such as maker/checker controls in accounting software needs further strengthening.

(iii) Optimum utilization of information technology (IT) general and application controls needs to be strengthen 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 joinees and resigned employees, payment of statutory dues, etc. are not fully automated and maintained manually.

(b) The controls for reconciliation of physical inventory and fixed assets with the books of account can be further strengthened.

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

(d) Galaxy software to account cargo handling and APEDA and SAP are not integrated.

(e) Due to bugs in MBS software, full billing is not captured in SAP. The Company does the reconciliation manually to account the billing which was not interfaced In SAP from MBS software.

(f) While creating new customer ledger KYC Documents shred with the department are incomplete.

(g) No scrap register is maintained w.r.t property, plant and equipment (Ramp Equipment’s & Others)

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

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

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

In our opinion and based on the audit reports of the competent auditors made available to us on which we had placed reliance, the Holding Company, its subsidiary companies, except for the effects/possible effects of the material weaknesses/ qualification described above on the achievement of the objectives of the control criteria, qualified opinion in respect of subsidiary company, Hotel Corporation of India Limited AI Airport Services Limited and weakness in respect of subsidiary company, AI Engineering Services Limited, have maintained, in all material respects, an adequate internal financial controls with reference to Consolidated Ind – AS Financial Statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2023, based on the internal controls with reference to financial statements criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have, to the extent possible, considered the material weaknesses identified and qualifications as reported above in determining the nature, timing, and extent of audit tests applied in our audit of the Consolidated Ind – AS Financial Statements as at and for the year ended 31st March 2023 of the material weakness identified and qualifications as reported by the respective Auditors of subsidiaries, and these material weaknesses and qualifications have affected our opinion on the Consolidated financial statements and we have issued a qualified opinion on the Consolidated Ind – AS Financial Statements.

7. **Other Matter**

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to Consolidated Ind – AS Financial Statements in so far it relates to four subsidiaries is based on the corresponding reports of the auditors of respective subsidiaries and we have relied on the same.

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

Sd/-
(Ashwani Sood)
Partner
M. No. 084242
UDIN: 24084242BKBJJN9488

Place: New Delhi
Date: 15-05-2024

MANAGEMENT REPLIES TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF AI ASSETS HOLDING LTD. GROUP COMPANIES FOR THE FINANCIAL YEAR 2022-23

<table>
<tr><th>Sl. No.</th><th>Audit Observations</th><th>Management Comments</th></tr>
<tr><td colspan="3">REPORT ON THE AUDIT OF CONSOLIDATED IND AS FINANCIAL STATEMENTS</td></tr>
<tr><td>1.</td><td>
<u>Disagreement between Jammu & Kashmir Government & Centaur Lake View Hotel (CLVH)</u>

The Centaur Lake View Hotel (CLVH) dispute involves the Hotel Corporation of India (HCI) and the Union Territory (UT) of Jammu & Kashmir concerning ownership, management, and liabilities related to the hotel property.
The conflict arose from the termination of a management agreement between HCI and BD&P Hotels (Pvt.) Ltd., leading to legal proceedings and disputes between the parties involved. Various notices, appeals, and petitions were filed by HCI across different judicial levels, including District Magistrate, the Hon'ble High Court of J&K, and the Supreme Court.
Government interventions, notably by the Civil Aviation Ministry, attempted to resolve the matter. It culminated in the referral of the dispute to the Administrative Mechanism for Resolution of Disputes (AMRD).
The AMRD resolution plan, dated 17th July 2023, resulted in the transfer of CLVH ownership to the UT of J&K,

UT of J&K took over 145 employees of HCIL working at CLVH.
The UT of J&K agreed to assume liabilities as follows:

<table>
<tr><th>Sr. No.</th><th>Particulars</th><th>Rs. In million</th></tr>
<tr><td>1.</td><td>Valuation of CLVH at Net Block as of 31st March, 2023</td><td>60.7</td></tr>
<tr><td>2.</td><td>Employee liability for the Govt. of J&K from 1st March 2023 onwards</td><td>175.8*</td></tr>
<tr><td>3.</td><td>Salary payments for workers (March-June 2023)</td><td>30.8</td></tr>
<tr><td></td><td>Total payable by UT of J&K (Agreed Liabilities)</td><td>267.3</td></tr>
</table>
* The Company has not accounted the employee liability for the current financial period which is payable in foreseeable future.
</td><td>
As per the AMRD resolution plan communicated on July 17, 2023, the CLVH hotel stands transferred to the UT of J&K.

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

The amount receivable from the J&K Government of Rs 6.07 Crores towards the net block has been duly accounted for.

Employee liability for the J&K Govt (Rs. 17.58 Cr.) is in fact not the liability of HCI. We have asked for the funds from the Govt. of UT of J&K for the liability of J&K Government from 01.03.2023 onwards. It may be noted this is an amount receivable from the UT of J&K.

Accordingly, the liability has not been made in the books of accounts.
</td></tr>
</table>

Sl. No.	Audit Observations	Management Comments
	➢ UT of J&K would further examine the claims of HCI with regard to the revision of rates for CRPF/BSF – Rs. 196.9 million on submission of further justification/ details. ➢ UT of J&K needs further justification/details/ documentation for examining the claim of HCI for cost sharing of expenses as on 31st March, 2022 - Rs. 126.1 million on such provision by HCI, the UT of J&K will examine and settle the claims within 45 days. *(Refer note no. 56 of Consolidated Ind - AS Financial Statements)*	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
	Attention is drawn to the fact that the figures of CLVH for the year ended 31st March 2023 as reported in the financial Statement obtained from the Books of Accounts made available by the Management without any supporting documents/details and hence the relevant financial year figures has only been reviewed and it subject to audit. The Financial Statements consists of CLVH total assets of Rs. 580.07 million as at 31st March 2023 and total revenue of Rs. 35.68 million for the year end. The financial information of this unit was produced by the management hence we are unable to ascertain the impact thereof in the financial statements.	Post seizure of the CLVH on 14.06.2022 by the Govt. of the UT of J&K, all documents / records /details have been shifted to New Delhi. All the records are available at Centaur Hotel New Delhi.
	Attention is drawn to the fact that the figures of CLVH for the year ended 31st March 2023 as reported in the financial Statement contains the value of Gratuity expense and Provision for Gratuity but does not include the Leave Encashment Expenses and Provision for Sick Leave Liability and Provision for Privilege Leave Liability.	In respect of the Provision for PL / Sick leave and leave encashment of CLVH, it is to submit that the Leave records have been transferred to the respective 3 companies of UT of J&K where the employees have been absorbed, accordingly, the provision has not been made at HCI end.
2.	**Inventory:** Inventory records and Accounting records are not integrated. Further, there was no system of internal control on inventories on which we could rely for the purpose of our audit. There are no satisfactory audit procedures that we could adopt to obtain sufficient and appropriate audit evidence to satisfy ourselves as to the existence, quantities and conditions of these inventories and to access their valuation.	The Company has initiated steps to integrate the inventory in Tally. For the purpose, a tender has been floated for the procurement of PMS software which has built in integrated Inventory Management system. The same will be implemented for the year 2023-24.

Sl. No.	Audit Observations	Management Comments
	Any adjustments that might have been found necessary in respect of the above would have a consequential significant effect on the financial position of the company as at 31st March 2023 and the related disclosures in the financial statements. Further the valuation of regular consumed inventory is derived as 50% cost of the closing inventory at year end, instead of any proper standard mechanism for arriving at closing valuation of inventory.	
	The category of "Inventories" comprises obsolete stock from CLVH, currently valued at cost, presenting a deviation from the prescribed guidelines of Ind AS-2 "Inventories." According to the standard, such inventory should be valued at the lower of its Net Realisable Value or Cost. It is anticipated that the inventory value at CLVH might be lower than its recorded cost. This discrepancy in valuation methods necessitates immediate attention to ensure compliance with accounting standards. Reviewing and adjusting the valuation approach for obsolete inventory aligns with the principles of Ind AS-2, promoting accuracy and reliability in financial reporting practices. *(Refer Note 29 of the Consolidated Ind – AS Financial Statements)*	As per the AMRD order, the valuation of CLVH has been made as per the Net Block as on 31.03.2022 for Rs. 6.07 crores. No separate amount has been provided towards the Inventory. The same would be reviewed in the year 2023-24 and necessary accounting entries will be made with the approval of the management.
3.	**<u>MSMED Act compliances</u>** The Company has classified MSME Vendors registered under Micro Small and Medium Enterprises Development (MSMED) Act, 2006. The compliances of procurement; provision for interest, if any, on outstanding dues to MSME units could not be verified. We therefore are unable to determine the delay in making payment to such entities and liability of interest and compliance on such delayed payments in terms of provisions of MSMED Act. *(Refer Note 31 of the Consolidated Ind – AS Financial Statements)*	The MSME units are registered with the Company based on information provided by the parties during the tendering process. Efforts are generally made to pay the outstanding of the MSMEs in the stipulated time, subject to availability of funds.

Sl. No.	Audit Observations	Management Comments
4.	**<u>Discrepancies in Accounting Records:</u>** During our comprehensive analysis of the accounting records, a series of discrepancies, incompleteness, and ambiguities have been uncovered. These include instances of incorrect accounting entries, lacking of clarity within the accounting documentation, and the presence of entries assigned to incorrect accounting periods. The identified errors range from misallocated transactions to entries lacking comprehensive supporting information, resulting in a lack of transparency and accuracy in the financial records. The existence of entries attributed to different periods adds complexity and challenges to maintaining the chronological order and coherence of the financial statements. Addressing these discrepancies, ensuring completeness, and clarifying ambiguities are essential to uphold the accuracy and reliability of our financial reporting. Immediate attention and thorough rectification efforts are warranted to reconcile these discrepancies and enhance the integrity of our accounting records.	Discrepancies in accounting records, misallocations, incorrect accounting entries have since been rectified during closing of accounts.

Management Responses to Audit Observations on Emphasis of Matter

Sl. No.	Emphasis of Matter	Management Reply
(i)	Note no. 23 a) & 24.i of the Consolidated Ind AS Financial Statements regarding payment made by the company to the then AIL for its disinvestment amounting to Rs.8,31,949.58 million (excluding government grants amounting to Rs.74,296.70 million transferred to the then AIL for servicing interest of identified debts and against such amount total assets (net of liability) transferred by the then AIL to the company amounting to Rs.1,51,908.26 million (i.e after adjustment of Rs.2,523.07 million) as a result differential amount of Rs.6,80,041.32 million has been classified as a separate line item under "Equity & Liabilities". However, details about the component of differential amount (viz. provision of ECL/doubtful debts, provision for non-moving/scraped inventories, any other provision of assets etc.) has not been provided by the then AIL hence could not be verified.	The Company is a SPV formed for the specific purpose of warehousing Assets and Liabilities of Air India. The Company does not have any commercial operations. Based on GoI various approvals, the Company had transferred an amount of Rs 8,31,949.58 million to the then Air India for settling various liabilities as stated above. Assets and liabilities transferred to the company amounting to Rs. 1,54,431.33 million as per GoI decisions and as per the restated framework agreement dated 5th Jan 2022 executed between the then AIL and the Company in FY 2021-22. The Company has shown these assets in the Financial Statements as "Assets held for Sale" as per IND AS 105 and in line with the objective of the Company. The amount paid to the then AIL over and above the assets/ liabilities transferred to the company has thus been shown as 'Other Equity' as all the transactions pertaining to disinvestment as stated above were merely routed through the company. These transactions are unique and non-recurring. Hence, the excess amount is not shown as a Loss in the Profit and Loss account as these assets/subsidiaries transferred by the then AIL will be monetized/ disinvested in due course. However, during FY 2022-23, the Company received Rs. 41.70 million from AIL against receivables from DRDO. Further, an adjustment has been made against Rs. 3,000 million retained by the then AIL for amounting to Rs. 2,564.77 million. Based on information received from AIESL towards maintenance of 6 aircraft to be handed over to the then AIL in airworthy condition as on date of disinvestment, in terms of Share Purchase agreement (SPA). (Ref Note 23.c.III.c.IX)

Sl. No.	Emphasis of Matter	Management Reply
		Accordingly, the differential amount of Rs.680,041.32 million as on 31.03.2023 has been shown as "Other Equity". Request for information regarding provision of ECL/doubtful debts, provision for non-moving/scraped inventories, any other provision of assets etc. as on date of disinvestment of the then AIL has been forwarded to the AIL and the same is awaited. On receipt of information/ details from AIL accounting impact, if any, required in this regard will be given.
(ii)	Note no. 23.c.III of the Consolidated Ind AS Financial Statements regarding book transfer of the movable and immovable assets of Rs.77,533.76 million on the date of disinvestment through debit note/invoices without having any physical handover-takeover. Further, the title and physical possession of these assets except Airlines House, Kolkata (1 no), Sohni Apartment Kolkata (1 no) and Asian Village Games Apartments (5 nos) are still with the AIL held in trust on behalf of the company.	The then AIL has book-transferred the assets to the Company. However, as per clause 2.8 of the restated framework agreement dated 5th Jan 2022 executed between the Company and the then AIL, these assets have been held in trust by AIL on behalf of the company. Such assets are under transfer to the Company and are in the process of being monetized. During FY 2022-23, the Company initiated the monetization process and monetized/ surrendered 6 units of properties by crediting "Assets included in Disposal Group held for Sale". Regarding movable assets, the Company has hired an external agency to carry out the tagging of all the assets located at several locations. The agency has submitted a draft report in Excel to the company which is in the process of reconciliation. The accounting impact for discrepancies, if any, based on the findings in the report shall be given in due course. The Company is following up for the title transfer of the remaining properties from AIL. The necessary accounting impact, if any, shall be given in due course on monetization of properties.

Sl. No.	Emphasis of Matter	Management Reply
(iii)	Note no. 23.c.III.a.ii of the Consolidated Ind AS Financial Statements regarding assets received from the then AIL has been classified as “Assets included in disposal group held for sale”. However, these assets have been accounted for at carrying value instead of at lower of carrying cost or fair value less cost to sell.	The assets have been transferred to the Company by the then AIL at their respective carrying (Book) values. The same has been accounted for in the books of the Company at these values. It was also decided in the meeting held on 01.12.2021 in MoCA, that since the properties are being transferred from one Government Organization to another, hence transfer be effected on “Book Value basis”, hence, valuation of the property at this stage is not required.
(iv)	Note nos. 9, 17, 25.iv and 25.v of the Consolidated Ind AS Financial Statements regarding certain movable and immovable assets transferred by the then AIL classified under “Assets included in disposal group held for sale” for which either lease period has been expired or assets are under encroachment /legal disputes. Further, regarding surrender of the remaining lease right to the lessor on compensation basis though as stated to us in few cases, the lessor is denying for any compensation taking the ground that there is no clause in the agreement for the compensation.	The Company is vigorously pursuing with the respective State governments /authorities to monetize these assets. There are certain properties where the lease period has expired. The Company has taken up the matter with the State Governments/ Local Allotting Authorities to renew the lease/ surrender back the properties. As per certain lease deed, no compensation is payable by the Allotting authority and therefore the Allotting Authorities have expressed inability to offer any compensation. However, in certain cases allotting authorities has agreed for compensation and the Company is also pursuing with the State Governments/ other Authorities to consider the Company’s request for compensation.
(v)	Note no 45.i of the Consolidated Ind AS Financial Statements regarding Rs.2,614.34 million (net of advances) shown as recoverable by the company from AIL, whereas AIL has confirmed Rs.1,494.70 million also as recoverable from the company, and differential amount of Rs.4,109.04 million, is stated to be under reconciliation.	The recoverable amount shown in the books of the Company is Rs. 2,614.34 million represents mainly Rs. 481.71 million on account of receivable from DRDO, AMADEUS Rs.309.61 million, rental Rs. 354.19 million, unspent balance against amount retained by then AIL for maintenance of aircrafts Rs. 435.23 million and others. These amounts are recoverable by the company from AIL and reconciliation is under process.

Sl. No.	Emphasis of Matter	Management Reply
(vi)	The Holding Company had charged interest of Rs.4,508.74 million at the rate of 9% p.a. on outstanding recoverable amount of Rs.48,396.76 million from the subsidiaries. Though, the subsidiaries are not able to repay principal of the outstanding recoverable, the Holding Company is charging interest from these subsidiaries @ 9% on average balance. The Holding Company has also taken an independent opinion from consultant on this matter and in their opinion also the interest should not be charged as impact of the same will be on cash outflow of the Holding Company in the form of taxes on such notional income (if the subsidiaries are not able to repay.)	The then AIL during the course of business with its subsidiaries had given advances for a period of time which were shown recoverable in the then AIL's books. The then AIL used to charge 9% p.a. ROI on the average balance of overdue amounts. The then AIL was charging interest by claiming that it had borrowed interest-bearing funds and had a cost that should be recovered. During the disinvestment of the then AIL, the subsidiaries were transferred to the company including such advances. However, requests were received from subsidiaries for waiver on charging interest on the overdue advances. The said waiver request of subsidiaries was discussed in the 15th Audit Committee/ 36th Board of Directors meeting held on 6th June 2022. It was suggested in the meeting that the matter may be referred to MoF. A reference was made to MoF through MoCA for their examination. DEA, MoF vide OM dated 22/07/2022 conveyed that "These subsidiaries were already paying interest on the loans to Air India, these subsidiaries may pay at the same rate to AI Assets Holding Limited (AIAHL). First charge on income should be payment of interest". In terms of the above-referred OM, the company has charged 9% interest on the outstanding recoveries from its subsidiaries. During FY 2022-23, AIESL has paid on account Rs.1700 million & Rs. 450 million to the Company towards amount payable to the Company including 9% interest payment charged by it.
(vii)	The Holding Company had charged interest which is contrary to the requirement of section 186(7) of the Companies Act, 2013. The Holding Company had charged interest @ 1% per annum on advance of Rs 562.50 million given by them to one of its subsidiaries which is well below the then prevailing yield on Government Security.	The Board of Directors of the Company in its 33rd meeting dated 24/01/2022 had approved to charge an annual interest rate of 1% on the advance amount lent to M/s Alliance Air Aviation Limited, now a 100% subsidiary of the company. However, the Company is in process of examining the issue and adjustments, if any, required will be made in due course with approval of the Board of Directors of the Company.

Sl. No.	Emphasis of Matter	Management Reply
(viii)	Note no 9 and 23.c.II of the Consolidated Ind AS Financial Statements regarding non provision as doubtful/impairment against investment in the subsidiaries of Rs.8,179.40 million and outstanding recoverable amounting to Rs.48,396.76 million classified under "Assets included in disposal group held for sale" though the net worth of the subsidiaries (except AIASL) has been eroded completely.	The Company has not provided impairment against investments and outstanding recoverable amount in the subsidiaries for the reasons stated below. A detailed write-up on current status of all subsidiaries has been given in notes to accounts (Note no. 23.II) highlighting that these companies are steadily improving their financials and operational performance, over past few years as well as their future plans.
(ix)	Note no 45.ii of the Consolidated Ind AS Financial Statements regarding difference of Rs.0.61 million in balances between AIASL and the company as at 31st March, 2023, due to difference in rental and interest on outstanding recoveries. Also, the difference of Rs.7.46 million in balances between AAAL and the Company as at 31st March, 2023, due to difference in reimbursement of SBLC charges and interest on outstanding recoveries We report that to that extent, the accounts are unreconciled between the company vis a vis AIASL and AAAL.	Since the accounts of these subsidiaries were closed much earlier, there were differences in the balance shown by AIASL & AAAL against the Company. However, differences have been reconciled, and accounting impact will be given in subsequent period.
(x)	Note 17 of the Consolidated Ind AS Financial Statements, the company has classified Rs.981.22 million under "Liabilities against assets included in disposable group held-for-sale". These liabilities were transferred by the then AIL to the company on the basis of debit notes/credit notes only, however other supporting/confirmation for the said amount are not available.	The liabilities have been accounted for during FY 2021-22 on the basis of Debit/ Credit notes provided by the then AIL. Details to the extent provided by the then AIL have been given in note no. 17 of CFS. The Company has sought supporting documents against these liabilities and the same are awaited. The company shall take appropriate action on receipt of documents from the then AIL in the subsequent year(s).
(xi)	Note 22.I.iv of the Consolidated Ind AS Financial Statements regarding contingent liability which includes demand raised by BSE for amounting to Rs. 2.01 million instead of firm liability as in the opinion of the management this will be waived off.	The Company has requested BSE to consider the waiver of the penalty amount. The Ministry of Civil Aviation has also made a request to BSE vide letter dated 25/10/2022 to consider waiver of penalties. A penalty of Rs. 0.28 million has been waived by the BSE. Waiver for the balance amount is still awaited, hence, liability for the same has been shown as contingent.

Sl. No.	Emphasis of Matter	Management Reply
(xii)	Note 25.vii and 45 (iii) of Consolidated Ind AS Financial Statements regarding certain amount of GST ITC though on GST portal such amount is not appearing. As per information provided to us the amount involved is Rs.53.86 million, in the opinion of the management the company is in the process to get this amount accepted by the GST department.	Out of the total input GST Rs.226.48 million, the company has availed the major portion of ITC, however, for the balance amount of Rs. 53.86 million which are not appearing on the portal of GST/not available for availment, services of a GST Consultant have been hired in FY 2023-24 to assist in availment of the said ITC.
(xiii)	Note 23.c.III.c.iv of the Consolidated Ind AS Financial Statements regarding non accounting of certain benefits (including house rent recoveries of housing colonies) accruing to AIL, AIXL or AI-SATS post disinvestment closing date on account of remaining assets including interest accrued thereof will be paid to the Government of India or such other person as nominated by the Government of India.	The Company has taken up the matter with the then AIL and sought the details in this regard. On receipt of the requested details, appropriate accounting impact will be given.
(xiv)	Note 45 of the Consolidated Ind AS Financial Statements regarding claim for recovery/ adjustment of Rs.2,244.48 million by the then AIL towards interest on identified debts for the period prior to 1st October 2018 (in two parts i.e Rs.955.91 million through recoverable account and Rs.1,288.57 million in AIL settlement account) for which the company has no mandate for the payment/ disbursement of interest for such period i.e prior to 1st October, 2018 as in the opinion of the management such amount is not recoverable/ adjustable by the then AIL.	The Company has not accepted claim of the then AIL. In a meeting held on 07.09.2018 under the Chairmanship of the then Hon'ble Finance Minister that interest for Q3/ Q4 of FY 2018-19 to be serviced by GOI. Further, "Interest Effective Date" as per Framework Agreement dated 23.11.2020 executed between the then AIL and the Company, is 01st October 2018 onwards. Hence, the claim of interest of the then AIL for the period prior to 01.10.2018 is not admissible.
(xv)	Note 24.ii of the Consolidated Ind AS Financial Statements, regarding accounting of Rs.1,776.88 million (excluding Rs.36.43 million not accepted by the company as these bills pertains prior to the date of disinvestment) subject to verification by the company. The impact on the accounts of such verification/ reconciliation relating to the medical bills and its consequential effects on the state of affairs of the company as on 31st March, 2023 are not ascertainable and hence cannot be commented upon.	AIL has submitted invoices for Rs. 1813.31 million (against reimbursement of medical expenses of eligible employees of the then AIL) out of which claims of Rs. 36.43 million pertaining prior to disinvestment of the then AIL were rejected by the Company. Claims for Rs. 560.38 million have been paid. The Company has not received bills/ supporting papers for Rs. 588.60 million from AIL however, based on a suggestions of Statutory Auditors, a provision has been made Since, remaining bills are under verification, hence, accounting impact shall be given on completion of verification..

Sl. No.	Emphasis of Matter	Management Reply
(xvi)	Note 29 of the Consolidated Ind AS Financial Statements, regarding physical verification of movable assets carried out by the outside agency is pending for reconciliation. However, as per para 23.c.III.a.iii pending reconciliation and finalization of physical verification report items having value of Rs.460.82 million which has not been verified/ not found is subject to counter/ re-verification and reconciliation by the management. The financial impact on completion of reconciliation is not ascertainable as on date.	Regarding movable assets, the Company has hired an external agency to carry out the tagging of all the assets located at several locations. The agency has submitted a draft report in Excel to the company which is in the process of reconciliation. The accounting impact for discrepancies, if any, based on the findings in the report shall be given in due course.
(xvii)	Note 26 of the Consolidated Ind AS Financial Statements on disinvestment plan of the subsidiaries, during the year, roadshows has been conducted by DIPAM and draft PIM for AIESL, AIASL & AAAL have been prepared for discussion with the Government, though these subsidiaries are classified/ carrying as “Assets included in Disposal group held-for-sale” for a period of more than one year.	Statement of fact.
(xviii)	Note 23.c.IX of the Consolidated Ind AS Financial Statements Rs.3,000 million was withheld by the then AIL towards the maintenance of 6 aircrafts against which the company had received detail of expenditure of Rs.2,564.78 million, which is adjusted against the amount withheld by AIL. The company had accounted for the above amount, leaving behind unadjusted amount of Rs.435.22 million on the basis of details received by them, in the absence of confirmation from AIL.	Based on information received from AIESL on maintenance expenses incurred on aircraft that were not airworthy as on the date of disinvestment, the Company has adjusted Rs. 2,564.78 million against Rs. 3,000 million retained by the then AIL and has communicated to AIL. Further, adjustment (if any) required in this regard will be made in due course.
(xix)	Note 21 of the Consolidated Ind AS Financial Statements regarding rates & taxes of Rs.571.50 million towards property tax, state levies and stamp duty on provisional basis against certain properties, however accounting of property tax, state levies and stamp duty is yet to be made against certain other properties as the amount is unascertainable/ not known.	Statement of fact.

Sl. No.	Emphasis of Matter	Management Reply
(xx)	Note 36 of the Consolidated Ind AS Financial Statements, the Holding Company has not allocated the expenditure on CSR activity as required under section 135 of the Companies Act, 2013 on Corporate Social Responsibility (CSR) for previous years as the company has an obligation to transfer unspent amount to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of the section 135 of the said Act. As represented by the management, in the absence of the CSR committee/ appointment of Independent Director by the Competent Authority, the allocation/ expenditure on CSR activities relating to earlier years is not made. Such non-compliance may further entails penal provisions under section 135 (7) of The Companies Act, 2013.	The Company is an SPV incorporated by GoI for specific purpose/ objective and hence activities of the Company are not a commercial/ business in nature and even for day-to-day recurring expenditure, Company is financially dependent upon Grant from Govt. of India. In view of said facts, Company sent a request to Min. of Corp. Affairs, Govt. of India through Ministry of Civil Aviation, vide AIAHL letter dated 25th March 2021 and latest letter dated 10th August 2023 to consider exemption from the applicability of such provisions to the Company including constitution of a 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 the Company is awaiting the appointment of independent directors for constitution of CSR committee. Hence, allocation/ expenditure on CSR activities relating to applicable year(s) will be made as per CSR Committee's direction.
B) In respect AI Engineering Services Limited		
(i)	The Company has written a letter to Department of Public Enterprise dated 1st September, 2020 for exemption of Section 149 (4) ,Section 177 and Section 178 of The Companies Act 2013, relating to appointment of Independent Directors, Constitution of Audit Committee and Constitution of Nomination and Remuneration Committee respectively. Reply is awaited from Department of Public Enterprise	This is a statement of fact. As per Companies Act 2013, Sec 149(4) and 178 and in line with Rule 4(2) the Company is not required to have independent director being an unlisted company and a wholly owned subsidiary of AIAHL. However, as per DPE guidelines on Corporate Governance 2010, the non-listed CPSEs provides for appointment of Independent Director, setting up of Audit Committee and Remuneration Committee, respectively wherein the constitution of both the committee is required to be done by Independent Director. The company has applied to the DPE for seeking exemption vide letter ref no AIESL/ CS/HQ/25 dated 01.09.2020. No response to the said letter has been received.

Sl. No.	Emphasis of Matter	Management Reply
(ii)	a) As per para 9 of Ind-AS 2 on Inventories Inventories shall be measured at cost or net realizable value. The Company has valued the inventories during the year at weighted average cost. Valuation of inventories has not been done as per Ind-AS 2 at year end. Hence, we are unable to comment on the impact of the same.	a) As per para 9 of Ind-AS 2 on Inventories "Inventories shall be measured at cost or net realizable value." However, as per para 21 "Techniques for the measurement of cost" Techniques for the measurement of the cost of inventories, such as the standard cost method or the retail method, may be used for convenience if the results approximate cost. Standard costs take into account normal levels of materials and supplies, labour, efficiency and capacity utilisation. They are regularly reviewed and, if necessary, revised in the light of current conditions. **Further, as per para 25 "Cost Formula" The cost of inventories, other than those dealt with in paragraph 23** (para – 23 The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects shall be assigned by using specific identification of their individual costs.), **shall be assigned by using the first-in, first-out (FIFO) or weighted average cost formula**. An entity shall use the same cost formula for all inventories having a similar nature and use to the entity. For inventories with a different nature or use, different cost formulas may be justified.
	b) Inventory valuation as per financial books maintained on SAP and actual inventory accounting by separate software "Ramco" is different. In the absence of reconciliation of the value, we are unable to comment as many balances since opening are negative. In inventory no balance can be negative as such company has provided Rs. 500 million provision of shortage of inventory but there is no system of physical verification of inventory.	b) i. The majority of the inventories had been transferred by the then Air India Limited to the company in the financial year 2017-18 (approx. Rs. 415.59 million). This was only book transfer and no physical handover-takeover had taken place. Further, RAMCO system was designed and largely managed by the officials of the then holding company officials since Material Management Department (MMD) and Finance for AIESL operations comprised mainly of Air India officials.

Sl. No.	Emphasis of Matter	Management Reply
		ii. The configuration of material masters / GL masters, impacting flow of information from RAMCO to SAP, requires relook and redesign for correct capturing of the material movement transactions and correct reflection in the SAP accounting software. Further, Reconciliation between Ramco (Inventory Recording and Accounting Software) and SAP (General Accounting Software) has not been carried for the above-mentioned reasons. Further, physical verification of Inventory of materials in the nature of stores and spares has not been carried out in the past for quite some time in the absence of adequate and experienced officers in various areas. The discrepancies in various masters and interface design and configuration, caused imbalances in the GL balances. Such discrepancies are proposed to be resolved during the year by a cross functional team. iii. Impact of such discrepancies is not ascertainable at this stage. Hence, as an interim measure, pending complete action for verification, analysis and reconciliation, a provision for Rs 500.00 million (representing around 83% of the closing balance) has been made for likely reduction in the value of inventory considering the impact changes in the categories of inventory from revenue to capital (as depreciation on capitalized assets), obsolescence, shortages as well as any other similar write down etc. iv. Further, during the current financial year the company has taken control of RAMCO software for AIESL transactions independent of Air India. The process of reviewing the masters as well as review of accounting interface configuration in SAP is also being undertaken for correct accounting reflection in the books of accounts and related controls.

Sl. No.	Emphasis of Matter	Management Reply
(iii)	Company has not deducted Income tax at source while accounting for provision for expenses. The impact of such non-compliance cannot be ascertained.	As per the accounting procedure of the company, any invoice in the SAP will be booked on appropriate approval from the concerned officials. However as per GAAP, at the end of the year the company has accounted the expenses on estimated basis to the extent it has been crystalized on which TDS has not been deducted and deposited. Further as per the decision in case of Subex Ltd. Vs. DCIT (Karnataka High court) and in other various High Court decision and Income Tax Appellate Tribunal, no withholding tax is required to be deducted on year end provisions if payees not identified, amount is not certain and provision is reversed next year. Hence keeping the above point TDS has not been deducted on provisions. However, TDS has been deducted and deposited at the time of accounting of approved invoices in SAP.
(iv)	Company has calculated interest payable/ receivable on average balance of Inter Companies. The company has not calculated interest as per MSA with various Inter Companies.	As per the decision taken by the top management of group companies, interest has been levied based on an average of opening and closing balance. This practice is consistently followed by the group companies. Necessary amendment in MSA have been carried-out during Mar-22 itself.
(v)	The company has not complied with Ind AS 36 on Impairment of Assets	As per para 63 of Ind AS – 16 “Property, Plant and Equipment” To determine whether an item of property, plant and equipment is impaired, an entity applies Ind AS 36, Impairment of Assets. That Standard explains how an entity reviews the carrying amount of its assets, how it determines the recoverable amount of an asset, and when it recognizes, or reverses the recognition of, an impairment loss. **A.** Now as per Ind AS 36 “Impairment of Assets” first entity has to identify an asset that may be impaired. For the indication that an asset may be impaired, an entity shall consider para 12 of Ind AS 36 i.e., a minimum of the following: -

Sl. No.	Emphasis of Matter	Management Reply
		EXTERNAL FACTOR (a) there are observable indications that the asset's value has declined during the period significantly more than would be expected as a result of the passage of time or normal use. (b) significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated. (c) market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially. (d) the carrying amount of the net assets of the entity is more than its market capitalisation. INTERNAL FACTOR (e) evidence is available of obsolescence or physical damage of an asset. (f) significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite. (g) evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

Sl. No.	Emphasis of Matter	Management Reply
		B. As per para 13 of Ind AS 36, an entity may identify other indications that an asset may be impaired and these would also require the entity to determine the asset's recoverable amount. An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. In the opinion of the management above indicators are not visible. Further, As per para 59 of the Ind AS 36, If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. As per management opinion, the carrying amount of assets in the books of the company may be less than its recoverable amount.
(vi)	(a) Note 45 of the Consolidated Ind – AS Financial Statements, the reconciliation and matching of certain unmatched receivable/recoverable from staff and payables including certain control ledger is in the process. (b) Note 45 of the Consolidated Ind – AS Financial Statements. The Trade receivables, deposits received, deposits paid and trade payable are subject to confirmation.	**A) & B):** The company has carried out major reconciliation/adjustment of matching of certain unmatched receivables/ recoverable from staff and payables including certain control ledger. Further for the balance unmatched receivables/ recoverable from staff and payables including certain control ledger are in process and impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt in the year of completion of the reconciliation and approvals from appropriate authority The Company has sought for the confirmation of balances for all the major trade receivables & trade payables. In case of trade receivables, the company has balance confirmation of receivables from Air India, AIXL, AAAL and few other customers which consist of 87.89% receivables of the company and reconciliation has been completed and balance confirmations have been obtained.

Sl. No.	Emphasis of Matter	Management Reply
	c) The company is in process of reconciliation of revenue and tax deducted at source as accounted in financials as per 26 AS. d) Note 45 of the Consolidated Ind – AS Financial Statements, the Good and Service Tax (GST) and other statutory dues are in the process of reconciliation with the returns filed and statutory records maintain by the company.	In case of trade payables some parties have responded and wherever the party's balances are not in agreement with the books, the reconciliation of the differences is in progress. Impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt with in the year of completion of the reconciliation and approvals from appropriate authority. **C) & D):** Good & Service Tax (GST), Tax deducted at source and other statutory dues are in reconciliation with the returns filed and statutory records maintained by the company.
(vii)	As per the policy of the company, for the physical verification of PPE, the Company has appointed a professional firm of Chartered Accountant including for the assets tagging of the PPE (Delhi) in a phase manner. The firm has submitted its report dated 17th August, 2022 showing shortage of 41 items having WDV of Rs. 0.83 million and found 2152 excess items. The discrepancies and excess found will be adjusted / accounted for after taking approval from the competent authority. Further, as per report submitted, 1056 number of assets could not be verified due to non-availability of product/assets code to identify the assets code given in the assets list	This is as per Notes to accounts for the financial year 2021-22. However, action for writing off the shortage has been completed. Further action for verification of the pending items will be carried out during the financial year 23-24. Further, during the current year physical verification of 73% of total quantities (94% of the Net book value) have been carried out. In this regard reference may be made to para no. 30a (i),(ii),(iii)& (iv) of our notes to accounts
(viii)	Prior period expenses to the tune of Rs. 517.49 million and prior period income to the tune of Rs.175.66 million has been booked in previous year 2020-21 and 2021-22. The books of 2020-2021 and 2021-2022 has been restated and consequential adjustments / disclosure has been made in respective years	This is a statement of fact and the appropriate Correction of prior period errors in accordance with Ind AS 8 "Accounting policies, changes in accounting estimates and errors" have been made in the books of accounts and disclosed as note no. 28 to notes to accounts.
C)	**In case of Subsidiary Company – Alliance Air Aviation Limited**	
(i)	Note 52 of the Consolidated Ind – AS Financial Statements - which states that the financial statements of the company have been prepared on going concern basis for the reasons stated therein in spite of continuous accumulated losses and net worth of the company fully eroded.	The company is a wholly-owned subsidiary of AI Assets Holding Ltd. (AIAHL) and has full support from the Government of India to make the company fully operational after the disinvestment of Air India Ltd. The company has taken various measures to improve its operational efficiencies and cost control measures.

Sl. No.	Emphasis of Matter	Management Reply
		The company during the financial year expanded its fleet by inducting two ATR-42 600 and one Dornier aircraft to its existing fleet of 18 ATR-72 600 aircraft. The total fleet now stands at 21 aircraft as on 31st March' 2023. All the aircraft are suitable for serving smaller / unserved / underserved airports in the country. Alliance Air is entrusted to operate the routes allotted by Ministry of Civil Aviation under RCS & VGF scheme, specially in the remote areas for successfully implementing of UDAN scheme and always taking the challenge to fly to critical airfields, fulfilling the aspiration of Government of India to achieve the desired goal of UDAN scheme to connect the tier II & tier III cities and to discharge the social obligation as directed by Government of India. 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 127. Out of allotted routes, the company operated 101 routes as on 31st March 2023(previous year 81 routes). Further, Ministry of Civil Aviation vide their letter DO. No. AV.17046/72/2019-AI dated 6th April'2023, categorically stated that Alliance Air is a going concern and has assured that Government will make all endeavor to clear the dues towards ATF supply to Alliance Air. Alliance Air has already received in principal approval from Ministry of Finance dated 20th April'2023 towards financial support of Rs. 600 crore. As per approval, the first tranche of Rs. 300 crore has been released to Alliance Air which will reduce its finance costs. 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. Post-Covid 19, AAAL

Sl. No.	Emphasis of Matter	Management Reply
		is on the path of recovery and EBIT shows a positive trend. Alliance Air is heading its way to reversing the trend of adverse financial parameters in this financial year 2023-24 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."
D)	**In case of Subsidiary Company – Hotel Corporation of India Limited**	
i.	**<u>Amount Receivables:</u>** Note 45 of the Consolidated Ind – AS Financial Statements, the Company has sent letters/e-mails for confirmation of balances, some responses are received by the management but are subject to reconciliations. However, the whole process of obtaining confirmations need to be further strengthened. Pending such confirmations, reconciliations and/ or assessment, the impact thereof on Consolidated Financial Statements are not ascertainable and quantifiable. We are unable to obtain audit evidence for the amount recoverable and periodicity thereof. • It has come to our attention that there are potential additional amounts receivable pertaining to CLVH. These amounts, upon proper scrutiny and validation of claims by the concerned authorities, could bolster the current receivables. These potential receivables stem from Revision of Rates for CRPF/BSF and we believe that with careful assessment and verification, these sums could significantly augment overall receivable balance, Revenue as well as Tax impact, if any. We propose a detailed examination and validation process to ensure the accuracy and realization of these prospective receivables and its accounting treatment, ultimately enhancing financial position.	The Company has sent emails/letters for confirmation of balances; responses have been received from some of the parties. The Company is in the process of reconciliation of the balances of the parties. The difference, if any, will be adjusted in the accounts as and when reconciliation is completed.

Sl. No.	Emphasis of Matter	Management Reply
	• Regular customers are having debit balance beyond credit policy for which no check chart is prepared for adequate recovery steps, if, taken. After completion of outstanding of 3 years, provision is made treating them as Doubtful debts. However, the recovery process needs be strengthened. Even, the same are not shown as disputable until and unless there are legal proceedings. In absence in obtaining any audit evidence with regards to recoverability, periodicity or disputable or otherwise, we are unable to comment whether the same are disputable/recoverable or not. • The Company has made provision for Bad & doubtful debts to the on account of legal notice/ cases pertaining to few parties apart from provision made in accordance with the usual policy of the Company.	
(ii)	**Amount Payables:** • Note 45 of the Consolidated Ind – AS Financial Statements, company does not follow a proper system of obtaining confirmations and performing reconciliations and/ or assessment of correct balances in respect of amount payable to Trade Payables; Deposits received (SD/EMD); Government Departments and other parties. Accordingly amount payable to various parties are subject to confirmations, reconciliations and/or assessments. • Pending such confirmations, reconciliations and/ or assessments, impact thereof on the Financial Statements is not ascertainable and quantifiable. In absence of obtaining audit evidence with regards party wise, age wise and reasons for holding the same beyond the period stated in the Company's policy, we are unable to comment on amount payable and periodicity thereof.	The Company has sent emails/letters for confirmation of balances; responses have been received from some of the parties. The Company is in the process of reconciliation of the balances of the parties. The difference, if any, will be adjusted in the accounts as and when reconciliation is completed.

Sl. No.	Emphasis of Matter	Management Reply
	• Trade Payables have been bifurcated into two parts i.e., MSME and others and further sub-divided as disputable or otherwise. Disputed trade payables taken only in cases where matter is under litigation. In case of delayed outstanding against MSME/ others, beyond the period of Credit policy of the Company have been considered as undisputable by the management. Assessment for identifying disputable one is not available. In absence of any audit evidence with regards to assessment of disputable or otherwise, we are unable to comment thereon and impact thereof on financial statements.	
(iii)	**Unlinked receipts** • Unlinked receipts from debtors against billing by the Company, which could not be matched with the amount standing to the debit of the receivables is appearing as liabilities "Advance from Customers/Other Advances" in the financial statements of the Company. To that extent, the Trade Receivables and Current Liabilities are overstated.	Some of the amounts received from the OTAs stand to the credit of the agencies owing to the cancellations, early check outs etc. The OTAs' accounts are under reconciliation and necessary adjustments will be made as and when reconciliation is completed.
(iv)	**Loss/shortage of Property, Plant & Equipment** • Records for Property Plant Equipment (Fixed Assets) are not properly maintained and updated at various units. No physical verification of PPE has been conducted by the management during the current financial year (Management represents last inspection was conducted in FY 2019-20). • Note 29 of the Consolidated Ind – AS Financial Statements, further, statements wherever, prepared for physical verification has no base and as such verification is not capable of reconciliations either with the Books of Accounts or Fixed Assets Records, wherever, maintained. Hence impact of loss/ shortage/ scrap of assets remains indeterminable	Physical verification of the PPE will be undertaken in the FY 2023-24

Sl. No.	Emphasis of Matter	Management Reply
(v)	**<u>Lease Rentals/Turnover Levy payable to AAI/ MIAL/DIAL</u>** • Note 22 of the Consolidated Ind – AS Financial Statements, the lease rentals and turnover levy payable to Airport Authority of India (AAI)/Delhi International Airport Limited (DIAL)/ Mumbai International Airport Limited (MIAL) are provided in the books of accounts of the Company and duly reflected in the financial statement. Further in view of the dispute between the Company and AAI/DIAL/MIAL, interest on account of outstanding payable is not provided but disclosed under the head Contingent Liability and are not in conformity with the accounting principles generally accepted in India.	In view of the disputes raised with AAI, interest is being disclosed under Contingent Liability as per the decision of the Board of Directors.
(vi)	**<u>Provision of Wage Revision of Differential Liability</u>** Note 22 & 45 of the Consolidated Ind – AS Financial Statements, the earlier wage agreement was expired on 31st December, 2006 and the union has submitted Charters of demands. The Company had negotiations between Wage Negotiation Committee of the Management and Co-Ordination Committee of HCI Unions and after receipt of final approval from the Ministry of Civil Aviation, the Memorandum of Understanding dated 8th August, 2019 was entered into between the unions and the Company for implementing wage revision for the Unionized category of employees for a period of 10 years effective 18th August 2008. The wage revision was implemented in the financial year 2019-20. The total estimated provision for arrears of wage revision for the unionized category of employees of the company as on 31st March, 2023 is Rs. 146.36 million. The Management had announced an interim relief of Rs. 5,000/- per month per employee for officers effective from 1st January, 2017 which continues to be paid and has been expensed out through the Statement of Profit and Loss Account amounting to Rs. 0.88 million as on 31st March, .2023. As and when wage revision is	Statement of fact

Sl. No.	Emphasis of Matter	Management Reply
	approved, this amount would be adjusted against arrears payable, if any, for which employee wise details have been maintained separately in the books of accounts. Further, the calculations for arrears payable to employees effective 8th August, 2008 are in progress. The management is of the opinion that in case the wages provided is inadequate then the provision for differential liability will be made in the year it is finalized.	
(vii)	**Legal expense/ interest etc. on contingent liabilities** Amount indicated as contingent liabilities/ claims against the company reflects basic values. Legal expenses, interest and other costs are not considered being indeterminable as will be booked as and when incurred.	Legal Expenses, interest and other cost will be booked as and when such costs are ascertained.
(viii)	**Non-Compliance of certain provisions of Companies Act** • The Company has not appointed Independent Directors as required under the provisions of Section 149(4) of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and hence, no meeting of the Independent Directors could be held during the Audit Period. • Since the Company has not appointed Independent Directors, the Company has not complied with the provisions of Section 177(2) and Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 as regards the composition of the Audit Committee and the Nomination and Remuneration Committee of the Board. • The above non-compliance was also reported us in our previous audit report dated 16th January, 2023 for financial year 2021-2022.	Independent Directors have not been appointed.

Sl. No.	Emphasis of Matter	Management Reply
(ix)	**Internal Control System** • Strengthening the internal audit process so as to ensure adequate coverage of all the areas and ensure effective internal controls at all units of the Company. • Note 29 & 43 of the Consolidated Ind – AS Financial Statements, regarding laying down Standard Operating Procedures with regard to operational control and real-time accounting of all transactions to ensure that proper books of accounts are maintained. • The above non-compliance was also reported us in our previous audit report dated 16th January, 2023 for financial year 2021-2022	Noted
(x)	**Fair value of the financial assets and financial liabilities** Fair value of the financial assets and financial liabilities is arrived based upon best information available or provided by the management. We have relied upon the management information for fair valuation in the absence of other required information	Statement of Fact
(xi)	**Going Concern** Note 52 of the Consolidated Ind – AS Financial Statements, regarding the Company has incurred a net loss of Rs. 685.62 million during the year ended 31st March, 2023 and, as of that date, the Company's current liabilities exceeds its total assets by Rs. 607.32 million and it has accumulated losses of Rs. 8200.23 million which has resulted in complete erosion of the net worth of the company. However, based on the assessment conducted by the Management and other factors mentioned in the aforementioned note, these financial statements have been prepared on a going concern basis and no adjustment has been made to the carrying value of the assets and liabilities of the Company as at the reporting date.	The Company is confident that the performance would improve in the FY 2023-24.

Sl. No.	Emphasis of Matter	Management Reply
E)	**In case of Subsidiary Company – AI Airport Services Limited**	
(i)	Note 59 to the Consolidated Ind – AS Financial Statements, regarding during the year 2022-23, Air India Limited and Alliance Air Aviation Limited has raised an invoice for an amount of Rs. 121.41 million and Rs. 1.61 million respectively towards penalty. However, the same has not been provided in the books of accounts of the company.	As per MSA between Air India and AI Airport Services Ltd. the service standard and performance targets have been set and based on the performance. Non-adherence to service standards, Air India raises an ERF form. As per Clause 36.2 of MSA (Page No-66) entered between AI and AIASL wherein it is mentioned that Air India to prepare and provide the handling report for certification by the authorized representative after each shift. The Handling Exception Report Format (ERF) shall be jointly signed by AI and AIASL. Further as per clause 2.7, the delays will be jointly reviewed and only be attributable if they are within the AIASL responsibility and control. During the year 2022-23, Air India has raised an invoice for an amount of Rs.121.41 million towards penalty. However, AIASL has been contesting the penalties raised as there is no ERF forms provided along with the Invoice. In such cases as per escalation matrix, Air India should escalate the matter to Hub Control Centre/Airport Manager then to Regional General Manager and then to Regional Director.
		It is observed that inspite of AIASL protesting the levy of penalty, Air India has not escalated the matter and neither has responded to our correspondence. AIASL is of the strong opinion that the penalties imposed by Air India are unilateral and without the consent of AIASL. Inspite of AIASL contesting it, Air India has neither reverted nor escalated the matter which has made our assumption stronger that the penalties levied are not in norms with the Service Level Agreement. The above reasoning holds good even for penalties imposed by Alliance Air.

Sl. No.	Emphasis of Matter	Management Reply
(ii)	The Company is charging interest at the rate of 9% p.a. on overdue balances of receivables in respect of group companies, namely, Air India Engineering Services Limited and Alliance Air Aviation Limited. During the audit period, interest on overdue payments amounting to Rs.116.67 million has been booked as other income. We have relied on the management contention that such amount will be fully recovered and hence, no further adjustments are required for the current audit period.	The interest recoverable from Air India, Air India Express, AI Engineering Services Limited, and Alliance Air Aviation Ltd. on overdue balance is in terms of the MSA and has already been recovered from said Companies for past years and is fully recoverable for the year under audit as well.
(iii)	The Company has inventories consisting of stores and spares gross amounting to Rs. 56.11 million (Provision of Rs. 33.14 million has been made for obsolescence of such inventories). These inventories are transferred from Air India Limited and Air India Engineering Services Limited, which are not used for more than three years. We have relied on the management contention that such inventories have value in use and is at-least equal to the carrying value in the books based on the confirmation received from the user (technical) department of the Company and hence, no further adjustments are required for the audit period.	Our Technical team has confirmed that there is no diminishing in the value of stores and spares inventory which has been lying with us for over 3 years and hence inventory is being carried in the books at which it was transferred to us from AI. Further, we have made a provision for the obsolescence of such inventories.
(iv)	Note 50 to the Consolidated Ind – AS Financial Statements, the Company has entered into leases for various commercial premises (with option to purchase/renew but title of the same may or may not eventually be transferred) which are scattered at various locations/stations/regions, there is a foreclosure clause in the contract wherein it is cancellable by providing notice period of 90 days by either side. In view of the management, considering it as cancellable lease, the same does not qualify for recognition under Ind AS 116 Lease Accounting. Pending evaluation, these leases have not been considered as right-of-use asset under Ind AS 116 and rent of the same has been charged systematically to the statement of profit & loss for the current year. We have relied on the management contention that the impact of the same will not be material.	The Company has provided the necessary information as per Ind AS 116 in respect of the vehicles taken on Lease and accounted for the same. The Company has made the necessary compliance under Ind AS 116 for vehicles, by capitalizing the lease rentals as Right of use Assets. As regards the premises we have considered these as short term lease since the agreement have an option to terminate the same at short notice of 90 days by either parties. So, it was interpreted that in respect of cancellable leases applicability of Ind AS 116 was not considered. However, the expense on account of rental had been charged to the P/L and suitable disclosure to this effect has been made in Notes to Accounts.

Sl. No.	Emphasis of Matter	Management Reply
(v)	The Company has provided interest amounting to Rs. 35.69 million at the rate of 9% p.a. to AIAHL on average of outstanding balance payable.	The interest has been provided in line with the MSA we have with other Group Companies.
(vi)	Note 45 to the Consolidated Ind – AS Financial Statements, amounts receivables from and payables to the various parties are subject to confirmation and reconciliation.	We did send to all the Third Party Airlines for Balance Confirmation to as on 31.03.2023, however, except for few, none of the Airlines confirmed the balances. We have obtained balance confirmation from AI Express, AI Engineering Services, Alliance Air, and AIAHL.
(vii)	Note 33 to the Consolidated Ind – AS Financial Statements, Go Airlines India Limited has submitted their application to NCLT for insolvency resolution process and accordingly NCLT has accepted the application and initiated the insolvency process vide order dated 10th May 2023 and now company has filed its claim amounting Rs 220.35 million as on 31st March 2023 (including interest amounting Rs. 11.27 million and accordingly company has made the 100% provision of the receivables excluding interest in ECL).	This is a statement of fact.

Key Audit Matters

Sl. No.	Key Audit Matters	How Our Audit addressed the key audit matters
4.	**Key Audit Matters** Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section, we have determined the matters described below to be the Key Audit matters to be communicated in this report based on Key Audit matters reported in Audit Report issued by us of Holding Company and reported in Audit Reports issued/ communicated to us by respective auditors of the Subsidiaries, reproduced by us, except for the matters eliminated on consolidation or not considered material at Group level.	
	In case of Holding Company - AI Assets Holding Limited	
	1. Transactions relating to disinvestment of Air India Limited ***(refer note no 23 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 of such assets in the 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 inclusive of Rs 72,000 million received from GoI during the year), against this assets/liabilities/ monetization proceeds for Rs.1,51,908.26 million (after adjustment made for current year proceeds/ adjustment for Rs 2,523.07 million) were transferred by the then AIL till 31st March 2023. The company has accounted for the funds transferred to the then AIL over and above the assets/liabilities amounting to Rs.6,80,041.32 million as separate line item under “Equity & Liabilities” as on 31st March 2023 . Further, AIL has not provided the details of above balance amount and detail of current assets equal to current liabilities retained by AIL in their books.	We have relied on the records relating to approvals by the Government of India through the various letters referred in the notes and restated framework agreement for the disinvestment of the then AIL and its subsidiaries. These assets and liabilities of the then AIL transferred to the company shall be monetized for the utilization of repayment of debts paid by the company to then AIL. Further, it was also explained to us that the purpose for which the company was created as SPV is for the said matter, hence we have relied on the same. Further the current assets equal to current liabilities retained by the AIL for which details were not provided, however, we have relied the self-certified documents provided by AIL. We have relied on the information/ documents provided by the management as received from AIL. We have not been provided any Utilization certificate of funds utilized by AIL for the purpose these were intended to by either statutory auditors of AIL or from any independent agency.

<table>
<tr><th>Sl. No.</th><th>Key Audit Matters</th><th>How Our Audit addressed the key audit matters</th></tr>
<tr><td>2</td><td colspan="2">2. Independent Director under Companies Act, 2013
(Refer Note 39 to the Consolidated Ind AS financial statements)
We consider this matter to be of most significance in our audit due to the non-compliance of the statutory requirements under the provisions of the Companies Act, 2013:-</td></tr>
<tr><td></td><td>Appointment of independent directors as the company's NCDs are listed on Bombay Stock Exchange</td><td>In terms of section 149 of the Companies Act, 2013, read with Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is required to appoint at least two independent directors on their Board of Directors. The Company does not have any independent director since the date of its listing of NCDs on stock exchange.</td></tr>
<tr><td></td><td colspan="2">3. Utilization of Grants
(Refer Note 24 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 Consolidated Ind AS financial statements -</td></tr>
<tr><td></td><td>1. Grant in aid received from Govt. of India of Rs.2,000 million towards servicing of interest for the three NCDs series of Rs.2,19,850 million issued by the company and Rs.70,000 million towards redemption of 6.99% Series – 1 NCD's due on 16.12.2022.</td><td>Our procedures of utilization of Government Grants include obtaining and understanding of the process involving the utilization of the Government Grants. We reviewed the relevant sanction letters embodying the purpose and utilization thereof of such grants in terms of rules framed under GFR.

The note no 24 of the notes to Consolidated Ind AS financial statements of the company describe the purpose of formation of the company as "SPV" for transfer of identified debts of AIL to "SPV" duly approved by the Government of India and Board of Directors of both the companies.

The Budgetary support / grant of Rs.2,000 million received during the year is accounted as "other income" to the extent of the equivalent amount expensed off during the year. The Budgetary Support of Rs.70,000 million received during the year is accounted as part of "Equity" as separate line item in the Consolidated Ind AS financial statements.</td></tr>
</table>

Sl. No.	Key Audit Matters	How Our Audit addressed the key audit matters
	2. Grant in aid received from Government of India of Rs.1,250 million for medical expenses and utilized for the purpose for which it is received.	Our procedures of utilization of Government Grants include obtaining and understanding of the process involving the utilization of the Government Grants. We reviewed the relevant sanction letters embodying the purpose and utilization thereof of such grants in terms of rules made under GFR. In line of the medical scheme for retired and retiring employees of the then AIL, Government of India vide letter dated 28th March, 2023 released grant of Rs. 1,250 million to be utilized for the purpose of medical expenses of such retired and retiring employees.
	4. (*Refer Note 23 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 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 then AIL for all the transactions made between AIL and the Company.
	In respect of Subsidiary Companies: Hotel Corporation of India Limited	
	5. Going Concern	
	The company is in loss, net worth is fully eroded, going concern needs to be examined.	As per the management projection and clarification, management are of the view that though the company is in a loss but continuous support Government of India will ensure the company runs its business as going concern. Also, the Company has signed Master Service Agreements with Air India which is valid up to 31st December 2024 and a new customer has been on-boarded i.e. Spice jet Limited with Catering Agreement up to 1st May 2025 which ensures that company will be able to run its business as going concern in near future. *(Refer Note 52 of the Consolidated Ind – AS Financial Statements).*

Sl. No.	Key Audit Matters	How Our Audit addressed the key audit matters
		The Company is also tapping Online Travel Agents, Walk-in Customers, Event Booking, Corporates for increasing the business. The Company is also planning of introducing additional capex for operationally essential matters, obtaining ISO Certification in order to upgrade the present properties. Refurbishment of existing 30 Guest Rooms at Centaur Hotel Delhi are in process to increase the occupancy level. The Company does not have any loan from financial institutions and none of the creditors have applied for insolvency against the Company. Based upon the above facts and data, we have performed our audit procedure and make opinion accordingly.
	6. Contingent Liabilities: There are various litigations pending before various forums against the Company and management's judgement is required for estimating the amount to be disclosed as contingent liability. We identified this as a key audit matter because the estimates on which these amounts are based involve a significant degree of management judgement in interpreting the cases and it may be subject to management bias. *(Refer Note 22 of 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: - 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 judgements and assessments whether provisions are required;

Sl. No.	Key Audit Matters	How Our Audit addressed the key audit matters
		- 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.
	7. Uncertain Taxation Matters The Company has material uncertain tax matters under dispute which involves significant judgement to determine the possible outcome of these disputes.	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.
	8. Other Matter – Goods and Service Tax	In certain units, the Company has received advances from its customers, on which GST has not deposited as per provisions of Goods and Services Tax Act/Rules, the amount whereof is not ascertainable and quantifiable in absence of appropriate records. Further Company has availed GST Input (ITC) on the invoices of the Creditors/ Vendors but the same has not been surrendered back in case wherein payment has not been made within stipulated timelines under the GST. The amount whereof is not ascertainable and quantifiable in absence of appropriate records. In both the above cases, GST liability has not been provided which will impact on the results of Financial Statements, but the amount thereof is not ascertainable/ determinable in absence of appropriate records.

Sl. No.	Key Audit Matters	How Our Audit addressed the key audit matters
	In respect of Subsidiary Companies: AI Engineering Services Limited	
	9. Inventory valuation and Accounting Inventory accounting has been maintained on “Ramco” software whereas financial records are maintained in SAP. Inventory valuation has been taken on weighted average method of Rs. 604.39 million as per SAP has many entries in negative since 1st April 2022 which is not acceptable in accounting. Management has provided provision of Rs. 500 million. On estimation basis which will impact the other accounting effect which cannot be ascertained. On the basis of above observation, we are unable to comment of its implication and other effects in the other accounts as inventory transferred by AIL has not been physically verified.	
	10. The Government of India vide letter dated 16th February, 2022 has approved medical benefit facility to the eligible permanent retired/ retiring employees of Air India Limited including eligible permanent employees of AIESL post disinvestment. As per the scheme, all the expenditure under this scheme will be borne by M/o Civil Aviation through Budgetary provisions. AIESL has written back Rs. 2334.2 million of medical expenses provided in earlier years. This is sizeable amount taken as liability in earlier years	
	11. AIESL has changed income tax filing from old regime to new regime and has filed income tax return on 30th October 2023 with net income and has claimed refund of Rs. 860.8 million which has been taken defective by income tax department. Now company has made provision of income tax payable Rs. 339.0 million Figures of the balance filed along with income tax return are not matched with audited balance sheet figures as such we are unable to comment of the consequence of such filing.	

<table>
<tr><th>Sl. No.</th><th>Key Audit Matters</th><th>How Our Audit addressed the key audit matters</th></tr>
<tr><td>5.</td><td>Other matters</td><td></td></tr>
<tr><td></td><td>(i) We did not audit the financial statements/ financial information of four subsidiaries included in the Consolidated Ind – AS Financial Statements, whose financial statements reflects the total assets (classified under Asset included in disposal group held for sale) as at 31st March, 2023, total revenue and net cash inflow/ (outflow) for the period ended on that date as considered in the consolidated financial statements.

(Rs. in million)

<table>
<tr><th>Name of the Subsidiary</th><th>Total Assets</th><th>Net Assets</th><th>Total Revenues</th><th>Net Cash Inflows/ (Outflow)</th></tr>
<tr><td>Alliance Air Aviation Ltd (AAAL)</td><td>31,258.02</td><td>(36,643.24)</td><td>11,049.59</td><td>4.51</td></tr>
<tr><td>AI Engineering Services Limited (AIESL)</td><td>22,264.46</td><td>(7,900.20)</td><td>20,298.61</td><td>(2,171.57)</td></tr>
<tr><td>Hotel Corporation of India (HCI)</td><td>776.90</td><td>(6,824.23)</td><td>547.32</td><td>(44.07)</td></tr>
<tr><td>AI Airport Services Ltd (AIASL)</td><td>10,739.84</td><td>4,230.70</td><td>9,322.98</td><td>(255.75)</td></tr>
</table></td><td></td></tr>
<tr><td></td><td>(ii) These financial statements have been audited by other auditors whose reports have been furnished to us by the Holding Company's Management and our opinion on the Consolidated Ind – AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report on the Consolidated Ind - AS Financial Statements in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors and the procedures performed by us are as stated Auditor's Responsibility section above after considering the requirement of Standards on Auditing (SA 600) on 'Using the work of Another Auditor including materiality.</td><td></td></tr>
</table>

Sl. No.	Key Audit Matters	How Our Audit addressed the key audit matters
	Our opinion on the Consolidated Ind – AS financial statements is not modified in respect of the above matters.	
6.	**Information other than the Consolidated Ind – AS Financial Statements and auditors' report thereon** The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's information, but does not include the consolidated financial statements and our auditor's report thereon. These reports are expected to be made available to us after the date of this Auditor's Report. Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. When we read the reports containing the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions necessitated by the circumstances and the applicable laws and regulations	

Sl. No.	Key Audit Matters	How Our Audit addressed the key audit matters
7.	**Management responsibility for the Consolidated Ind AS Financial Statements** The Holding Company's management and Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Consolidated Ind AS Financial Statements that give a true and fair view of the Consolidated financial position, consolidated financial performance, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind – AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purposes of presentation of the Consolidated Ind – AS Financial Statements by the Directors of the Holding Company, as aforesaid. In preparing the Consolidated Ind – AS Financial Statements, the Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group's to continue as a going concern, disclosing, as applicable, matters related	

Sl. No.	Key Audit Matters	How Our Audit addressed the key audit matters
	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.	

Sl. No.	Key Audit Matters	How Our Audit addressed the key audit matters
	• 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.	

Sl. No.	Key Audit Matters	How Our Audit addressed the key audit matters
	• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Ind – AS Financial Statements. We are responsible for the direction, supervision and performance of the audit of the Consolidated Ind – AS Financial Statements of such entities included in the Consolidated Ind – AS Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Ind – AS Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Materiality is the magnitude of misstatements in the Consolidated Ind – AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Ind – AS Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Ind – AS Financial Statements. We communicate with those charged with governance of the Holding Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.	

Sl. No.	Key Audit Matters	How Our Audit addressed the key audit matters
	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.	

Sl. No.	Key Audit Matters	How Our Audit addressed the key audit matters
	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, except para no. iii of the Emphasis of Matter above. 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.	

Sl. No.	Key Audit Matters	How Our Audit addressed the key audit matters
	g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, we report that, in terms of Ministry of Corporate Affairs, Government of India, notification no. G.S.R. 463 (E) dated 5th June 2015 provisions of section 197 of the act are not applicable to the Group. h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and the other financial information of subsidiaries, as referred in the "Other Matters" paragraph: i. The Consolidated Ind – AS Financial Statements disclose the impact of pending litigations as at 31st March, 2023 on the consolidated financial position of the Group in the note number 22 of the Consolidated Ind AS Financial Statements. ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its Subsidiary Companies. iv. (a) The respective managements of the Holding Company and its subsidiary companies have represented to us, that to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the holding company or its subsidiary company to or in any other person(s) or entity(ies), including	

Sl. No.	Key Audit Matters	How Our Audit addressed the key audit matters
	foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company and its subsidiary companies ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; (b) The respective managements of the Holding Company, its subsidiary companies have represented to us that, to the best of it's knowledge and belief, no funds have been received by the holding company or its subsidiary companies from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary companies shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and (c) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances and based on audit report of other auditors, nothing has come to our or other auditor's notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material mis-statement.	

Sl. No.	Key Audit Matters	How Our Audit addressed the key audit matters
	v. No dividend have been declared or paid during the year by the Holding Company or its subsidiaries. vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of accounts using accounting software which has a feature of recording audit trail (edit log) facility is applicable w.e.f 1st April, 2023 to the Company, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ending 31st March, 2023.	

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 2023

Sl. No.	Audit Observations	Management Comments
1.	**In respect of Holding company**	
i.	a. (A) The Company had maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment's. However, for "Assets included in disposable 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), Sohni Apartment Kolkata (1 no) and Asian Village Games Apartments (5 nos), and no fixed assets register w.r.t "Assets included in disposable group held for sale" was made available for our verification. (refer note no. 23.c.III.a of the standalone Ind AS financial statements).	The then AIL has book transferred the assets to the Company. However, as per clause 2.8 of the Restated Framework Agreement dated 5th Jan 2022 executed between the Company and the then AIL, these assets have been held in trust by the then AIL on behalf of the company. Such assets are under transfer to the company. Regarding the Fixed Assets Register (FAR) for assets classified under "Assets included in disposable group held for sale", it is submitted that the Fixed Assets register is being maintained by respective subsidiary companies for their assets. A complete list of assets transferred has been provided by the then AIL. Regarding movable assets, the Company has hired an external agency selected through a tender process to carry out the tagging of all the assets located at several locations. The agency has submitted a draft report in Excel to the company which is in the process of reconciliation.
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 have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.	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.

<table>
<tr><th>Sl. No.</th><th>Audit Observations</th><th>Management Comments</th></tr>
<tr><td></td><td>For “Assets included in disposable group held for sale” for which physical handover - takeover was not taken place at the time of transfer from erstwhile AIL to the Company, no report on physical verification of movable assets is made available to us for our verification and regard to the physical verification of immovable assets has been carried out partially by the management and made available to us for our verification. (refer note 23.c.III.a of the standalone Ind AS financial statements)</td><td>Regarding movable assets, the Company has hired an external agency selected through a tender process to carry out the tagging of all the assets located at several locations. The agency has submitted a draft report in Excel to the company which is in the process of reconciliation.</td></tr>
<tr><td>i.</td><td>c. According to the information and explanations given to us as the “Assets included in disposal group held-for-sale” disclosed in the standalone Ind AS financial statements were transferred to the company by then AIL at their carrying value on the date of disinvestment of AIL i.e 27.01.2022 (refer note 23.c.III.a.i & 45.b of the standalone Ind AS financial statements). As per information and explanation given to us, we report that, that the title in respect of immovable properties, disclosed in the standalone Ind AS financial statements under “Assets included in disposal group held-for-sale” were not held in the name of the company except Airlines House, Kolkata (1 no), Sohni Apartment Kolkata (1 no) and Asian Village Games Apartments (5 nos), (refer note 45.b of the standalone Ind AS financial statements), the details of such properties is given below:
<table>
<tr><th>Sr. No.</th><th>Description of a 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>3,329.37</td><td>Air India Limited</td><td>No</td><td>31st March, 2022</td><td>Refer Note No. – 25.i of standalone Ind AS financial statements</td></tr>
<tr><td>2</td><td>Freehold</td><td>112.75</td><td>AIAHL</td><td>No</td><td>31st March, 2023</td><td></td></tr>
<tr><td>3</td><td>Other than Freehold</td><td>68,968.18</td><td>Air India Limited</td><td>No</td><td>31st March, 2022</td><td>Refer Note No. – 25.i of standalone Ind AS financial statements</td></tr>
</table>
</td><td>As per clause 2.8 of the Restated Framework Agreement dated 5th Jan 2022 executed between the Company and the then AIL, these assets have been held in trust by AIL on behalf of the company.

Title deeds of remaining assets are under process of transfer to the company from AIL.</td></tr>
</table>

<table>
<tr><th>Sl. No.</th><th>Audit Observations</th><th>Management Comments</th></tr>
<tr><td></td><td>
<table>
<tr><th>Sr. No.</th><th>Description of a 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>4</td><td>Other than Structures</td><td>3,285.22</td><td>Air India Limited</td><td>No</td><td>31st March, 2022</td><td>Refer Note No. – 25.i of standalone Ind AS financial statements</td></tr>
</table>
* Since, we were not made available the title deeds of immovable properties, hence we are unable to comment on the period as well as title with the then AIL for which the properties were held.
</td><td></td></tr>
<tr><td>(iii)</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 28 of the standalone Ind AS financial statements.)

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of advance in the nature of loan given, for Rs.562.50 million (paid in FY 2021-22) to one of its subsidiary, there is no stipulation of interest and terms of conditions for the repayment of principal and payment of interest, hence we are unable to comment as whether the repayments or receipts are regular.</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.</td></tr>
<tr><td>(iv)</td><td>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 28 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.</td><td>The Board of Directors of the Company in its 33rd meeting dated 24/01/2022 had approved to charge an annual interest rate of 1% on the advance amount lent to M/s Alliance Air Aviation Limited. The terms of this advance do not define any repayment period and therefore is repayable on demand.

However, the Company is in the process of reviewing it.</td></tr>
</table>

Sl. No.	Audit Observations	Management Comments
(v)	(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.	The internal audit is being conducted by a Chartered Accountant Firm regularly on a quarterly basis. However, Company will review it.
2.	**In respect of Alliance Air Aviation Limited**	
(vi)	(a) As per the information and explanation given to us, the exercise of physical verification of inventories is done on biennial basis. During the previous year, physical verification of inventories at Delhi, Kolkata and Hyderabad was conducted by the Company in which shortage of Rs. 52.22 million and excess of Rs. 5.22 million were observed. Pending approval from the Competent Authority, a net provision amounting to Rs. 31.13 million, over and above the existing provision of Rs. 15.86 million was created during the previous year for the shortages. There is no progress in assessment of actual loss by the Company incurred on account of shortages observed during previous year. 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. (Refer note no. 30 (b) forming part of Financial Statements.)	This is statement of fact.
(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 Goods and Services Tax, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues with appropriate authorities except TDS. Tax deducted at source has not been deposited regularly. An amount of Rs. 136.39 million for the months July to September 2022 in respect of Tax Deducted at Source under different sections is outstanding for more than 6 months as on 31st March, 2023.	This is statement of fact.

<table>
<tr><th>Sl. No.</th><th>Audit Observations</th><th>Management Comments</th></tr>
<tr><td></td><td>b. According to the information and explanations given to us, there are no statutory dues which are pending on account of dispute except as mentioned below:
<table>
<tr><td>Name of statute</td><td>Nature of Dues</td><td>Forum where dispute is pending</td><td>Period to which the amount relates</td><td>Amount (In Rs. Millions)</td></tr>
<tr><td>Income Tax Act 1961</td><td>Income Tax</td><td>ITAT, New Delhi</td><td>AY 2000-2001</td><td>22.57</td></tr>
<tr><td>Income Tax Act 1961</td><td>Income Tax</td><td>ITAT, New Delhi</td><td>AY 2004-2005</td><td>28.04</td></tr>
</table></td><td>This is statement of fact.</td></tr>
<tr><td>3.</td><td colspan="2">In respect of <u>AI Airport Services Limited</u></td></tr>
<tr><td>(i)</td><td>In respect of the Company's Property, Plant and Equipment and Intangible Assets:
(a) (A) The Company has not maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment. The quantitative details shown for various assets (ref. to Asset Number) in the Fixed Asset Register does not correspond to the physical records of fixed assets maintained as provided by the Company.</td><td>During the year all Stations were instructed for maintaining a Fixed Assets Register. The reconciliation of Fixed Assets maintained at Station and that with the books is under reconciliation and the impact if any, will be analysed and impact of the same shall be taken after obtaining approval from the BoD.</td></tr>
<tr><td></td><td>(b) The Property, Plant and Equipment were physically verified during the year by the management in accordance with a regular programme of verification which, in our opinion, provide for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanations given to us, material discrepancies were noticed on such verification and dealt with in the books of accounts.</td><td>Statement of Fact</td></tr>
<tr><td>(ii)</td><td>(a) As explained to us, inventory has been physically verified by management during the year, the frequency of which in our opinion is reasonable. The Company is not maintaining proper records of inventory. In our opinion, having regard to the size, nature and location of inventory, the coverage and procedure of such verification by the management is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed on such verification conducted by the Company.</td><td>Company is following Just in Time method of procurement in which spares are being procured as and when required.
Further, some spare inventories have been transferred from erstwhile Air India in FY 2017-18 for which complete records have been verified by Auditors and they have not found any discrepancies.</td></tr>
</table>

<table>
<tr><th>Sl. No.</th><th>Audit Observations</th><th>Management Comments</th></tr>
<tr><td>(iii)</td><td>(a) According to information and explanations given to us and our examination of the books of account, and records, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Goods and Service Tax, Duty of Customs, Cess and any other statutory dues applicable to it. According to the information and explanations given to us, the undisputed amounts payable in respect of the above were in arrears as at March 31, 2023 for a period of more than six months from the date on which they become payable, are as follows:
<table>
<tr><th>Name of statute</th><th>Nature of Dues</th><th>(In Rs Millions)</th><th>Period to which the amount relates</th><th>Date of Payment</th></tr>
<tr><td>Provident Fund Act, 1952</td><td>PF</td><td>7.33</td><td>FY 2022-23</td><td>Not Paid</td></tr>
<tr><td>Employee State Ins, 1948</td><td>ESIC</td><td>0.82</td><td>FY 2022-23</td><td>Not Paid</td></tr>
<tr><td>Professional Tax</td><td>PT</td><td>4.78</td><td>Earlier years and FY 2022-23</td><td>Not Paid</td></tr>
</table>
</td><td>Statement of Fact</td></tr>
<tr><td></td><td>(b) According to the records of the Company, there are no dues referred to in sub-clause (a) above as at 31st March 2023, which have not been deposited with the appropriate authorities on account of any dispute, except as mentioned below:
<table>
<tr><th>Name of statute</th><th>Nature of Dues</th><th>(In Rs Millions)</th><th>Period to which the amount relates</th><th>Forum where dispute is pending</th></tr>
<tr><td>Income Tax Act 1961</td><td>Income tax and interest</td><td>19.18</td><td>AY 2013-14</td><td>CIT (Appeals)</td></tr>
<tr><td>Income Tax Act 1961</td><td>Income tax</td><td>6.60</td><td>AY 2017-18</td><td>CIT (Appeals)</td></tr>
<tr><td>Income Tax Act 1961</td><td>Income tax</td><td>5.40</td><td>AY 2017-18</td><td>NFAC</td></tr>
<tr><td>Income Tax Act 1961</td><td>Income tax</td><td>80.76</td><td>AY 2018-19</td><td>NFAC</td></tr>
<tr><td>Income Tax Act 1961</td><td>Income tax and interest</td><td>200.25*</td><td>AY 2020-21</td><td>NFAC</td></tr>
<tr><td>Goods and Service Tax Act 2017</td><td>Goods and Service Tax and Interest</td><td>659.40</td><td>FY 2017-2020</td><td>Departmental Authorities</td></tr>
</table>
</td><td>Statement of Fact</td></tr>
</table>

<table>
<tr><th>Sl. No.</th><th>Audit Observations</th><th>Management Comments</th></tr>
<tr><td></td><td>
<table>
<tr><th>Name of statute</th><th>Nature of Dues</th><th>(In Rs Millions)</th><th>Period to which the amount relates</th><th>Forum where dispute is pending</th></tr>
<tr><td>Goods and Service Tax Act 2017</td><td>Goods and Service Tax and Interest</td><td>78.17</td><td>FY 2017-2020</td><td>Departmental Authorities</td></tr>
<tr><td>Goods and Service Tax Act 2017</td><td>Goods and Service Tax and Interest</td><td>9.77</td><td>FY 2017-2018</td><td>Assistant Commissioner (Central GST)</td></tr>
<tr><td>Goods and Service Tax Act 2017</td><td>Penalty</td><td>5.71</td><td>FY 2018-19</td><td>Additional Commissioner (Central GST)</td></tr>
<tr><td>Provident Fund Act, 1952</td><td>Damages and Interest</td><td>60.06</td><td>FY 2020-22</td><td>Regional Provident Fund Commissioner</td></tr>
</table>
* ₹ 82.65 million amount has been deposited as self-assessment tax on October 16, 2021.
</td><td></td></tr>
<tr><td>4.</td><td colspan="2">In respect of <u>AI Engineering Services Limited</u>.</td></tr>
<tr><td>(i)</td><td>(a) (i) The company is in the process of updating its records showing full particulars including quantitative details and situations of tangible assets.
(c) According to the information and explanations given to us, physical verification of tangible assets has been carried out, but consequential effect has not been given in books of accounts. Refer note no. 30(a) to notes to accounts.</td><td>As mentioned in note no. 30(a) of notes to accounts, partial impact of physical verification activity has been taken place during the same financial year and surplus assets will be capitalized after its reconciliation with inventory items.</td></tr>
<tr><td></td><td>d) 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.
<table>
<tr><th>Description of property</th><th>Gross carrying value</th><th>Held in name of</th><th>Whether promoter, director or their relative or employee</th><th>Period held – indicate range, where appropriate</th><th>Reason for not being held in name of company*</th></tr>
<tr><td colspan="6">PPE</td></tr>
<tr><td>a) Building</td><td>2644.05</td><td>Air India Ltd.</td><td>No</td><td>8.4.2021</td><td>Refer Note no. 2(a).1 of financial Statements</td></tr>
<tr><td>b) Jet 9D Test House</td><td>10.42</td><td>Air India Ltd.</td><td>No</td><td>1.04.2019</td><td>Refer Note no. 2(a).2 of financial Statements</td></tr>
</table>
</td><td>This is a statement of fact. The said property at point (a) is assets of MRO Nagpur, which has been book transferred from the then holding company (Air India Limited) at book value as on 31st March 2021.
Further, property mentioned at point (b) 'Jet 9D Test House' has been constructed by the then Air India Limited and book transferred to AIESL as on 1.04.2019 at carrying value of Rs. 10.42 million.</td></tr>
</table>

<table>
<tr><th>Sl. No.</th><th>Audit Observations</th><th>Management Comments</th></tr>
<tr><td>(ii)</td><td>(a) As per information and explanations given to us, the exercise of physical verification of inventory is conducted on once in two years. But physical verification has not been conducted by the management. Hence, we are unable to comment on the appropriateness of coverage and procedure of such verification by the management. We are also unable to comment on any discrepancies of 10% or more, if found, in the aggregate for each class of inventory and its consequential effect in the books of account.</td><td>Physical verification of Inventory of materials in the nature of stores and spares has not been carried out in the past for quite some time in the absence of adequate and experienced officers in various areas. Further, the activity of verification of inventory will be carried out during current year and subsequent years by engaging technical as well as finance personnel and outside experts.</td></tr>
<tr><td>(vii)</td><td>(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 2023 of more than six months from the date they became payable are as below:
<table>
<tr><th>Nature of Statutory Dues</th><th>Amount Outstanding for more than 6 months as on 31st March 2023 (Rs. In millions)</th></tr>
<tr><td>Interest on Goods and Service Tax</td><td>41.61</td></tr>
<tr><td>Interest on Service Tax</td><td>299.87</td></tr>
<tr><td>Professional tax</td><td>0.055</td></tr>
</table>
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>Status of statutory dues mentioned in audit para is given as under:
<table>
<tr><th>Nature of Statutory Dues</th><th>Status of dues</th></tr>
<tr><td>Interest on Goods and Service Tax</td><td>Out of Rs. 41.61 mn., Rs. 15.4 mn. has been deposited and the balance amount is also being paid as and when demanded by the department since there is no compounding of interest.</td></tr>
<tr><td>Interest on Service Tax</td><td>Amount deposited</td></tr>
<tr><td>Professional tax</td><td>Amount deposited</td></tr>
</table></td></tr>
</table>

<table>
<tr><th>Sl. No.</th><th>Audit Observations</th><th>Management Comments</th></tr>
<tr><td>(vii)</td><td>(b) According to information and explanations given to us, there are statutory dues which have not been deposited by Company on account of dispute.
<table>
<tr><th>S. No.</th><th>AY</th><th>TDS/Income Tax</th><th>Demand Amount (millions)</th></tr>
<tr><td>1</td><td>2015-16</td><td>TDS</td><td>28.41</td></tr>
<tr><td>2</td><td>2016-17</td><td>TDS</td><td>44.60</td></tr>
<tr><td>3</td><td>2017-18</td><td>TDS</td><td>62.29</td></tr>
<tr><td>4</td><td>2018-19</td><td>TDS</td><td>184.58</td></tr>
<tr><td>5</td><td>2019-20</td><td>TDS</td><td>323.78</td></tr>
<tr><td></td><td></td><td>Total</td><td>643.66</td></tr>
</table>
* Interest u/s 220(2) on the above demand as on 31st March, 2023 will be ₹ 237.49 million.</td><td>The company has filed an appeal against the demand issued by the tax authorities. The company is of the opinion that the judgement would be in favour of company. However, as a matter of prudence, the same has been disclosed as contingent liability.</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 expenses to the tune of Rs. 517.49 million and prior period income to the tune of Rs. 175.66 million and has been booked in current year. (Refer note no. 28 to notes to accounts).</td><td>This is a statement of fact.</td></tr>
<tr><td>(xiv)</td><td>(a) Company does not have an internal audit system commensurate with the size and nature of its business.</td><td>The internal audit has been outsourced and it is being conducted by the outsourced party regularly on a quarterly basis.</td></tr>
<tr><td></td><td>(b) The internal audit reports for the period under audit were considered by us. Compliance of the internal audit reports was pending till the finalization of audit reports and hence any consequential impact, if any, on the financial statements has not been taken into account.</td><td>Required actions for ensuring compliances on internal audit findings will be regularly taken up henceforth.</td></tr>
<tr><td>5.</td><td>In respect of <u>Hotel Corporation of India Limited</u>.</td><td></td></tr>
<tr><td>i.</td><td>Property, Plant & Equipment:

(a) (A) The Company has not maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.</td><td>The physical verification of the PPE and would be completed during the year 2023-2024 and the Information /details shall be updated accordingly.</td></tr>
</table>

Sl. No.	Audit Observations	Management Comments
	(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified on rotational basis in every two year but the same was not conducted during FY 2022-2023. In our opinion, this periodicity of physical verification is not reasonable having regard to the size of the Company and the nature of its assets. ***Major discrepancies were noticed on such verification such as assets were not identifiable in terms of location, quantity, tagging, date of purchase etc.***	The physical verification of the PPE and would be completed during the year 2023-2024
	(c) According to the information, explanations and records provided to us, the title deeds of all immovable properties are held in the name of the Company. In case of ***four (4) residential flats in Sher –e- Punjab Society, Andheri (E), Mumbai*** the deed conveying / transferring the land and the said Building to society is not yet executed. (Refer note 2A)	The Company is in the process of making the documentation for the execution of title deeds for the said four flats.
ii.	**Verification from the Inventories**	
	(a) The inventory, comprising of raw materials, Stores and Operating Supplies has been physically verified by the management only at year end. In our opinion, the frequency of such verification is not reasonable, and procedures and coverage as followed by management were not appropriate.	The valuation of Inventory of HCI is in line with the practice in the Hospitality Industry and more specifically in Hotel Industry. The major inventory pertains to consumables and hence the closing stock based on Physical Verification
	Further as per prevailing practice of the Company, Consumption of stocks, stores, crockery, cutlery etc. is being worked out by adding opening balances to purchases and deducting therefrom Closing Stock based on Physical Verification and hence shortage, misuse, theft, wastage/pilferage etc. is not identified and shown as consumption. Closing Stock of inventory are valued at 50% of the Cost of physical inventory held.	as at the yearend are valued at 50% of the cost, as it is not possible to ascertain the net realizable value. Further as all these items are procured for consumption only. This has been the consistent policy of the company which is continued over the years.

<table>
<tr><th>Sl. No.</th><th>Audit Observations</th><th>Management Comments</th></tr>
<tr><td>vii</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, no undisputed amounts payable in respect of Goods and Services Tax (‘GST’), Employees’ State Insurance, Income Tax, Duty of Customs, Cess and other statutory dues were in arrears as at 31st March 2023 except provident Fund for a period of more than six months from the date they became payable.</td><td>The Provident fund amount could not be deposited due to Cash Flow issues. The company has requested for support on funding from the Government. The Provident fund dues shall be cleared once the funding support is received.</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, there are some Statutory dues which have not been deposited on account of dispute and the forum where dispute is pending are as under:
<table>
<tr><th>Nature of Statute</th><th>Nature of Dues</th><th>Amount in Dispute (in Mns)</th><th>Period to which the amount relates</th><th>Forum where dispute is pending</th></tr>
<tr><td rowspan="3">Luxury Tax</td><td>Tax</td><td>2.18</td><td rowspan="3">2000-2001</td><td rowspan="3">Additional Commissioner Sales Tax (Appeal)</td></tr>
<tr><td>Less: Paid</td><td>(0.88)</td></tr>
<tr><td>Total</td><td>1.3</td></tr>
<tr><td rowspan="5">Luxury Tax</td><td>Tax</td><td>6.51</td><td rowspan="5">2000-2001</td><td rowspan="5">Additional Commissioner Sales Tax (Appeals)</td></tr>
<tr><td>Interest</td><td>9.33</td></tr>
<tr><td>Penalty</td><td>0.01</td></tr>
<tr><td>Less: Paid</td><td>(2.53)</td></tr>
<tr><td>Total</td><td>13.31</td></tr>
<tr><td rowspan="5">Luxury Tax</td><td>Tax</td><td>1.98</td><td rowspan="5">2002-2003</td><td rowspan="5">Commissioner of Sales Tax (Appeals)</td></tr>
<tr><td>Interest</td><td>2.08</td></tr>
<tr><td>Penalty</td><td>0.1</td></tr>
<tr><td>Less: Paid</td><td>(3.03)</td></tr>
<tr><td>Total</td><td>1.13</td></tr>
<tr><td rowspan="4">Luxury Tax</td><td>Tax</td><td>0.7</td><td rowspan="4">2002-2003</td><td rowspan="4">Commissioner of Sales Tax (Appeals)</td></tr>
<tr><td>Penal</td><td>0.01</td></tr>
<tr><td>Less: Paid</td><td>(0.63)</td></tr>
<tr><td>Total</td><td>0.08</td></tr>
<tr><td>Service Tax</td><td>Tax</td><td>2.76</td><td>July 2012 to March 2013</td><td>Commissioner of Central Excise Appellate-II</td></tr>
</table></td><td>The company has preferred appeals against the said demands/notices at respective forums and pursuing the matter.</td></tr>
</table>

Sl. No.	Audit Observations	Management Comments

Nature of Statute	Nature of Dues	Amount in Dispute (in Mns)	Period to which the amount relates	Forum where dispute is pending
Service Tax	Tax	5.11	2013-2014	Commissioner of Central Excise Appellate-II
Service Tax	Tax	6.07	2014-2015	Commissioner of Central Excise Appellate-II
Service Tax	Tax	7.83	2015-2016	Commissioner of Central Excise Appellate-II
Service Tax	Tax	7.86	2016-2017	Commissioner of Central Excise Appellate-II
Service Tax	Tax	0.68	2017-2018 (Up to June 2017	Commissioner of Central Excise Appellate-II
Service Tax	Tax	7.84	2010-2011 to 2013-2014	Commissioner of Central Excise Appellate-II
Service Tax	Tax	3.92	2014-2015	Commissioner of Central Excise Appellate-II
Service Tax	Tax	5.52	2015-2016	Commissioner of Central Excise Appellate-II
Service Tax	Tax	10.43	2016-2017 & 2017-2018	Commissioner of Central Excise Appellate-II
Provident Fund	Demand	22.29	2012-2013 to 2015-2016	Provident Fund Tribunal Delhi
	Interest	5.98		
	Less: Paid	(5.98)		
	Total	22.29		

Sl. No.	Audit Observations	Management Comments
xiii.	Compliances of sections 177/188 of CO's Act As per the information and explanation given to us, the Company has not appointed Independent Directors and hence to that extent the Company has not complied with the provision of section 177 (2) of the Act, which in turn results in non-compliance with section 177(iv) of the Act.	Independent Directors have not been appointed.

Sl. No.	Audit Observations	Management Comments
	The Company has complied with the provisions of section 188 of the Act. However, details of the related parties have been disclosed in the financial statements which are identified by the Management in terms of IND AS 24 “Related Party Disclosure” and the same are relied upon by us.	Statement of fact.
xiv	(b) Reports of Internal Auditors for the period under audit were considered by us but the closure/compliance of some observations were still pending by the management. During the Audit under review there has been a Change in Internal Auditor.	The Internal auditors for the year 2023-24 have been appointment through tendering. Accounting related matter has been closed and the process related observations of the Internal Audit are under implementation/compliance.

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 2023

Report on the Internal Financial Controls with reference to the Consolidated Ind – AS Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

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.	Statement of Fact
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.	Statement of Fact

	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.	Statement of Fact

	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	**<u>Inherent Limitations of Internal Financial Controls with reference to Consolidated Ind – AS Financial Statements</u>** 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 **<u>AI Engineering Services Limited</u>** (Formerly known as Air India Engineering Services Limited) (Subsidiary) –their Auditor's has identified the following weaknesses:	
	According to the information and explanation given to us and based on our audit, the following weaknesses have been identified as at 31st March, 2023. i) The Company did not have an effective system for timely accounting of entries, to prevent duplicate / rectification accounting entries.	(i) Additional efforts are being made to streamline the system.

	ii) There should be maker checker process to have better control process. There are lot of repetitive corrective entries which should be avoided.	(ii) Suitable actions for improvements in maker checker process are in progress.
	(iii) In SAP most of the entries and entries pertaining to expenses borne by other group companies and then reimbursed by the Company had no supporting's to check the validity of entry.	(iii) Earlier Air India used to transfer expenses through inter-company transfers as the contracts were finalized by AIL only. With the dis-investment of Air India, such arrangements have ceased and all expenses are directly accounted by AIESL itself and no inter-company transfer entries are made now.
	(iv) The Company did not have effective system of reconciliation of balance with other parties.	(iv) Action for reconciliation with the both customers and vendors are in progress. Suitable action for further confirmation of balances is underway during the current year.
	v) The Company has internal audit conducted by chartered accountant firm wherein scope of audit work is not exhaustive as per size and volume business done by company. Compliance of internal audit report is still pending and hence we are unable to comment on any consequential effect in the books of accounts of company. We suggest that internal audit reports along with compliance may be placed before Audit Committee of Board at regular interval.	(v) Required actions for ensuring compliances on internal audit findings will be regularly taken up henceforth.
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.	**<u>Qualified Opinion</u>** **A. In respect of <u>Hotel Corporation of India</u> (Subsidiary)- vide their Auditor's Report Dated December 28, 2023 has expressed qualified opinion** According to the information and explanation given to us, the Company has not established its internal financial control over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance Note on	The weaknesses pointed out in the audit of ICFR are being looked into. The roles in Finance and Accounts department are being suitably examined and positioned on FTC basis.

<table>
<tr><td></td><td>the Audit of Internal financial controls over financial Reporting issued by the Institute of Chartered Accountants of India. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether such internal controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2023.

Material Weaknesses

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

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

A material weakness is a deficiency or a combination of deficiencies, in internal financial control over financial reporting, which confirms a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on timely basis.</td><td>As regards the concept of maker/checker in Tally, all physical vouchers prepared by the Accounts personnel do have a maker / checker concept.

The Company has initiated steps to integrate the inventory in Tally, for the purpose, a tender has been floated for the procurement of PMS software which has built in integrated Inventory Management system. The same will be implemented for the year 2023-24. Procurement through GeM portal has also been initiated during the year 2023-24.</td></tr>
<tr><td></td><td colspan="2">B) In respect of <u>AI Airport Services Limited</u> (Formerly known as Air India Air Transport Services Limited) (Subsidiary)- Vide their Auditor’s Report dated 19th July 2023 has expressed qualified opinion/ weaknesses<u>:</u></td></tr>
<tr><td></td><td>According to the information and explanation given to us and based on our audit, the following material weaknesses have been identified as at 31st March, 2023.</td><td></td></tr>
</table>

	(a) Deficiencies in the design of internal control over the preparation of the financial statements being audited:	
	(i) Detailed documented Standard Operating Procedures as required by the guidance note on Internal Financial Controls over Financial Reporting for critical processes are not in place.	The company is in process of development of new SOPs along with implementation of new accounting software/ERP.
	(ii) Authorisation controls such as maker/checker controls in accounting software needs further strengthening.	The Company is dependent on AI and IBM for any implementation of controls in the existing ERP. A new software named Oddo has been implemented effective 1st April 2023 in which adequate measures of maker/checker control is implemented.
	(iii) Optimum utilization of information technology (IT) general and application controls needs to be strengthen to provide complete information consistent with financial reporting objectives and current needs.	The Company was dependent on AI and IBM for any implementation of controls in the existing ERP. In the new ERP implemented effective 1.4.2023, the control measures has been taken care.
	(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 joinees and resigned employees, payment of statutory dues, etc. are not fully automated and maintained manually.	The Company has already implemented the new ERP named Zeta HRMS and we are in the process of automation of all HR and payroll related matter.
	(b) The controls for reconciliation of physical inventory and fixed assets with the books of account can be further strengthened.	This is noted for compliance.
	(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.	The reconciliation of all ledgers has been done and shared to the auditor as on the Balance Sheet date.
	(d) Galaxy software to account cargo handling and APEDA and SAP are not integrated.	The cargo invoices are recorded in SAP at the end of the month from the data extracted from the Galaxy software.

		However, effective measures are taken care every month to ensure accuracy. Integration of both the software shall be done in the new ERP.
	(e) Due to bugs in MBS software, full billing is not captured in SAP. The Company does the reconciliation manually to account the billing which was not interfaced In SAP from MBS software.	Due to some error in customer coding and GL coding, the invoices are stuck for being recorded in SAP. The invoices which are not flown in SAP from MBS are reconciled and flown at regular intervals, and accuracy is maintained.
	(f) While creating new customer ledger KYC Documents shred with the department are incomplete.	The customer code is created by accounts department wherein the customer is asked to fill up all the details in a format provided. KYC details such as GST certificate, etc. are called for to ensure correctness of details filled by the customer.
	(g) No scrap register is maintained w.r.t property, plant and equipment (Ramp Equipments & Others).	Scrap Register is maintained, however, will need an upgradation.
	(h) Records of procurement of material by MMD are not fully automated and maintained manually.	It is a fact that procurement of material by MMD are done manually, however, the process of automation is on and will be implemented shortly.
	(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.	In the new ERP, there is a provision for digitalization of RA Forms wherein all the RA forms data will captured digitally and will be flown in to ERP automatically to generate invoice. This is being done in the second phase of implementation of ERP.
	A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.	

	In our opinion and based on the audit reports of the competent auditors made available to us on which we had placed reliance, the Holding Company, its subsidiary companies, except for the effects/possible effects of the material weaknesses/ qualification described above on the achievement of the objectives of the control criteria, qualified opinion in respect of subsidiary company, Hotel Corporation of India Limited AI Airport Services Limited and weakness in respect of subsidiary company, AI Engineering Services Limited, have maintained, in all material respects, an adequate internal financial controls with reference to Consolidated Ind – AS Financial Statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2023, based on the internal controls with reference to financial statements criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. We have, to the extent possible, considered the material weaknesses identified and qualifications as reported above in determining the nature, timing, and extent of audit tests applied in our audit of the Consolidated Ind – AS Financial Statements as at and for the year ended 31st March 2023 of the material weakness identified and qualifications as reported by the respective Auditors of subsidiaries, and these material weaknesses and qualifications have affected our opinion on the Consolidated financial statements and we have issued a qualified opinion on the Consolidated Ind – AS Financial Statements.	
	A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.	

	In our opinion and based on the audit reports of the competent auditors made available to us on which we had placed reliance, the Holding Company, its subsidiary companies, except for the effects/possible effects of the material weaknesses/ qualification described above on the achievement of the objectives of the control criteria, qualified opinion in respect of subsidiary company, Hotel Corporation of India Limited AI Airport Services Limited and weakness in respect of subsidiary company, AI Engineering Services Limited, have maintained, in all material respects, an adequate internal financial controls with reference to Consolidated Ind – AS Financial Statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2023, based on the internal controls with reference to financial statements criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.	
	We have, to the extent possible, considered the material weaknesses identified and qualifications as reported above in determining the nature, timing, and extent of audit tests applied in our audit of the Consolidated Ind – AS Financial Statements as at and for the year ended 31st March 2023 of the material weakness identified and qualifications as reported by the respective Auditors of subsidiaries, and these material weaknesses and qualifications have affected our opinion on the Consolidated financial statements and we have issued a qualified opinion on the Consolidated Ind – AS Financial Statements.	
7.	**Other Matter** Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to Consolidated Ind – AS Financial Statements in so far it relates to four subsidiaries is based on the corresponding reports of the auditors of respective subsidiaries and we have relied on the same.	

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2023

(₹ in million)

	Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
I	**ASSETS :**			
	1 Non-current Assets			
	(i) Property, Plant and Equipment	2	0.15	0.04
	(ii) Financial assets:			
	a) Cash and Cash equivalents	7	-	-
	b) Bank balances other than (a) above	8	2,282.00	2,079.26
	c) Other Financial Assets	4	114.00	117.04
	Total Non-Current Assets		**2,396.15**	**2,196.34**
	2 Current Assets			
	(i) Financial assets:			
	a) Cash and Cash equivalents	7	7,734.79	16,823.19
	b) Bank balances other than (a) above	8	2,100.00	437.03
	c) Other Financial Assets	4	1,099.36	443.10
	d) Air India Limited Reconciliation A/c	3	2,720.85	7,244.48
	(ii) Current Tax Assets (Net)	5	261.00	279.40
	(iii) Other Current Assets	6	263.54	234.67
	Total Current Assets		**14,179.54**	**25,461.87**
	3 Assets included in disposal group held-for-sale	9	1,38,223.44	1,32,450.18
	Total Assets		**1,54,799.13**	**1,60,108.39**

	Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
II	**EQUITY AND LIABILITIES :**			
	1 Equity			
	a) Equity Share Capital	10	6,23,654.50	6,23,654.50
	b) Other Equity	11	(69,789.78)	(64,299.64)
	c) Grant for the repayment of Series - 1 Bond		70,000.00	-
			6,23,864.72	5,59,354.86
	d) Fund transferred to the then AIL over and above assets/ liabilities received	3	(6,80,041.32)	(6,77,518.25)
	Total Equity		**(56,176.60)**	**(1,18,163.39)**

(₹ in million)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
2 Liabilities :			
(i) Non-current Liabilities			
a) Financial Liabilities			
i) Borrowings	**12**	1,49,850.00	1,49,850.00
ii) Other Financial Liabilities	**13**	-	-
b) Provisions	**15**	-	-
Total Non-Current Liabilities		**1,49,850.00**	**1,49,850.00**
(ii) Current Liabilities			
a) Financial Liabilities			
i) Borrowings	**12**	-	70,000.00
ii) Trade Payables	**14**		
(a) Total outstanding, dues of micro and small enterprises		-	-
(b) Total outstanding, dues of creditors other than micro and small enterprises		3.74	0.97
iii) Other Financial Liabilities	**13**	5,096.93	5,576.20
b) Provisions	**15**	648.91	1.81
c) Unspent Grant-in-Aid from GOI	**16**	-	450.00
d) Other Current Liabilities	**16**	189.30	1.32
Total Current Liabilities		**5,938.88**	**76,030.30**
3 Liabilities against assets included in disposal group held for sale	**17**	55,186.85	52,391.48
Total Equity & Liabilities		**1,54,799.13**	**1,60,108.39**

Notes no. 1-71 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 Ashwani Sood & Associates
Chartered Accountants
ICAI Firm Registration No. 005036N

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

Sd/-
(Padam Lal Negi)
Director
DIN 10041387

Sd/-
(Ashwani Sood)
Partner
M.No.084242

Sd/-
(Rajiv Kapoor)
Chief Financial Officer

Sd/-
(Kavita Tanwar)
Company Secretary

Place: New Delhi
Date: 15 May 2024

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in million)

	Particulars	Note No.	Year Ended March 31, 2023	Year Ended March 31, 2022
I	Revenue from Operations		-	-
II	Other Income :			
	Rent from properties held for sale	**18**	1,023.71	838.67
	Other Misc. Income	**18.1**	6,185.37	18,187.99
III	**Total Income (I + II)**		**7,209.08**	**19,026.66**
IV	**Expenses:**			
	Employee Benefit Expenses	**19**	18.27	5.49
	Finance Cost	**20**	14,574.28	30,316.17
	Depreciation & Amortization	**2**	0.02	0.001
	Other Expenses	**21**	3,180.51	194.38
V	**Total Expenses**		**17,773.08**	**30,516.04**
VI	**Profit/ (Loss) before exceptional items and Tax (III-V)**		**(10,564.00)**	**(11,489.38)**
VII	Exceptional Items		**-**	**-**
VIII	**Profit/ (Loss) before Tax (VI-VII)**		**(10,564.00)**	**(11,489.38)**
IX	**Tax Expense**			
	1. Current Tax		-	-
	2. Short/ (Excess) Provision of Tax		-	
	3. Deferred Tax Liability / (asset)		-	-
X	**Profit/ (Loss) for the Year (VIII-IX)**		**(10,564.00)**	**(11,489.38)**
	Profit/(Loss) from the entity included in disposal group held for sale	***21A***	**8,100.04**	**584.62**
	Tax expense of entities included in disposal group held for sale	***21A***	**(2,513.55)**	**(3,239.00)**
	Profit/(Loss) from the entity included in disposal group held for sale (after tax)	***21A***	**5,586.49**	**3,823.62**
	Profit/(Loss) for the year after tax		**(4,977.51)**	**(7,665.76)**
XI	Other Comprehensive Income		**-**	**-**
	Other comprehensive income from discontinued operations	***21A***	**32.72**	**307.84**
	Total Other Comprehensive Income		**32.72**	**307.84**
XII	**Total Comprehensive Income/(loss) for the year**		**(4,944.79)**	**(7,357.92)**
XIII	**Earning per Equity Share of Rs. 10 each**	**39**		
	From continuing operations			
	Basic		(0.17)	(0.66)
	Diluted		(0.17)	(0.66)
	From discontinuing operations			
	Basic		0.09	0.22
	Diluted		0.09	0.22
	From continuing and discontinuing operations			
	Basic		(0.08)	(0.44)
	Diluted		(0.08)	(0.44)

Notes no. 1-71 forming integral part of the Financial Statement

For and on behalf of the Board of Directors

As per our report of even date attached
For Ashwani Sood & Associates
Chartered Accountants
ICAI Firm Registration No. 005036N

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

Sd/-
(Padam Lal Negi)
Director
DIN 10041387

Sd/-
(Ashwani Sood)
Partner
M.No. 084242

Sd/-
(Rajiv Kapoor)
Chief Financial Officer

Sd/-
(Kavita Tanwar)
Company Secretary

Place: New Delhi
Date: 15-May-24

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

(₹ in million)

	Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
A	**Cash Flow From Operating Activities**		
	Net Profit / (Loss) Before tax	(10,564.00)	(11,489.38)
	Adjustments for:		
	Depreciation / Amortisation	0.02	0.001
	Finance Cost	14,574.28	30,316.17
	Interest Income	948.21	1,287.19
	Other adjustments *	(5,071.08)	(914.71)
	Loss/ Gain on Disposal of Assets & Others		
	Operating profit before working capital changes	**8,133.17**	**18,454.31**
	(Increase) / Decrease in Trade Receivables	-	-
	(Increase) / Decrease in Other Current & Non Current Assets	(3,779.03)	(1,41,609.67)
	Increase / (Decrease) in Trade Payables	2.77	(0.19)
	Increase / (Decrease) in other Current & Non current Liability	2,703.95	(380.71)
	Cash Generated from Operations	**7,060.87**	**(1,23,536.26)**
	Income Tax Paid (net of refund)		-
	Net Cash from Operating Activities	**7,060.87**	**(1,23,536.26)**
B	**Cash Flow From Investing Activities**		
	Acquisition of fixed assets	(0.13)	(0.04)
	Sale of fixed assets	-	-
	Receipt of Monetization Proceeds	-	904.85
	Receipt of assets/investment in consideration of financial assistance to AIL (Refer Note 3 & 23.c)	(2,523.07)	1,50,906.41
	Net Cash From Investing Activities	**(2,523.20)**	**1,51,811.22**
C	**Cash Flow From Financing Activities**		
	Proceeds from Borrowings	-	-
	Proceeds from issue of Share Capital	-	6,23,654.00
	Proceeds from Government Budgetary Support	70,000.00	13,780.00
	Interest Income	948.21	1,287.19
	Addition support provided to AI during the FY 2021-22	-	(6,11,780.00)
	Reimbursement of interest/expenses	(14,574.28)	(30,316.17)
	Payment for Reimbursement of interest Debt servicing/expenses	-	(13,780.00)
	Repayment of borrowing	(70,000.00)	-
	Net Cash From Financing Activities	**(13,626.07)**	**(17,154.98)**
	Net (Decrease)/Increase in Cash and Cash Equivalents	**(9,088.40)**	**11,119.98**
	Add: Cash and Cash Equivalents at the beginning of the Year	16,823.19	5,703.21
	Cash and Cash Equivalents at the end of the Year**	**7,734.79**	**16,823.19**

(₹ in million)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Component of Cash and Cash Equivalents		
Cash on hand	Nil	Nil
Balance in Current Account	250.81	40.70
Other Deposit Account	7,483.98	16,782.49
	7,734.79	**16,823.19**

Cash Flow Statement of Entities included in disposal group held for sale (₹ in million)

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

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

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

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

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

Notes no. 1-71 forming integral part of the Financial Statement

As per our report of even date attached
For Ashwani Sood & Associates
Chartered Accountants
ICAI Firm Registration No. 005036N

Sd/-
(Ashwani Sood)
Partner
M.No.084242

Place: New Delhi
Date: 15 May 2024

For and on behalf of the Board of Directors

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

Sd/-
(Padam Lal Negi)
Director
DIN 10041387

Sd/-
(Rajiv Kapoor)
Chief Financial Officer

Sd/-
(Kavita Tanwar)
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

(₹ in million)

A. Equity Share Capital	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the reporting year	6,23,654.50	0.50
Changes in equity share capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	6,23,654.50	0.50
Changes in equity share capital during the year		
Add: Equity Share Capital allotted during the year	-	6,23,654.00
Less: Buybacks	-	-
Balance at the end of reporting year	**6,23,654.50**	**6,23,654.50**

(₹ in million)

Particulars	Other Equity		Total equity attributable to equity Holders of the company
	Reserves and Surplus	Other comprehensive income - Reserve	
	Retained Earnings	Remeasurement of defined benefit plans	
Balance as at March 31, 2022	(5,580.75)	-	(5,580.75)
Effect of Deferred Tax Asset of earlier years	-	-	-
Profit/(loss) for the Year	(4,944.79)	-	(4,944.79)
Other Comprehensive Income/(loss)	-	-	-
Balance as at March 31, 2023	**(10,525.54)**	**-**	**(10,525.54)**
Funds transferred to the then AIL over and above assets/ liabilities received	(6,80,041.32)	-	(6,80,041.32)
Balance as at March 31, 2021	1,777.17	-	1,777.17
Effect of Deferred Tax Asset of earlier years	-	-	-
Profit/(loss) for the Year	(7,357.92)	-	(7,357.92)
Other Comprehensive Income/(loss)	-	-	-
Balance as at March 31, 2022	**(5,580.75)**	**-**	**(5,580.75)**
Funds transferred to the then AIL over and above assets/ liabilities received	**(6,77,518.25)**		**(6,77,518.25)**

Notes no. 1-71 forming integral part of the Financial Statement

As per our report of even date attached
For Ashwani Sood & Associates
Chartered Accountants
ICAI Firm Registration No. 005036N

For and on behalf of the Board of Directors

(Asangba Chuba Ao)
Chairman and Managing Director
DIN 08086220

(Padam Lal Negi)
Director
DIN 10041387

(Ashwani Sood)
Partner
M.No.084242

(Rajiv Kapoor)
Chief Financial Officer

(Kavita Tanwar)
Company Secretary

Place: New Delhi
Date: 15 May 2024

Notes to Consolidated Financial Statements (CFS) for the year ended March 31, 2023 forming part of the Consolidated Ind-AS financial statements of AI Assets Holding Limited for the year ended March 31, 2023

NOTE NO. - 1

A. GROUP INFORMATION / OVERVIEW:

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 was incorporated for the purposes of disinvestment of the Air India Ltd (AI) including of its Subsidiaries, formed with an object to warehouse accumulated identified Loans of AI, identified AI subsidiaries (*not part of Air India strategic disinvestment*), non-core assets painting and artefacts, other non-operational assets of AI, and the funds raised through the sale proceeds from the monetization of these AI assets and the company to raise funds through GOI serviced bonds for repayments of the identified AI loans. The Registered 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 and Ground Handling, Repairs/Maintenance/Overhaul Services of Airframe / Engines, Hotel Services and other related services. The aircraft fleet of the group consists of ATR.

The Consolidated Financial Statements for the year ended 31st March, 2023 have been approved by the Board of Directors of the Holding Company in their meeting held on 15th May 2024.

B. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS:

(i) Basis of Consolidation:

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (collectively referred as "the Group"). Subsidiaries are entities controlled by the Holding Company. The Holding Company controls an entity when it is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. The consolidated financial statements include the financial statements of following subsidiaries:

S. No.	Name of the Subsidiaries*	Country of Incorporation	Proportion of ownership interest
1	AI Airport Services Ltd.	India	100.00%

2	Alliance Air Aviation Ltd	India	100.00%
3	AI Engineering Services Ltd.	India	100.00%
4	Hotel Corporation of India Ltd.	India	80.38%

The consolidated financial statements are prepared using uniform accounting policies consistently for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's standalone financial statements except otherwise stated, When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset.

As per the strategic disinvestment plan, these subsidiaries have been classified as discontinued operations and underlying assets and liabilities of these subsidiaries are included under Assets included in Disposal Group Held for Sale.

(ii) Statement of Compliance:

The Consolidated Financial Statements of the Group for the year ended 31st March 2023 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. As the year-end figures are taken from the source and rounded to the nearest digits, the figures reported for the previous quarters/periods might not always add up to the yearend figures reported in this statement.

(iii) Basis of preparation and presentation:

The consolidated financial statements have been prepared under the historical cost convention, except certain financial assets liabilities & contingent considerations which are measured at fair value or amortized cost at the end of each financial year.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes 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 is determined on such a basis, 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 Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

(iv) 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.

(v) 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.

(vi) Standards issued but not yet effective:

The 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. On March 31st, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022.The effective date for adoption of under mentioned amendments are applicable for annual periods beginning on or after April 1, 2023, although early adoption is permitted. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules 2023, As below: the Group has evaluated the amendment and the impact is not expected to be material.

i. Ind AS 1, Presentation of Financial Statements:

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and the impact of the amendment is insignificant in the Consolidated financial statements.

ii. Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors:

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and there is no impact on its Consolidated financial statements.

iii. Ind AS 12, Income Taxes :

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and there is no impact on its Consolidated financial statements.

(vii) Critical accounting estimates / judgments:

In preparing these consolidated financial statements, management of the Group has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates where necessary are recognized prospectively.

Significant areas of estimation and judgments (as stated in the respective Accounting

Policies) that have the most significant effect on the Financial Statements are as follows:

a) Impairment of Assets

b) Measurement of useful life and residual values of property, plant and equipment and the assessment as to which components of the cost may be capitalized

c) Basis of classification of a Property as Investment Property

d) Basis of classification of Assets held for sale

e) Estimation of Costs of Re-delivery.

f) Recognition of Deferred Tax Assets and Minimum Alternative Tax credit entitlement is determined on the basis of the probability of recovery.

g) Recognition and measurement of defined benefit obligations

h) Judgment required to ascertain lease classification

i) Measurement of Fair Values and Expected Credit Loss (ECL)

j) Judgment is required to ascertain whether it is probable or not that an outflow of resources embodying economic benefits will be required to settle the taxation disputes and legal claim.

k) Fair value measurement of financial Assets and Liabilities.

(viii) Operating Cycle & Classification of Current & Non-Current:

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, **c**urrent liabilities and current assets include the current portion of non-current financial assets /liabilities.

C. SIGNIFICANT ACCOUNTING POLICIES:

I. PROPERTY, PLANT AND EQUIPMENT

a. Initial Recognition and measurement

The cost of an item of property, plant and equipment is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably. An item of Property Plant and Equipment that qualifies for recognition as an asset shall be measured at its cost. The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates. Incidental costs incurred pertaining to the acquisition and bringing the asset to the location and condition necessary for it to be capable of operating in a manner intended by management and interest on loans borrowed where ever applicable, up to the date of putting the concerned asset to its working condition for its intended use. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate component of property, plant and equipment.

b. **Subsequent Recognition and Measurement**

Subsequent costs are included in the asset's carrying amount or recognized as separate assets, as appropriate, only when it is probable that the future economic benefits associated with expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to Statement of Profit and Loss at the time of incurrence.

The Group has adopted Cost Model as per Ind-AS 16 "Property Plant and Equipment" and Property, Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

II. CAPITAL WORK IN PROGRESS

Assets in the course of construction are capitalized in capital work in progress account. At the point when the asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment.

III. DEPRECIATION /AMORTIZATION

a) Depreciation is provided on straight-line method over the useful life of the Property, Plant and Equipment as prescribed in the Schedule II of the Companies Act 2013 (except as otherwise stated), keeping a residual value of 5% of the original cost. Useful lives of Property, Plant & Equipment are reviewed by the management at each year end.

b) In the case where life of the Plant, Property and Equipment has not been prescribed under Schedule II of the Companies Act, 2013 the same have been determined by technically qualified persons and approved by the Board of Directors, keeping a residual value of 5% of the original cost as stated hereunder :

1. Aircraft Rotables are depreciated over the residual average useful life of the related 'aircraft fleet' from the relevant year of purchase.
2. Depreciation on Ground Support Equipment specific to leased ATR aircraft is provided based on the completed aircraft lease months over the total aircraft lease months from the date of use.
3. Major scheduled overhaul costs relating to engine and airframe are identified as separate components are depreciated over the expected lives between major overhauls.
4. Cost incurred on major modifications/refurbishment on modernization/ conversion carried to be depreciated over the useful life.

5. Depreciation is calculated on a pro-rata basis for assets purchased/ sold during the period. However, In the case of AIESL, depreciation on addition to assets provided for the full year of acquisition and no depreciation is provided in the year of disposal.
6. In the case of HCI, kitchen utensils purchased for the first time for a new unit are written off equally in four years. Any additions in the subsequent years are written off in the year of purchase.
7. In the case of HCI, carpets purchased initially for a new unit/major renovation are capitalized as Fixed Assets in the year of purchase and depreciated on the Straight-Line Method as specified in para above. Carpets purchased in the subsequent years are being written off as Soft furnishings in the year of purchase.
8. In the case of HCI, heavy curtains are written off in the year of issue.
9. In the case of AIASL, PPE of small value not exceeding INR 10,000, in each case, are fully provided for in the year of Purchase. The company has changed its capitalization policy for PPE which is an accounting estimate of small value not exceeding INR 10,000, which has NIL financial impact in current financial year.

Depreciation has been charged based on the following useful lives **:**

Particulars of Assets	**Useful Lives**
Office Equipment	5 Years
Ramp Equipment's	15 Years
Furniture & Fixtures	10 years
Vehicle	8 Years
Ground Support Equipment's (ATR)	As per above mentioned policy at II C b (2)
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	03
Workshop equipment's	10
Plant & Machinery	15

c. De-recognition:

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of property, plant and equipment (calculated as the difference between the net disposal proceeds/ fair value and the carrying amount of property, plant and equipment) is included in the Statement of Profit and Loss when property, plant and equipment is derecognized. The carrying amount of any component accounted as a separate component is derecognized, when replaced or when the property, plant and equipment to which the component relates gets derecognized.

d. Physical verification of Assets:

Physical verification of assets is done on a rotational basis so that every asset is verified in every two years. Based on the physical verification report, the discrepancies observed, if any, are reconciled with records and accordingly, accounting action, if any, is taken in the books of accounts.

IV. INTANGIBLE ASSETS

A. Initial Recognition and measurement:

Intangible assets are acquired and recognized only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of assets can be measured reliably.

Intangible assets are recorded at cost of acquisition including incidental costs related to acquisition and installation.

Cost of an intangible asset includes its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and any directly attributable cost of preparing the asset for its intended use.

Intangible assets acquired by the group which have finite useful lives, are recognized at cost. Subsequent measurement is done at cost less accumulated amortization and accumulated impairment losses.

B. Subsequent recognition and measurement

Subsequent costs are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure on intangible assets is recognized in the Statement of Profit and Loss, as incurred.

C. Amortization

Intangible assets which have finite useful lives are amortized on straight- line method over a period of legal right to use as per the contract period.

The amortization period and the amortization method of intangible assets with a finite useful life is reviewed at each financial year end and adjusted prospectively, wherever required.

An intangible asset having an infinite useful life is not amortized as per paragraph 107 of Ind-AS 38, however, these assets are reviewed for impairment periodically by management and the impairment is carried out, if necessary.

The Residual Value of Intangible Asset with Finite Useful Life is considered as zero.

Intangible assets with finite useful life are evaluated for recoverability annually and whenever there is any indication that their carrying amounts may not be recoverable. The excess of carrying amount over its recoverable amount is recognized as an impairment loss.

D. Derecognition:

An Intangible Asset shall be derecognized on disposal; or when no future economic benefits are expected from its use or disposal. Gain or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

V. 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.

VI. 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.

VII. REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Under Ind AS 115, Revenue is recognized upon transfer of control of promised goods or services to customers. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, incentives, amounts collected on behalf of third parties, or other similar items if any as specified in the contracts with the customers.

Revenue from Operation:

a. Passenger, Cargo and Mail Revenue

Passenger, Cargo and Mail Revenue are recognized at initial stage when transportation service is provided on flown basis net of discounts given to the passengers, amount collected on behalf of third parties, applicable taxes and airport levies such as passenger service fee, user development fee, etc., if any.

b. Blocked Space arrangements/Code share

Blocked Space arrangements/Code share revenue/expenditure is recognized on an actual basis, based on uplift data received from the code share partners. Wherever details from code share partners are not available, revenue/ expenditure is booked to the extent of documents/information received, and adjustments, if any, required are carried out at the time of availability of such information.

c. Viability Gap Funding (VGF) and Regional Connectivity Scheme (RCS)

Viability Gap Funding (VGF) and Regional Connectivity Scheme (RCS) are accounted for on the basis of difference between revenue and cost of operations on accrual basis and the same is treated as Operating Income.

d. Repair, Maintenance and Overhaul Services of Aircrafts/Engines

Revenue from maintenance, Repair and Overhaul services (MRO Services) and Line Maintenance (technical handling) of Aircraft Engines and other Aircraft related services are recognized as under.

i. In the case of contract based on Block Hours flown by Aircraft and Aircraft Engines, the revenue is recognized on the basis of actual Block Hours flown.

ii. In case of other contracts for Line Maintenance services, revenue is being recognized based on number of flights handled.

iii. Revenue from the training services is recognized when the training services has been initiated to provide.

e. Ground Handling Services

i. Ground handling services are recognized when the services are provided. Un-billed services at the end of each financial year, based on available data, are estimated and are recognized as revenue.

ii. In revenue arrangements with multiple performance obligations, the Company accounts for individual services separately if they are distinct – i.e. if a service is separately identifiable from other items in the arrangement and if a customer can benefit from it. The consideration is allocated between separate services in the arrangement based on their stand- alone selling prices.

f. Sale of rooms, food and beverages and allied services relating to hotels operations:

i. Rooms, Food and Beverage & Banquets: Revenue is recognized at the transaction price that is allocated to the performance obligation. Revenue includes room revenue, food and beverage sale and banquet services which is recognized once the rooms are occupied, food and beverages are sold and banquet services have been provided as per the contract with the customer. Credit notes received from vendors are recognized on acceptance of claim/ receipt of credit note.

ii. Space and shop rentals: Rentals basically consist of rental revenue earned from letting of spaces for retails and office at the properties. Theses contacts for rentals are generally of short terms in nature. Revenue is recognized in the period in which services are being rendered.

iii. Other allied services: In relation to laundry income, communication income, health, club income and other allied services, the revenue has been recognized by reference to the time of service rendered. Gain or loss arising out of sale/scrap of PPE over the net depreciated value is taken to Statement of Profit & Loss as Non-Operating Revenue or Expenses.

g. Other Revenue:

i.) Income from Interest is recognized using the effective interest method on a time proportion basis. Income from Rentals is recognized on a time proportion basis.

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

iii.) Warranty claims/credit notes received from vendors are recognized on acceptance of claim/receipt of credit note.

iv.) 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.

v.) Other Operating Revenue is recognized when goods are delivered or services are rendered.

vi.) 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.

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

viii.) 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.

ix.) 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.

x.) 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.

VIII. 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.

a. As 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:

- The contact involves the use of an identified asset, and;
- The Group has substantially all of the economic benefits from use of the asset through the period of the lease, and;
- The Group has the right to direct the use of the asset.

In case of 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 any an insignificant penalty, and it recognizes the lease payment as an operating expenses on a straight-line basis over the term of the lease.

b. As a Lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease, transfers substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the ROU asset arising from the head lease. For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

c. Right of Use Assets :

a) Initial Recognition and Measurement:

At the commencement date, the rights of use assets (ROU Assets) are measured at cost. The cost includes an amount equal to the lease liabilities, any lease payments made before commencement date, any Indirect cost, an estimate of cost to be incurred in respect of Re-delivery obligations, less any incentives received from the equipment manufacturer in the terms of lease.

b) Subsequent Measurement:

After the commencement date, the ROU Assets are measured in accordance with the accounting policy for Property, Plant and Equipment, i.e., ROU are measured at cost, less accumulated depreciation and accumulated impairment losses. ROU Assets are also correspondingly adjusted to reflect any re-measurement impact in the lease liabilities on account of lease modifications. ROU Assets will be subject to impairment as per Policy stated.

d. Lease Liabilities:

a) Initial Recognition and Measurement:

At the commencement date the company measures lease liabilities at the present value of lease payments that are not paid at that date. The lease liability includes Lease Rentals, Payment of Penalties for termination of lease if lease term reflects the company exercising the option to terminate and less, any incentives receivable.

The lease payments are discounted using interest rate implicit in the lease, if that are readily determined. If that rate cannot be readily determined, the company uses incremental borrowing rate.

Incremental Borrowing Rate is the rate of interest that the company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU Assets in a similar economic environment.

b) Subsequent Measurement:

After the commencement date the amount of lease liabilities is increased to reflect the accretion of interest and reduced by the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is lease modification, including lease modification in the lease term, lease payment or assessment of an option to purchase the underlying asset. The lease liabilities are re-measured by discounting the revised lease payments using revised discount rate at the effective date of modification.

e. 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.

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.

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.

Provision for Re-delivery

The group has in its fleet, aircrafts on lease. As contractually agreed under the lease contracts, the aircrafts have to be redelivered to the lessors at the end of the lease term under stipulated contractual return conditions. At inception of the lease, the redelivery obligations are determined by management based on historical trends and data, and are capitalized to the Right of Use Asset at the present value of expected outflow, where effect of the time value of money is material and credited to Provision for Re-delivery under liabilities.

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.

IX. INVENTORIES:

a. Inventory primarily consist of :

i. Stores and spares and loose tools (other than those which meet the criteria of property, plant and equipment).

ii. Expendable / consumables are charged off in case of initial issue, except issued for capital works which are expensed off when the work order is closed on the completion of repair work.

iii. Soft furnishing (linen), cutlery / crockery and stores and spares used in the hotel operation. Cost of these inventories comprise all costs of purchase after deducting non-refundable rebates and discounts and all other costs incurred in bringing the inventories to their present location and condition and is determined on weighted average basis.

b. Valuation of Inventories:

i. Inventories are valued at lower of cost and Net Realizable Value (‘NRV’). NRV for Stores and spares, loose tools used in rendering of services are not written down below cost except in cases where the price of such materials have declined and it is estimated that the cost of rendering of services will exceed their selling price.

ii. Cost of inventories comprise all costs of purchase after deducting non-refundable rebates and discounts and all other costs incurred in bringing the inventories to their present location and condition and is determined on weighted average basis.

iii. At the year end, Freight Duty & Insurance is expensed off on the basis of the ratio of closing inventory to Consumption of Inventory during the year. Unallocated custom duty paid on aircraft spares is shown under Inventory.

iv. In the case of Hotel Business, the valuation of inventory of regular consumed inventory is derived as 50% cost lower of the closing inventory at year end.

v. Soft furnishing (linen) and stores and spares (cutlery / crockery) are being valued at lower of cost or NRV and written off to the statement of Profit and loss as and when issued for consumption.

c. Diminution in value of inventories

1.) Obsolescence provision for aircraft stores and spare parts:

i. Provision is made for the non-moving inventory exceeding a period of five years (net realizable value of 5%) except for (ii) & (iii) below and netted off from the value of inventory.

ii. Inventory of Aircraft Fleet which has been phased out, is shown at estimated realizable value unless the same can be used in other Aircraft.

iii. Provision in respect of inventories exclusively relating to aircraft on dry / wet lease, is made on the basis of the completed lease period compared to the total lease period as at the year-end.

2.) Full Obsolescence Provision for non-aircraft stores and spares is made for non-moving inventory exceeding a period of five years.

3.) Spares retrieved from the cannibalization of the scrapped aircraft are accounted for at Rupee One.

X. BORROWING COST

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

b. Borrowing cost that are directly attributable to acquisition, construction of qualifying assets including capital work–in-progress, if any, are capitalized, as part of the cost of assets, up to the date for its intended use or sale.

c. A qualifying assets is one that necessarily takes substantial period of time to get ready for intended use.

d. In the case of subsidiary – Alliance Air Aviation Limited, interest accrued on borrowed funds or other temporary borrowings in anticipation of the receipt of long term borrowings that are used for acquisition of qualifying assets exceeding the value of Rs.10.00 million is capitalized at the weighted average borrowing rate on loans outstanding at the time of acquisition.

e. Other borrowing costs are recognized as an expense in the period in which they are incurred. Borrowing cost includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

XI. IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses at each Balance Sheet date whether there is any indication that carrying amount of its non- financial asset has been impaired. If any such indication exists, the provision for impairment is made in accordance with Ind AS-36 by estimating the “recoverable Amount” of the asset.

Impairment Testing:

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Recognition of Impairment Loss:

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the Statement of Profit and Loss.

Reversal of Impairment Loss:

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss for an asset shall be recognized immediately to statement of profit and loss.

XII. GOVERNMENT GRANTS:

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Government grants recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses, the related costs for which the grants are intended to compensate. Government grants that become receivable as compensation for expenses or losses incurred in a previous period are recognized in profit or loss of the period in which it becomes receivable. Government grants related to assets are presented in the balance sheet as deferred income and are recognized in profit or loss on a systematic basis over the expected useful life of the related assets.

XIII. EMPLOYEE BENEFIT:

i. Short-term employee benefits :

Employee benefit liabilities such as salaries, wages and bonus, etc. that are expected to be settled wholly within twelve months after the end of the reporting period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at an undiscounted amount expected to be paid when the liabilities are settled.

ii. Post-employment benefit :

The Retirement Benefits to the employees comprise of Defined Contribution Plans and Defined Benefit Plans.

a) **Defined Contribution Plan** is a post employee benefit plan under which an entity pays fixed contribution into separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Obligations for contributions to defined contribution plans are recognized as an Employee Benefit Expense in statement of profit and loss in the period during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

b) **Defined Benefit Plan is a benefit plan other than defined contribution plan.**

The subsidiaries liability towards Gratuity and provident fund scheme to the extent of interest liability on provident fund contribution are in the nature of defined benefit plan.

The subsidiaries pays fixed contribution to the provident fund at predetermined rate to a separate trust, which invests the fund in permitted securities. The contributions to the fund for the year are recognized as expense and are charged to statement of profit and loss. The obligation of the subsidiaries is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by Government of India.

The subsidiaries had an obligations towards Gratuity. The plan provides for a lumpsum payment to vested employee at the time of retirement, death while in employment or on termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Gratuity plan of the subsidiaries is unfunded.

c) **Other Long-Term Employee Benefits:**

Benefits in the form of Leave Encashment are accounted as other long-term employee benefits. The subsidiaries net obligation in respect of Leave Encashment is the amount of benefit to be settled in future, that employees have earned in return for their service in the current and previous years. The benefit is discounted to determine its present value. The obligation is measured on the basis of an actuarial valuation using the projected unit credit method. Re-measurements are recognized in Statement of Profit and Loss in the period in which they arise.

XIV. TAX ON INCOME :

Current income tax

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

Deferred Tax

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

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

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

Minimum alternate tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group 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 Group 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.

XV. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

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

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

iii. 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 Group. A contingent asset is disclosed, when an inflow of economic benefits is probable.

iv. **Changes in Provision:**

Provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. When discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized as Finance Cost.

v. **Onerous contracts**

In the case of AIESL, An onerous contract is considered to exist where the company has a contract under which the unavoidable cost of meeting the obligations under the contract exceeds the economic benefits expected to be received from the contract. Present obligation arising under onerous contracts are recognized and measured as provisions.

XVI. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

XVII. EARNINGS PER SHARE

Basic earnings per equity share are computed by dividing the net profit/(loss) 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/(loss) after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares during the year.

XVIII. 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 Group classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through Statement of Profit and Loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

(ii) Initial recognition and measurement

All financial assets are recognized initially at fair value, plus, in the case of financial assets not recorded at fair value through Statement of Profit and Loss, transaction costs that are directly attributable to the acquisition of the financial asset should be recognized.

(iii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in below categories:

- **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.

- **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 Group 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.

- **Financial assets at fair value through Statement of Profit and Loss**

  A financial asset comprising derivatives which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) Derecognition

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial assets. Any gain or loss on derecognition is recognized in the statement of profit & loss.

(v) Impairment of other financial assets

The Group assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss on the financial assets that are trade receivables or contract revenue receivables and all lease receivables etc.

For all other financial assets, expected credit losses are measured at an amount equal to the 12- month ECL, unless there has been a significant increase in credit risk from initial recognition, in which case those financial assets are measured at lifetime ECL. The changes (incremental or reversal) in loss allowances computed using ECL model, are recognized as in impairment gain or loss in the Statement of Profit & Loss.

(vi) Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group 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 Group's procedures for recovery of amount 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 Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

(ii) Classification

The Group classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through Statement of Profit and Loss. Such liabilities, including derivatives shall be subsequently measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit & loss. A financial liability is classified as FVTPL if it is classified as held-for-trading, or it is a derivative or it is designed as such on initial recognition.

(iii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below.

- **Financial liabilities at amortized cost**

  After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process.

  Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statementof Profit and Loss.

- **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 Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

  Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

(iv) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. The company also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in the Statement of Profit & Loss.

(v) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to sell on a net basis, to realize the assets and sell the liabilities simultaneously

XIX. CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cashflows from operating, investing and financing activities of the Group are segregated based on the available information

XX. 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 Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities at the end of each reporting period.

Notes to Consolidated Financial Statements for the year ended March 31, 2023

NOTE 2: PROPERTY, PLANT & EQUIPMENT

(₹ in million)

Particulars	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	As at April 01, 2022	Additions	Other Adjustments	Disposals / Adjustments	As at March 31, 2023	As at April 01, 2022	For the year	Deductions/ Adjustments	Total Upto March 31, 2023	As at March 31, 2023	As at March 31, 2022
TANGIBLE ASSETS :											
a) Office Equipment	0.04	-	-	-	0.04	0.001	0.01	-	0.01	**0.03**	0.04
b) Computer & Printers	-	0.02			0.02	-	0.00		-	**0.02**	
c) Furniture & Fixture	-	0.11			0.11	-	0.01		0.01	**0.10**	
TOTAL FOR TANGIBLE ASSETS	**0.04**	**0.13**	**-**	**-**	**0.17**	**0.001**	**0.02**	**-**	**0.02**	**0.15**	**0.04**
PREVIOUS YEAR	**-**	**0.04**	**-**	**-**	**0.04**	**-**	**0.001**	**-**	**0.001**	**-**	**0.04**

NOTE 3: RECOVERABLE FROM AIR INDIA LIMITED

(₹ in million)

Sl. No.	Particulars	Non - Current		Current	
		As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
A	**FUNDS TRANSFERRED TO THE THEN AIL**				
	Opening Fund transferred to the then AIL over and above assets/liabilities received	**6,77,518.25**			
i	NCDs proceeds (including ₹ 790 million monetization proceeds) transferred by the company in the FY 2019-20 to the then AIL towards repayment of identified Loans (Refer Note No. 23.b.I)	-	2,20,640.00	-	-
ii	Add:- Additional support provided to AI during the FY 2021-22 (Refer Note No. 23.b.II)	-	6,11,780.00		
iii	Less:- Fund unspent refunded by the then AIL in the FY 2021-22 (Refer Note No. 23.b.II)	-	470.42		
	Net Fund Transferred to the then AIL {excluding Government grants as referred in Note No. 24} (A)	**6,77,518.25**	**8,31,949.58**	**-**	**-**
B	**ASSETS/MONETIZATION PROCEEDS/ LIABILITY TRANSFERRED BYTHE THEN AIL TO THE COMPANY**				
i	Monetization Proceeds (Net) from sale of Identified Properties (Refer Note No. 23.c.I)	-	3,995.34	-	-
ii	Investment into four Subsidiaries from the than AIL to the AIAHL (Refer Note No. 23.c.II)	-	8,179.41		

Sl. No.	Particulars	Non - Current		Current	
		As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
iii	Recoverable outstanding with Subsidiaries of the then AIL transferred to the Company (Refer Note No. 23.c.II)	-	49,839.76	-	-
iv	Immovable properties transferred to the company (Refer Note No. 23.c.III)	-	76,039.28	-	-
	Less:-Adv. Received from AIL against sale of immovable properties transferred to the company (Refer Note No. 25.ii)	-	(385.76)		
v	Movable Assets (workshop equipment, Plant & Machinery, Ground Handling, Ramp Equipment, Furniture & Fixture, Electrical Fittings and Office Appliances) inclusive of GST (Refer Note No. 23.c.III)	-	1,494.48	-	-
vi	Recoverable of Garnishment of Fund by IATA in Devas Case (Refer Note No. 23.c.IV)	-	1,322.93	-	-
vii	Recoverable from DRDO by the then AIL transferred to the Company (Refer Note No. 23.c.V)	41.70	2,657.43	-	-
viii	Prepayment charges paid on NCDs of ₹74000million of the then AIL (pending novation in the name of the Company) (Refer Note No. 23.c.VI)	-	8,918.68	-	-
ix	Sale proceeds of investment in shares of Air Mauritius transferred to the Company.	-	45.61	-	-
x	Advance paid by the then AIL to MADC for MRO Nagpur Land (Refer Note No. 23.c.VII)	-	114.00	-	-
xi	Amount withheld against PSS (AMADEUS) implementation fees as on 31-12-2021 (Refer Note No. 23.c.VIII)	-	309.61	-	-
xii	Amount withheld against Provision for 6 aircraft maint.. Given short in flying condition ($40 Million) (Refer Note No. 23.c.IX)	(2,564.77)	3,000.00	-	-
xiii	Scrap proceeds recoverable from AI	-	0.09	-	-
xiv	Monetization proceeds Samata Nagar Property payable (Refer Note No. 23.c.X)	-	(50.28)	-	-
xv	Advance Nerul HSG Project Payable (Refer Note No. 23.c.XI)	-	(415.33)	-	-
xvi	CIDCO Expense Payable (Refer Note No. 23.c.XII)	-	(376.62)	-	-
xvii	Profit on Sale of 13 Properties after disinvestment of the then AIL	-	(257.30)	-	-
	Value of assets/liabilities transferred by the then AIL (B)	**(2,523.07)**	**1,54,431.33**		

Sl. No.	Particulars	Non - Current		Current	
		As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
	Fund transferred to the then AIL over and above assets/liabilities received has been grouped under the "Other Equity" (A-B)#	**6,80,041.32**	**6,77,518.25**	-	-
C	Air India Limited Reconciliation A/c (Refer Note No - 45)	-	-	2,720.85	7,244.48
	Net Recoverable from Air India Limited	**-**	**-**	**2,720.85**	**7,244.48**

The above data are based on the information provided by the then AIL to the company and the excess amount transferred by the company over the assets/liabilities received amounting to ₹ 6,80,041.32 million has been grouped under the "other equity". However, the company has not accepted asset/liability transferred to the company as mentioned below in note no. 23.c.III (i.e. cost of one flat located at 6B, Shriram Apartments, Middleton Street, Kolkata for ₹10.09 million and corresponding sale consideration as advance of ₹ 20.15 million and adjustment of ₹ 955.91 million interest prior to 1st October 2018 adjusted by AIL in its RFATR A/c). Hence there will a difference to that extent in Air India Recoverable A/c in the books of the company and signed RFATR A/c).

The company has reminded AIL vide emails, latest dated 20 Oct 2022 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, for which details/ information is yet to be provided. Further, AIL has not provided the breakup of the above balance amount and the details of current assets equal to current liabilities etc.

Further, as per Note 23.b.II, total amount of ₹6,11,309.58 million transferred by the Company to the then AIL during the FY 2021-22 and utilization thereof by the then AIL are based on the information/documents provided by the management of the AIL.

NOTE 4: OTHER FINANCIAL ASSETS

(₹ in million)

Particulars	Non-Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Security Deposits#	-	-	0.01	0.01
Interest Accrued but not due on FDs	-	3.04	136.16	50.35
Other-Imprest Advance	-	-	0.08	-
Prepaid Expenses (Refer Note No - 24.ii)	-	-	415.56	391.18
Accrued Rental Income	-	-	98.88	1.56
Advance Paid to MADC for MRO Nagpur Land (Refer Note No 23.c.VII)	114.00	114.00	-	-
Grant-in-aid recoverable from GoI (Refer Note No 24.iv) *	-	-	447.44	-
Other Recoverable	-	-	1.23	-
Total	**114.00**	**117.04**	**1,099.36**	**443.10**

Security Deposit is with NSDL for 2 year Annual Custody Fees (A.C.F.)

* Mainly on account of medical claim from AIL.

NOTE 5: INCOME TAX ASSETS (Net)

(₹ in million)

Particulars	Non - Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022

Tax Deducted at source	-	-	242.54	127.99
Advance Self Assessment Tax	-	-	-	26.00
Less: Provision for Tax	-	-	-	-
Income Tax Refund	-	-	18.46	125.41
Total		**-**	**261.00**	**279.40**

NOTE 6: OTHER CURRENT ASSETS

(₹ in million)

Particulars	Non - Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
GST ITC Balance	-	-	263.28	234.67
Other	-	-	0.26	-
Total	**-**	**-**	**263.54**	**234.67**

NOTE 7: CASH AND CASH EQUIVALENTS

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Cash and Cash Equivalents		
Cash on hand	-	-
Balance with Bank :		
Current Account	250.81	40.70
Fixed Deposits less than 3 months*	7,483.98	16,782.49
Total	**7,734.79**	**16,823.19**

* The fixed deposits with banks can be withdrawn by the Holding 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, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Fixed Deposit against Margin Money for Alliance Air Aviation Ltd.'s SBLC/BG (Refer Note No - 22.II)	2,282.00	2,079.26	-	-
Other Fixed Deposits**	-	-	2,100.00	437.03
Total	**2,282.00**	**2,079.26**	**2,100.00**	**437.03**

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

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022

1. Properties		
a) Movable Properties (Refer Note No 25.vii and 23.c.III)	1,255.26	1,268.00
b) Immovable Properties # (net of impairment and advances) (Refer Note No 25. i to vi, 23.c.III & 43)	75,695.52	76,014.25
Others *:		
Non-current Assets		
Property, Plant & Equipment	8,912.57	9,445.20
Right of use asset	20,427.06	19,900.65
Capital work in Progress	1,139.33	1,143.49
Intangible Assets under development	2.15	-
Intangible Assets	82.00	25.80
Financial Assets:		
a) Loans		
b) Others	2,340.33	860.14
c) Trade Receivables		
Income Tax Assets (Net)	1,100.47	837.84
Deferred Tax Assets (net)	2,516.76	4,287.28
Other Non Current Assets	6,144.85	4,472.08
Total of Non-Current Assets	**42,665.52**	**40,972.48**
Current Assets		
Inventories	480.44	1,039.78
Financial Assets:		
a) Trade Receivables	9,752.89	7,275.29
b) Cash and Cash Equivalents	1,076.20	3,543.13
c) Bank Balance other than (b) above	4,469.46	1,010.35
d) Loans		
e) Others	287.05	146.79
Income Tax Assets	935.66	1,137.44
Unreconciled recoverable of subsidiary	-	1.34
Other Current Assets	1,605.44	41.33
Total of Current Assets	**18,607.14**	**14,195.45**
Grand Total of Assets	**1,38,223.44**	**1,32,450.18**

* The above figures include assets of AAAL, AIESL and HCI amount to ` 54,299.38 million. The net worth of these companies has been eroded completely. However, the management expects improvement in performance of these companies. In the absence of determination of fair value , the same is carried at cost.

The assets of subsidiaries are on carrying value as these subsidiaries are under the process of disinvestment, hence to maintain the confidentiality in the valuation of the subsidiaries in the disposal group held for sale, the same has been maintained at book value and not a fair value as the same may impact/vitiate the bid value likely to be received for the subsidiaries.

 # 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, 2023	As at March 31, 2022
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	08 Flats at Asiad Village Complex, New Delhi	15.08	128.34
5	08 Flats, Jharneshwar Housing Complex, TT Nagar, Bhopal(70.05 Sq.M Each Flat)	0.00	0.00
6	12 Flats at Sardar Colony, Jamnagar	0.00	0.00
7	12 Residential Apts., 13 Mullen Street, Ballygunge, Kolkata	164.69	164.69
8	13 Flats, Aquarious-Taurus, CHSL Maurya Rd., Mumbai (W)	-	7.38
9	13 Residential Apts., Sohini Apts. 18/2A – 1 Ddai Shankar Sarani, Golf Greens, Kolkata	2.53	2.53
10	14 Exec. Flats, Pali Hill Bandra, Mumbai	294.00	294.00
11	20 Residential Exec. Flats, JVPD- Vile Parle, Mumbai	0.00	0.00
12	60 Flats at Samta Nagar, Kandivali (E) Mumbai	198.95	198.95
13	A1B, Plot No.235, CSKO, 1909 of Fort Division, Nariman Point, Mumbai	5,620.94	5,620.94
14	AI Housing Colony, Vasant Vihar, New Delhi	51,399.85	51,399.85
15	AI Plot of Land at Baba Kharak Singh Marg, New Delhi	4,770.66	4,770.66
16	Air India Hqrs., Airlines House, 113, Gurudwara	468.59	468.59
17	Airlines House, 39, C.R. Avenue, Kolkata	95.14	95.14
18	Airlines House, CBO, Hat Hill, Lal Baug, Mangalore(Built Up Area – 1219.94 Sqm.)	92.78	92.78
19	Booking Office, Museum Rd., Vellayambalam, Thiruvanantpuram(Built Up Area –2190.33 Sqm.)	-	0.00
20	Bungalow Plot No. ASL-56 Survey No. 925 in Ashwin L at New Nashik.	0.00	0.00
21	CBO,10/59 Bhadbhada Road, TT Nagar, Bhopal[617.94 Sqm. (388.66 Sqm. GF & 229.28 Sqm.– Mezzanine Floor)]	0.00	0.00

₹ in million

Sl. No.	Particulars	As at March 31, 2023	As at March 31, 2022
22	CBO, 169/152, Yadunath Marg,Varanasi,(Built Up Area – 769.00 Sqm.)	0.00	0.00
23	CBO, Civil Lines, Nagpur	-	146.79
24	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)]	0.00	0.00
25	CBO, Durbar Hall Road, Cochin and Collis Estate, MG Road, Cochin(Built Up Area – 812.00 Sqm.)	0.00	0.00
26	CBO, Plot No.8 Type VII/2.7 Area Unit I in the New Capital Area, Bhubaneswar	0.00	0.00
27	CBO, Sector-34A, Chandigarh[1881.13 Sqm. (Basement+GF+04 Floors)]	0.00	0.00
28	CBO, Sy No – 2309/5, Aberdeen Village, Tagore Road, Port Blair	0.00	0.00
29	City Booking Office, Mascot Junction, Thiruanantpuram	38.25	38.25
30	Commercial Land at Ganeshguri,Guwahati	2.77	2.77
31	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
32	Commercial Land at Rail Head Complex, Rakh Bahu, Residency Rd., Jammu	0.00	0.00
33	Commercial Land for Booking Office at Jamnagar	-	0.00
34	Commercial Office at Slough Mathisen Way, Colnbrook, London	410.95	410.95
35	Commercial Space for CBO, IInd Floor, Dr. B.R. Ambedkar Market Complex, Hill Curt Road, Dist. Darjeeling (WB), Bagdogra (Siliguri)	0.44	0.44
36	Flat-102, Diana Apt, Mangalore	-	2.69
37	Flat No.31/1, Dr. M.G. Ramchandran Road, Besant Nagar, Chennai	5.18	5.18
38	Flat S1, Madhuvan Apt. Mangalore	-	0.53

₹ in million

Sl. No.	Particulars	As at March 31, 2023	As at March 31, 2022
39	Indian Airline Housing Colony & Sports Stadium, Meenambakkam, Chennai (Built Up Area – 38418.00 Sqm.)	1,336.74	1,336.74
40	Land at Nerul Purchased From CIDCO (NB)	24.58	24.58
41	Land & Bldg. at AI Unity Complex, Chennai(Built Up Area – 10185.00 Sqm.)	129.10	129.10
42	Land & Building for Booking Office, Airlines House, Ganga Jalia Talav,Bhavnagar – 364001	0.00	0.00
43	Land & Building for Booking Office,Airlines House, Lal Darwaja, Ahmedabad.	0.00	0.00
44	Land & Building for Booking Office, Airlines House, Station Road,Near SBI, Bhuj.	-	16.81
45	Land For Aircraft Maint Base Trivandrum	282.60	282.60

₹ in million

Sl. No.	Particulars	As at March 31, 2023	As at March 31, 2022
46	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
47	Land for Booking Office,T.P. Scheme No.9, Plot No.1, Vadodara	0.00	0.00
48	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
49	Land for Housing Colony at Gangamuthanahalli, Bengaluru.	43.58	43.58
50	Land for Housing Colony at NCC Nagar, Thiruvananthapuram	12.86	12.86
51	Land for Staff Quarters at Sardar Nagar, Site No.1 Vibhag-1, Hansol, Near Indira Bridge, Ahmedabad	0.00	0.00
52	Land for Staff Quarters, No.1 to 11, Moti Magri Scheme, Udaipur. (Built Up Area – 253.62 Sqm. (02 Flats)	0.00	0.00

Sl. No.	Particulars	As at March 31, 2023	As at March 31, 2022
53	Manager's Residence, House No.24, Mugumo Rd., Lavington, Nairobi	28.78	28.78
54	New Operation Building Kolkata	124.00	124.00
	Other Structure & Buildings	3,161.22	3,192.49
55	Residential Complex, Central Training Establishment	2,262.40	2,262.40
56	Residential Land at 26/607, Maharani Laxmi Bai Road, Gwalior Area 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
57	Residential Land at Malviya Nagar Scheme B-Block Railway Station Road, Jaipur	0.00	0.00
58	Residential Land at Sector-3, Trikuta Nagar, Jammu	0.00	0.00
59	Residential Land for, E Type Staff Quarters, Unit VIII in the New Capital Area, Bhubaneswar	0.00	0.00
60	Residential Plot for Staff Quarters at Khaikhali, Kolkata	100.90	100.90
61	Residential Plot No.24, Sector 27, CIDCO, Nerul, Navi Mumbai	4,558.46	4,558.46
62	Residential Plot No-43, 44 78 & 79, Village Nana Mava Rajkot	0.00	0.00
63	Share in Krupanidhi Bldg., Mumbai.	0.00	0.00
64	Space for CBO, Nehru Place Commercial Complex, Tonk Road, Jaipur	0.00	0.00
65	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)	0.00	0.00
66	Vacant Residential Land at Dag No. 487, Village Borjhar, Mouza - Kakhin Rani Under Palasbari Circle, Guwahati (Assam)	0.00	0.00
	Total	**75,720.56**	**76,039.29**
	Less: Impairment	25.03	25.03
	Total Net of Impairment	**75,695.52**	**76,014.26**

NOTE 10: EQUITY SHARE CAPITAL

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number in Million	₹ in million	Number in Million	₹ in million
Authorised Capital				
Equity Shares of ₹ 10/- each	70,000.00	7,00,000.00	70,000.00	7,00,000.00
Issued, Subscribed and Fully Paid up Capital				
Equity Shares of 10/- each	62,365.45	6,23,654.50	62,365.45	6,23,654.50
	62,365.45	**6,23,654.50**	**62,365.45**	**6,23,654.50**

Details of Shareholding in excess of 5%

Name of Shareholder	As at March 31, 2023		As at March 31, 2022	
	Number of shares held	%	Number of shares held	%
Min. of Civil Aviation Representatives, Govt. of India, on behalf of the President of India	62,365.45	100%	62,365.45	100%

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

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number in Million	₹ in million	Number in Million	₹ in million
At the beginning of the year	62,365.45	6,23,654.50	0.05	0.50
Issued during the Year	-	-	62,365.40	6,23,654.00
Outstanding at the end of the year	**62,365.45**	**6,23,654.50**	**62,365.45**	**6,23,654.50**

The Holding Company has issued only one class of shares referred to as equity shares having a par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the holding 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.

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 holding company from incorporation date i.e. January 22, 2018 to the date of Balance Sheet.

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).

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 March 31, 2023		As at March 31, 2022	
	Number of shares held	%	Number of shares held	%
Min. of Civil Aviation Representatives, Govt. of India, on behalf of the President of India	62,365.45	100%	62,365.45	100%

* There has been no change in the promoter holding during the year. The Company has only one class of equity shares (Refer note 10).

NOTE 11: OTHER EQUITY

₹ in million ₹ in million

Particulars	As at March 31, 2023		As at March 31, 2022	
Surplus in Profit and Loss Account:				
Balance as per last Balance Sheet		(64,299.64)		1,777.17
Loss of subsidiaries till the date of transfer of control to the Company		-		(57,514.52)
Non-Controlling Interest		(134.52)		(1,204.37)
Difference made in opening balance due to restated balance sheet of AIESL and AIASL (other Equity)		(545.35)		
		(64,979.51)		**(56,941.72)**
Profit/ Loss for the period		(4,810.27)		(7,357.92)
Less:				
Transfer to General Reserve				-
Add: Prior Period Adjustments		-		-
Less: Prior Period Adjustments		-		-
Total Reserves & Surplus		**(69,789.78)**		**(64,299.64)**

Note:

Other equity includes share of non controlling interest of HCI for amounting to ₹ 1,608.88 million and after adjustment of paid up share capital net amount is ₹ 1,338.88 million.

Retained Earnings :

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

NOTE 12: BORROWINGS

(Refer Note No - 22.III) **(₹ in million)**

Particulars	Non - Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
6.99% Debentures Series I-Tenure 3 Yrs 3 months-GOI fully serviced*	-	-	-	70,000.00
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	-	-

Particulars	₹ in million As at March 31, 2023		₹ in million As at March 31, 2022	
Total	**1,49,850.00**	**1,49,850.00**	**-**	**70,000.00**

Note: 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.
*Series I, 6.99% Debentures has been repaid on December 16, 2022.

NOTE 13: OTHER FINANCIAL LIABILITIES

(₹ in million)

Particulars	Non - Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Interest Accrued on Bonds but not due for payment	-	-	4,998.04	5,185.72
Deposit transferred - JDC arrears against housing colonies*	-	-	97.50	390.48
Others (including EMD)			1.39	-
Total	**-**	**-**	**5,096.93**	**5,576.20**

* The then AIL has transferred deposits of JDC arrears of the employees to the holding company which will be payable when the employees will vacate the housing colonies (properties have been transferred to the holding company)

NOTE 14: TRADE PAYABLES

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade Payables		
- Micro Small and Medium Enterprises	-	-
- Other Payables	3.74	0.97
Total	**3.74**	**0.97**

NOTE 14.1: AGEING OF TRADE PAYABLES

(₹ in million)

AS AT MARCH 31, 2023

Particulars	Unbilled	Outstanding for following periods				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed dues (MSME)	-	-	-	-	-	-
(i) Undisputed dues (Others)	-	3.72	-	0.02	-	**3.74**
(iii) Disputed dues (MSME)	-	-	-	-	-	-
(iv) Disputed dues (Others)	-	-	-	-	-	-
Total	**-**	**3.72**	**-**	**0.02**	**-**	**3.74**

AS AT MARCH 31, 2022 **(₹ 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 (MSMEs)	-	-	-	-	-	-
(i) Undisputed dues (Others)	-	0.93	0.04	-	-	**0.97**
(iii) Disputed dues (MSMEs)	-	-	-	-	-	-
(iv) Disputed dues (Others)	-	-	-	-	-	-
Total	**-**	**0.93**	**0.04**	**-**	**-**	**0.97**

NOTE 15: PROVISIONS

(₹ in million)

Particulars	Non - Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Provision for Tax	-	-	-	-
Provision for Expenses	-	-	648.91	1.81
Total	**-**	**-**	**648.91**	**1.81**

NOTE 16: OTHER CURRENT LIABILITIES

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
A. Unspent Grant		
Grant-in-Aid for CGHS	-	400.00
Grant-in-Aid for NHA	-	50.00
Total A (Refer Note no. 24.i & ii)	**-**	**450.00**
B. Other Current Liabilities		
Salary Payable	-	1.06
Statutory Dues	189.26	0.16
Other	0.04	0.10
Total B	**189.30**	**1.32**
Total (A+B)	**189.30**	**451.32**

NOTE 17: LIABILITIES INCLUDED DISPOSAL GROUP HELD FOR SALE *

(TRANSFERRED BY THE THEN AIL):-

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Non Current Liabilities		
a) Lease Liability	21,789.97	20205.86
b) Other Financial Liabilities	72.64	64.51
c) Provisions	7,354.99	10015.51
d) Other Non Current Liabilities	-	0.00
Total Non Current Liabilities	**29,217.60**	**30285.88**
Current Liabilities		
a) Borrowings	-	-

b) Lease Liability	3,875.14	2794.79
c) Financial Liabilities		
i) Trade Payables**	13,860.45	13640.97
ii) Other Financial Liabilities	2,549.88	1677.25
d) Other Current Liabilities	2,230.21	805.45
e) Provisions	2,472.35	1959.15
Total Current Liabilities	**24,988.03**	**20877.61**
Sub-Total-A (Non Current & Current Liabilities)	**54,205.63**	**51,163.49**
Liabilities against Assets included in Disposal Group Held for Sale		
Advance Received against sale of Properties (Refer Note No - 25.ii)	138.98	385.76
Advance CIDCO Nerul HSG Project (Refer Note No 23.c.XI)	415.33	415.33
Expense Payable - CIDCO Nerul Properties (Refer Note No 23.c.XII)	376.62	376.62
Monetization Proceeds Samata Nagar Property (Refer Note No 23.c.X)	50.29	50.28
Sub-Total-B	**981.22**	**1,227.99**
Grand Total-A+B	**55,186.85**	**52,391.48**

The above figures includes payable to MSME Vendors. (Refer Note No.31 of Consolidated Ind AS Financial Statements)

** The above figures include liabilities of AAAL, AIESL and HCI amount to ₹ 1,05,667.05 million. The net worth of these companies has been eroded completely. However, the management expects improvement in performance of these companies. In the absence of determination of fair value , the same is carried at cost.

The assets/liabilities of subsidiaries are on carrying value as these subsidiaries are under the process of disinvestment, hence to maintain the confidentiality in the valuation of the subsidiaries in the disposal group held for sale, the same has been maintained at book value and not a fair value as the same may impact/vitiate the bid value likely to be received for the subsidiaries.

NOTE 18: OTHER INCOME

(₹ in million)

Particulars	**Year ended March 31, 2023**	**Year ended March 31, 2022**
Rent from properties held for sale	1,023.71	838.67
Total	**1,023.71**	**838.67**

NOTE 18.1: OTHER MISC. INCOME

(₹ in million)

Particulars	**Year ended March 31, 2023**	**Year ended March 31, 2022**
Grant-in-aid from GoI (Refer Note No-24)	4,260.52	16,231.41
Revenue share of AIASL transferred by the then AIL	-	356.53
Interest Income on FDRs	947.87	1,287.19
Interest on outstanding recoveries of subsidiaries	0.34	1.34
Advance Forfeited by the then AIL transferred to the company	1.70	50.69
Interest on Income Tax Refund	12.49	-
Profit on Properties sold	951.47	257.30
Misc. Income	10.98	3.53
Total	**6,185.37**	**18,187.99**

(₹ in million)

NOTE 19: EMPLOYEE BENEFIT EXPENSES

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Salaries and Wages	18.27	5.49
Total	**18.27**	**5.49**

NOTE 20: FINANCE COST

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest on Bonds of AIAHL	14,545.93	15,966.91
Reimbursement of Interest of Identified Debts of the then AIL	-	5,430.58
Interest on Overdrafts	28.35	-
Prepayment Charges on the then AIL's NCDs (Refer Note No. - 23.c.VI)	-	8,918.68
Total	**14,574.28**	**30,316.17**

NOTE 21: OTHER EXPENSES

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
NCD's & Equity Related Expenses	0.33	37.54
Legal and Professional Expenses	21.07	2.64
Meeting Related Expenses	0.29	0.09
Advertisement Expenses	3.41	1.75
Medical Expenses AIL Eligible Employees	2,260.52	-
Bank Charges	0.04	0.01
Conveyance & Fuel Expenses	0.61	0.09
Lease Rent Expenses	97.02	-
Building Maintenance Expenses	98.72	100.82
Electricity Consumption Charges	20.53	-
Water Charges	2.49	
Nezul Charges	65.21	
MSTC Service Charges	16.71	
Impairment of Assets included disposal group held for sale	-	25.03
Manpower Supply services	17.59	0.18
Printing & Stationary	0.43	0.25
ROC Filing Fees	0.05	25.01
Rates & Taxes *	571.50	-
Telephone Expenses	0.07	-
Travel, Boarding & Lodging Expenses	1.62	0.16
Office Expenses	0.64	0.13
Misc. Expenses	0.87	0.07
Remuneration To Statutory Auditor		
- Audit fees	0.45	0.30
- Out of Pocket Expenses	-	0.03
Other audit fees (Tax, Internal Audit & Limited Review Fees)	0.34	0.28
Total	**3,180.51**	**194.38**

* Prov. of ₹ 571.50 million towards Property tax/Stamp duty/other levies made against certain properties

NOTE NO: 21A PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS

(₹ in million)

	Year ended March 31, 2023	Period ended March 31, 2022
Revenue from Operations		(₹ in million)
i) Schedule Traffic Services	6,541.43	1,100.87
ii) Non Schedule Traffic Services	3,759.07	595.70
iii) Technical and other handling service	27,061.40	5,511.51
iv) Other Operating Revenue	1,521.89	369.14
Total Revenue from Operations	**38,883.79**	**7,577.22**
Other Income	927.76	84.86
Total Revenue	**39,811.55**	**7,662.08**
Expenses		
1. Aircraft Fuel & Oil	3,681.34	465.29
2. Cost of raw material consumed	131.96	15.14
3. Other Operating Expenses	2,328.80	476.48
4. Employee Benefit Expenses	13,959.88	2,420.00
5. Finance Costs	2,742.31	817.02
6. Depreciation and Amortization	3,533.11	1,085.88
7. Other Expenses	7,668.32	1,797.65
Total Expenses	**34,045.72**	**7,077.46**
Profit/(Loss) Before Exceptional & Tax	5,765.83	584.62
Add/(Less) : Exceptional Items	2,334.21	-
Profit/(Loss) Before Tax	8,100.04	584.62
Tax Expenses :		
1. Current Tax	574.74	(45.98)
2. Short/ (Excess) Provision of Tax	-	-
3. Minimum alternate tax credit entitlement	-	583.16
4. Deferred Tax Income	1,770.50	2,634.48
5. IncomeTax for Earlier Years	168.31	24.62
Total Tax Expenses	**(2,513.55)**	**3,239.00**
Profit/(Loss) after Tax for the year/ for the period	5,586.49	3,823.62
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	32.72	307.84
ii) Income Tax relating to Re-measurements of Defined Benefit Plans	-	-
Total Other Comprehensive Income	**32.72**	**307.84**
Total Comprehensive Income for the year/ for the period	**5,619.21**	**4,131.46**

Note : Previous year's figures is not comparable as the control on the subsidiaries was from the different dates of January, 2022 to March, 2022.

Notes forming part of the Consolidated Ind – AS Financial Statements of AI Assets Holding Limited for the year ended March 31, 2023.

(In the financial statements, "the then AIL" represents AIL before privatization, and "AIL" represents after privatization)

22. CONTINGENT LIABILITY, CONTINGENT ASSETS & CAPITAL COMMITMENTS:

I. Contingent Liabilities (to the extent not provided for)

Claims against Group not acknowledged as debts (excluding interest and penalty, in certain cases) and the required information, in compliance of Ind AS 37, are as under:

(₹ in million)

S. No.	Description	Balance as on March 31, 2023	Balance as on March 31, 2022
1	Income Tax Demand Notices received by the Group which are under dispute / Appeal	1426.06	1,339.66
2	Interest on GST Demand notices	296.22	-
3	Interest on dues payable to AAI/DIAL/MIAL	939.28	693.65
4	Service Tax & Luxury Tax demanded by the Tax Authority	80.89	80.89
5	Counter Claim of Sahara Hospitality Ltd.	23.57	23.57
6	Arbitration Award for B D & P Hotels Challenged in Court	5.40	5.40
7	Arbitration proceedings against N S Associates	6.96	6.96
8	Premium payable on fore shore land of erstwhile Centaur Hotel Juhu Beach to Government of Maharashtra	44.80	44.80
9	Landscaping of Centaur Hotel Srinagar claimed by Shere Kashmir Convention Centre, J&K Govt. disputed	50.62	50.62
10	Awards that have gone against the Group and preferred an appeal	1.06	1.06
11	Other/ Miscellaneous Claims	358.50	40.72
12	Other Claims on account of Staff/Arbitration/Labour Cases under dispute.	Amount not Ascertainable	Amount not Ascertainable
13	SEBI LODR	2.01	0.45
	Total	**3,235.37**	**2,287.78**

Note:

a. The above amount includes Contingent Liabilities as on March 31, 2023 in respect of entities transferred by the then AIL and classified as Held for Sale amounting to ₹2,453.17 million (Previous year ₹1,825.49 million).

b. **Explanatory Statement in respect of contingent liabilities (to the extent not provided for):**

i. 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 Holding Company, there was an apparent error in the demand, hence the Holding 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 withheld by the department for delayed payment of advance tax in spite of the fact that interest u/s 234B & 234C had already been paid by the Holding 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 Holding Company dated 30th November 2022. The same is under process.

ii. 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 Holding Company also a party. In the opinion of the management, the Holding Company should not be made a party to these cases.

iii. Properties have been book transferred to the Holding Company by the then AIL and the title and physical possession of these properties were with the AIL on the date of transfer. Hence, the dues, if any, towards property taxes/ house Tax and/or any other claim as on the date of transfer against these properties has not been informed/intimated by the then AIL, hence no provision against the same up to the financial year 2021-22 has been made.

However, an estimated provision against property tax for the financial year 2022-23 for certain properties for which information is made available has been provided for during the year.

iv. In terms of the requirement of SEBI regulation, LODR Regulation 2015, BSE has raised a demand for delayed submission of half-yearly/quarterly financials for an aggregate amount of ₹ 2.01 million (Previous year ₹ 0.45 million) as on 31.03.2023. Bombay Stock Exchange (BSE) on Company's request has waived the demand under SEBI (LODR) Regulations, 2015. However, as per BSE portal, a demand of ₹ 2.01 million is outstanding as on 31.03.2023.

The Ministry of Civil Aviation vide letter dated 25.10.2022 & the Company vide letter dated 25.09.2023 have requested BSE to consider waiver of the remaining penalties. Hence liability has not been provided for.

v. An email dated 3rd August 2023 received from Dy Head MMG for levy of ₹ 318.35 million for liquidated damages against recoverable from DRDO. The company has taken up the matter of liquidated damages with DRDO, AIL and AIESL for deletion/waiver as aircraft were delivered within the extended date of delivery i.e. 15th June 2023 and therefore liquidated damages should not be levied by DRDO.

vi. **In the case of HCI:**

Claims of Luxury Tax authorities, for financial year 2000-01 and 2002-03 for which the Company has preferred an appeal with Additional Commissioner of Sales Tax against which Company has paid ₹7.07 million (previous year ₹ 7.07 million) under protest.

Claims of Service Tax amounting to ₹ 58 million for which the Company has preferred appeals.

Counter Claim of ₹ 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 ₹18.8 million and interest thereon along with legal costs of ₹ 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.

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 ₹100 million and proportionate Minimum Guaranteed Amount of ₹10.8 million deposited by the party was returned to the Bidder, M/s BD & P Hotel (India) Pvt. Ltd.

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.

The Company had entered into an Agreement with M/s. N S Associates for renovation of guest rooms together with connected shafts and corridors at Centaur Hotel Delhi Airport (CHDA). Certain disputes and differences arose with the said Party and the final bill was not settled. Accordingly, the party invoked arbitration clause claiming an amount of ₹ 78.78 million and interest thereon @ 15%. The Arbitration Award was published by the Learned Arbitral Tribunal on 19.10.2019 by holding that the Company has to pay only ₹ 8.84 million along with litigation costs of ₹ 0.5 million to the party. The Company filed a petition under section 34 of the Arbitration and Conciliation Act, 1996 for partly setting aside the impugned award, which has been admitted. Hearing in the matter is pending. Against the amount payable as per the award totalling to ₹9.343 million, an amount of ₹2.388 million (including ₹ 0.03 million as Earnest Money Deposit) is reflected as payable in the books of accounts. Hence the balance amount of ₹ 6.96 million is reflected under Contingent Liability.

Subsequent to the sale of Centaur Hotel Juhu Beach in 2002, Govt. of Maharashtra claimed an amount of ₹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.

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

Awards that have gone against the Company for which appeals are preferred

Lease rentals and Turnover levy amounting to ₹ 581.40 million (previous year ₹ 563.80 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 ₹ 939.28 million (previous year ₹ 693.65 million) is reflected as Contingent Liability.

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

vii. **In the case of AAAL :**

Miscellaneous claim of ₹ 25.24 million (Previous Year ₹ 16.96 million) includes

a. ₹ 8.38 million which represents the excess of Interest on TDS as calculated by Traces compared to our calculations. ₹ 0.99 million represents the current year figure whereas ₹ 7.39 million pertains to previous year.

b. Unsettled legal claims of ₹25.24 million (Previous Year- ₹ 16.96 million) in respect of ongoing legal cases.

The employees of the company have filed cases in various courts relating to staff matters, making the company a party. In the opinion of the management, the amount of liabilities may not arise to the company.

II. Guarantee given by the Holding Company:

As per the approval granted by the Board of Directors in its 29th meeting held on 27th December 2021 the Company has given guarantees of USD 71.74 million (equivalent to ₹ 5,895.04 million). Out of this, USD 45.60 million (equivalent to ₹ 3,746.95 million) is the Corporate Guarantee, USD 19.05 million (equivalent to ₹ 1,565.34 million) is in the form SBLC, and USD 7.09 million (equivalent to ₹ 582.75 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 ₹ 2,282.00 million in the form of fixed deposit has been given by the Holding Company to the bank. The total exposure of corporate guarantee and SBLC given to DAE shall not exceed USD 38.10 million (equivalent to ₹ 3,130.68 million). FEDAI spot rate (82.1700) as on 31st March 2023 has been adopted for the conversion of USD into ₹.

In the case of Subsidiary AIESL :

Performance Guarantee (BG) to Bangalore International Airport Limited (BIAL) has been given amounting to ₹ 1.00 million (previous year ₹ 1.00 million) for due performance of the obligation under the contact with BIAL.

III. 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 March 31, 2023 (₹ in million)	As at March 31, 2022 (₹ in million)
1	**Due Dates of Principal Repayments**		
	1. 6.99% Series – I dated 16-12-2022	Nil	₹ 70,000
	2. 7.39% Series – II dated 12-10-2029	₹ 70,000	₹ 70,000
	3. 7.39% Series – III dated 22-10-2029	₹ 79,850	₹ 79,850

In the case of AIASL :

Capital and long-term commitments as on March 31, 2023 are as below:

(₹ in million)

Particulars	F.Y. 2022-23	F.Y. 2021-22
Intangible assets	66.08	Nil
Ramp equipment's	29.65	Nil
Computers	4.48	Nil
Vehicles	17.85	Nil
Furniture and fixtures	0.35	Nil
Workshop equipment & instruments	0.31	Nil
Office equipment	0.79	Nil
Total	**119.50**	**Nil**

In the case of AAAL:

Provision for Redelivery

Movements in the provisions for redelivery are disclosed hereunder:

(₹ **in million)**

PARTICULARS	For the year ended March 31, 2023	For the year ended March 31, 2022
Balance as at beginning of the year	571.65	542.33
Provisions created during the year	53.30	-
Interest accretion on provisions during the year	6.09	5.34
Amounts utilized/adjusted during the year	-	-

Impact of exchange loss on restatement of opening provision	-	-
Impact of exchange Gain/Loss on restatement of closing provision	50.29	23.98
Balance as at end of the year	**681.33**	**571.65**
Balance as at end of the year - non-current	**681.33**	**571.65**
Balance as at end of the year – current	**-**	**-**

IV. In the case of AIESL:

Long Term maintenance contract –

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.

V. In the case of HCI

Contingent Assets:

The Hon'ble Arbitral Tribunal published their award under which M/s Sahara Hospitality Ltd. (formerly known as M/s Batra Hospitality Pvt. Ltd.), the buyer of erstwhile Centaur Hotel Mumbai Airport had to pay an amount of ₹18.8 million and interest thereon along with legal costs of ₹ 0.40 million to the Company. However, the buyers preferred an appeal in the Hon'ble High Court of Bombay against the award. The Hon'ble High Court set aside the Arbitration Award, which has been challenged by the Company before the Divisional Bench of the Hon'ble High Court of Bombay which has been admitted and is pending for hearing.

23. TRANSACTIONS RELATING TO THE DISINVESTMENT OF THE THEN AIR INDIA LIMITED (AIL):

In the case of Holding Company:

a. Decisions of Government of India for the financial assistance to the then AIL for the disinvestment:

As per the decision of the meeting held on 7th September 2018 under the chairmanship of The Hon'ble Finance Minister, (refer Ministry of Finance, GOI, O.M.F.16(8)-B(P&A)/2018 dated 19th Sept 2018) identified debts amounting to ₹ 2,94,640 million.

Subsequent to the above meeting, a meeting was held and an ex-facto approval was given by Union Cabinet in Feb 2019 for formation of SPV under the name and style Air India Assets Holding Limited (AIAHL) for the warehousing of following assets and liabilities of the then AIL:

i) Its shares held in AIASL, AAAL, AIESL, and HCI
ii) Paintings artifacts and other non-operational assets as may be decided by Air India Ltd and the Government of India
iii) Non-core assets as may be decided by Air India Ltd and the Government of India
iv) Immoveable properties whether leasehold or freehold
v) Accumulated working capital loans not backed by any asset and

vi) Other assets/liabilities or of its subsidiaries, as may be decided by Air India Ltd/ Government of India

As per the decision of GoI (refer point 23(a) above) and Memorandum of Association of the Company, Paintings, art and artifacts are to be transferred to the AIAHL from the AIL. However, as per subsequent decision of GoI, vide O.M. File No-3/24/2017-DIPAM II B (Vol. VII) dated 17th October 2019 art and artifacts will be handed over by AIL to the National Gallery of Modern Arts (NGMA) free of cost.

Further, Ministry of Finance vide Office Memorandum No.16(6)-B(P&A)/2020-Pt. dated 22nd November 2021 approved financial assistance to AIL for settling guaranteed/other past dues/overdue for ₹ 6,22,220 million.

In the consequence of the above decisions the details of Funds transferred to the then AIL and assets/liabilities received by the Holding Company from the then AIL along with explanatory details are as under: -

Sl. No.	PARTICULARS	2022-23 (₹ in million	2021-22 (₹ in million
	Fund transferred to the then AIL over and above assets/ liabilities received as on 31st March, 2022	**6,77,518.25**	**-**
A	**Funds transferred to the then AIL**		
I	NCDs proceeds (including ₹ 790 million monetization proceeds) transferred by the Holding Company in the FY 2019-20 to the then AIL towards repayment of identified Loans (Refer Note No. 23.b.I)	-	2,20,640.00
ii	Add:- Additional support/fund provided to the then AIL during the FY 2021-22 (Refer Note No. 23.b.II)	-	6,11,780.00
iii	Less:- Fund unspent refunded by the then AIL in the FY 2021-22	-	470.42
	Net Fund Transferred to the then AIL {excluding Government grants as referred in Note No. 24} (A)		**8,31,949.58**
B	**Assets/liabilities/monetization proceeds transferred by the then AIL to the holding company**		
I	Monetization Proceeds (Net) from the sale of Identified Properties (Refer Note No. 23.c.I)	-	3,995.34
ii	Investment into four Subsidiaries transferred from the then AIL to the Holding Company (Refer Note No. 23.c.II)	-	8,179.41
iii	Recoverable outstanding with four Subsidiaries of the then AIL transferred to the Holding Company (Refer Note No. 23.c.II)	-	49,839.76
iv	Immovable properties transferred to the Holding Company (Refer Note No. 23.c.III)	-	76,039.28
	Less:- Adv. Received from AIL against sale of immovable properties transferred to the Holding Company (Refer Note No. 25.ii)	-	(385.76)
v	Movable Assets (workshop equipment, Plant & Machinery, Ground Handling, Ramp Equipment, Furniture & Fixture, Electrical Fittings, Office Appliances. (Refer to Note No. 23.c.III)	-	1,494.48
vi	Recoverable of Garnishment of Fund by IATA in Devas Case transferred to the Holding Company (Refer Note No. 23.c.IV)	-	1,322.93
vii	Recoverable from DRDO by the then AIL transferred to the Holding Company (Refer Note No. 23.c.V)	41.70	2,657.43

Sl. No.	PARTICULARS	2022-23 (₹ in million	2021-22 (₹ in million
viii	Prepayment charges paid on NCDs of ₹ 74000 million of the then AIL (pending novation in the name of the Holding Company) (Refer Note No. 23.c.VI)	-	8,918.68
ix	Sale proceeds of investment in shares of Air Mauritius transferred to the Holding Company	-	45.61
x	Advance paid by the then AIL to MADC for MRO Nagpur Land (Refer Note No. 23.c.VII)	-	114.00
xi	Amount withheld against PSS (AMADEUS) implementation fees as on 31-12-2021 (Refer Note No. 23.c.VIII)	-	309.61
xii	Amount withheld against Provision for maintenance of 6 aircraft Given short in flying condition ($40 million) (Refer Note No. 23.c.IX)	(2,564.77)	3,000.00
xiii	Scrap proceeds recoverable from AI	-	0.09
xiv	Monetization proceeds Samata Nagar Property payable (Refer Note No. 23.c.X)	-	(50.28)
xv	Advance Nerul HSG Project Payable (Refer Note No. 23.c.XI)	-	(415.33)
xvi	CIDCO Expense Payable (Refer Note No. 23.c.XII)	-	(376.62)
xvii	Profit on Sale of 8 Properties after disinvestment of the then AIL	-	(257.30)
	Value of assets/liabilities transferred by the then AIL (B)	**(2,523.07)**	**1,54,431.33**
Fund transferred to AI over and above assets/liabilities received has been grouped under the "Other Equity" (A-B) #		**6,80,041.32**	**6,77,518.25**

Note: # The above data are based on the information provided by the AIL to the Holding Company and the excess amount transferred by the Holding Company over the assets/ liabilities received amounting to ₹ 6,80,041.32 million (Previous Year ₹ 6,77,518.25 million) has been grouped under the "other equity".

The Holding Company has reminded AIL vide emails, latest dated 20th October 2022 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, for which details/information is yet to be provided by the then AIL. Further, AIL has not provided the breakup of the above balance and the details of current assets equal to current liabilities, etc.

Further, as per the table in para 23(a) above, total amount of ₹ 6,11,309.58 million (net of ₹ 6,11,780.00 million and ₹ 470.42 million i.e., refunded by the then AIL) transferred by the Holding Company to the then AIL during the FY 2021-22 and utilization thereof by the then AIL are based on the information/documents provided by the management of the AIL.

b. Funds transferred, as stated in table 23(a) above, to the then AIL by the Holding Company along with explanatory details are as under: -

I. <u>Funds transferred for the repayment of the Identified Debts of the then AIL - ₹ 2,94,640.00 million</u>

As it was decided in the above-stated meeting (refer in para 23(a) above) that the identified debts of the then AIL amounting to ₹ 2,94,640.00 million would be transferred from Air India Limited to the SPV w.e.f. 1st October 2018. It was also decided in the said meeting that these identified debts would be serviced by the SPV from the disinvestment proceeds from the transfer of identified subsidiaries, monetization of identified properties and non-core assets of AI and shortfall to be met out of the budgetary support by Govt. of India through Ministry of Civil Aviation budget. In view of lenders reservations for transfer of these AI Identified debts to AIAHL the Identified debts are continued in the books of Air India Limited and it was further decided that interest on such identified debts will be served by the SPV till its repayment.

In view of above-mentioned constraints/reservations of the lenders, it was decided (in the meeting of Ministry of Finance held on 30th May 2019) that the SPV would raise funds of ₹ 2,94,640.00 million. The Ministry of Finance Government of India issued Letter of Assurance no.F.12(29)-B(SD)/2018 dated 18th June 2019 and the Ministry of Civil Aviation, GOI Letter of Authorization no. Av.17046/368/2017-AI dated 30th August 2019 to allow SPV to raise bonds from the market. Accordingly following three series of listed Non-Convertible Debentures (NCDs) were issued by the Holding Company during Sept and October of FY 2019-20 aggregating to ₹ 2,19,850.00 million as under:

i. 6.99% NCD Series-1 (GoI fully serviced) of ₹ 70,000 million,

ii. 7.39% NCD Series-2 (GoI assured for servicing and repayment) of ₹ 70,000 million; and

iii. 7.39% NCD Series-3 (GoI assured for servicing and repayment) of ₹79,850 million.

In addition to the above, it was decided in the said meeting that identified bonds/debentures of ₹ 74,000 million of AIL to be novated in the name of the Holding Company.

The above funds amounting to ₹ 2,19,850 million raised through bonds have been transferred to Air India for the repayment of the listed Identified Debts (as per Schedule-I of the Framework Agreement executed between the then AIL and AIAHL dated 23rd Nov 2020 for the identified debts of ₹ 2,20,640.00 million) and balance of ₹ 790.00 million from the monetization proceeds of the Identified Non-Core properties with AIL for which approval has been accorded by the Ministry of Finance approval vide their OM.F.16(2)-B(P&A)/2021 dated 16 June 2021.

II. <u>Funds transferred, as stated in table 23(a) above, for the settlement of guaranteed/ other past dues/overdues of the then Air India Limited - ₹6,11,309.58 million:</u>

In addition to the para-I above, GoI has approved further financial assistance to the then AIL for settling guaranteed/other past dues/overdues for ₹ 6,22,220 million vide para no.-2 of the office memorandum of Ministry of Finance No.16(6)-B(P&A)/2020-Pt. dated 22 November 2021 and for the said required fund, the Government of India (GoI) has infused equity capital of ₹ 6,23,654.00 million in the Holding Company (AIAHL) against 62,36,54,00,000 equity shares of ₹ 10 per equity share. Out of these funds, the Holding Company has transferred an amount of ₹ 6,11,309.58 million (net of ₹ 470.42 million refunded by the then AIL) to the then AIL. The balance amount of ₹ 12,344.42 million, lying in the fixed deposit has been utilized in accordance with the letter issued by the Ministry of Civil Aviation (MoCA) dated 31st March 2022.

Further, the details provided by the then AIL for utilization of the fund transferred by the

Holding Company are as under: -

(in ₹ million)

S. No.	Particulars / Liabilities	Amount
i.	Repayment of the other than identified above loan/borrowings of the then AIL	₹ 2,88,540.00
ii.	Repayment of 9.08% NCDs of the then AIL	₹ 74,000.00
iii.	Payment of charges on premature redemption of the then AIL NCDs	₹ 16,880.68
iv.	Payment of premature termination for the settlement of SLB of Aircraft	₹ 1,19,390.00
v.	Payment of IGST on import of 21 - B787SLB of Aircraft	₹ 4,180.00
vi.	Payment of Current liabilities (i.e. liabilities over and above current assets)	₹ 1,08,318.90
TOTAL		**₹ 6,11,309.58**

c. Transfer of assets/liabilities/monetization proceeds by AIL to the Holding Company against the amount transferred as stated in the table above (23.a)

I. Monetization proceeds for the sale of identified Non-Core Properties:

As per the decision of Government of India in a meeting held on 7th September, 2018 (refer Ministry of Finance, GOI, O.M. F.16(8)-B(P&A)/2018) under the chairmanship of Hon'ble Finance Minister, it was decided that the sale of Identified Air India assets to be done and monetization proceeds received after 1st October 2018 are to be transferred to the SPV/ AIAHL monetization Escrow Account and AIAHL to apply such sale proceeds for servicing the Identified Debts. Accordingly, 111 properties have been identified as non-core assets for monetization purposes. The Identified properties and the status for monetization have been indicated in the Framework and Restated Framework Agreements dated 23rd Nov 2020 and 5th January 2022 executed between AIAHL and AIL. Accordingly, AIL has transferred monetization proceeds of ₹ 3,995.34 million from 1st October 2018 to 31st March 2022 (i.e. ₹ 904.85 million in the FY 2021-22 and ₹ 3,090.49 million in the previous financial years). Details of the monetization proceeds recoverable from AIL are as under: -

(in ₹ million)

S. No.	Particulars	FY 2022-23	FY 2021-22
1.	Opening balances at the beginning of the year	-	1,102.44
2.	Add: Monetization during the year	362.10	904.85
	Total monetization during the year	**362.10**	**2,007.29**
3.	Less: Monetization proceeds funds transferred by AIL to AIAHL Escrow Bank Account during the year	279.34	904.85
4.	MSTC and Nezul Charges	76.61	-
5.	Less: Adjustment out of lumpsum payment received from the then AIL of ₹ 5500 million against the monetization proceeds.	-	1102.44
6.	**Total amount paid by AIL against monetization proceeds**	355.95	**2,007.29**
7.	**Closing balance with AIL against monetization proceeds**	**6.15**	**-**

II. Investment and outstanding recoverable from Subsidiary Companies:

As per the decision mentioned in para 23.a above, the then AIL has also transferred investments in four subsidiaries as well as outstanding recoverable from these subsidiaries as on the disinvestment date. Details for the same as under: -

S. No.	Name of the Subsidiaries	No. of equity shares	Value of equity shares (₹ in million)	Date of transfer	Outstanding recoverable (₹ in million)
1	AI Airport Services Limited	138,424,200 Equity Shares of ₹ 10 each fully paid up	1,384.24	13th Jan 2022	386.56
2	AI Engineering Services Limited	166,666,500 Equity Shares of ₹ 10 each fully paid up	1,666.66	12th Jan 2022	21,175.63
3	Alliance Air Aviation Limited	40,225,000 Equity Shares of ₹ 100/- each fully paid up	4,022.50	25th Jan 2022	23,345.28
4	Hotel Corporation of India Limited	11,060,000 Equity Shares of ₹ 100 each fully paid up	1,106.00	11th Jan 2022	4,932.30
Total			**8,179.40**		**49,839.76**

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

AI Airport Services Ltd (AIASL):

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

AI Engineering Services Ltd (AIESL):

AIESL is the largest MRO set up in India that can serve as a one-stop-shop for all aircraft engineering requirements. The Company has got hangar facilities available in all major airports in Mumbai, Delhi, Chennai, Hyderabad, Kolkata, Trivandrum, and Nagpur. AIESL commenced its operations from January 2015 after receiving its DGCA License. MRO business is a highly capital-intensive industry, and it generally has a gestation period of 4 to 5 years for consolidation of operations.

AIESL has taken various initiatives to improve its overall revenues such as signing of activity-based SLA with the then Air India Ltd, starting MRO facility in Sharjah and plans to expand the same to Dubai, developing dedicated marketing teams to capture MRO business, offering training services, handling VVIP flights to generate additional revenue. 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. In view of this AIESL is likely to be profitable in financial year 2022-23 and in near future.

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. The growth in Tier - II and Tier - III cities is still largely untapped and AAAL is likely to emerge as the largest player with its ATR 72-600 fleet suitable for serving these smaller airports. The Company has continued to operate to the Northeastern region like Guwahati, Lilabari, Tezpur in Assam, Shillong in Meghalaya and Agatti and Diu on request from NEC, MHA and Diu Administration under Viability Gap Funding (VGF) arrangements. These routes are operationally profitable. The Company has strategized itself to invest major resources in Government of India's UDAN scheme. The performance of the airline under UDAN has been excellent wherein the Company has been operationally positive. Alliance Air is in the threshold of turnaround and poised to lead the regional connectivity in India in the next decade and be a leading regional carrier of Asia.

Alliance Air is on its way to reverse the trend of adverse financial parameters in this financial year 2022-23 by and thereafter further consolidate the gains. The Company has reduced operating loss during the FY 2022-23. Further, the Company has also implemented cost-saving measures for the reduction of costs.

During FY 2022-23, the Ministry of Civil Aviation vide OM dated 9.11.2022 moved a request to the Ministry of Finance to provide financial assistance of ₹ 6000 million to AAAL. The Ministry of Finance has approved the proposal in FY 2023-24. As a result, the Company will improve its performance further.

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 2023-24, the company has moved a request to provide financial assistance of ₹ 871.40 million so as to enable the company to pay its liabilities and improve its performance.

III. Movable and immovable properties transferred to the Holding Company by the then AIL as stated in table 23(a):

As per framework agreement and restated framework agreement signed between the Holding Company and the then AIL dated 20th November 2019 and 5th January 2022 respectively which is in line with GoI decisions, identified immovable properties of ₹ 76,049.38 million have been transferred by the then AIL to the Holding Company vide debit note no. 5 as well as an advance of ₹ 405.91 million received from customers towards pending sale of 13 properties (refer note no 25.ii). The cost of the property along with the advance includes the cost of one flat located at 6B, Shriram Apartments, Middleton Street, Kolkata for ₹ 10.09 million and corresponding sale consideration as advance of ₹ 20.15 million taken by the then AIL for the monetization of such flat. These transfers have been made through their RFATR/Debit/Credit note. However, as per the copy of sale agreement provided to the Holding Company the flat has already been sold by the then AIL in the month of October 2021. Since the monetization was completed prior to the disinvestment of the then AIL (i.e. 27th January 2022), and hence the Holding Company has adjusted/reversed the cost of such flat and advance. Further, the Holding Company has also written an email to AIL requesting to provide the reason for transfer of cost of the flat as well as sale proceed as advance though the sale of such flat has already been executed prior to the date of disinvestment as well as debit/credit note issued against the same and reply is still awaiting.)

Further, the then AIL has also transferred movable assets of ₹ 1,494.48 million (inclusive of GST) vide invoices dated 1st January 2022 and debit note no.- 4 dated 31st March 2022).

The details of the immovable and movable assets/properties spread all over at the AIL locations/stations are as under: -

S. No.	Class of Assets	Transferred Value/ Cost (₹ in million)	Nos. of Items/ Assets
A	**IMMOVABLE ASSETS**		
1	Freehold	3,927.19	22
2	Other than Freehold	68,795.60	43
3	Other Structures	3,316.49	416
	TOTAL	**76,039.28**	**481**
B	**OTHER MOVABLE ASSETS**		
	Electrical Fitting	26.43	8,448
	Furniture	59.42	35,291
	Ground Handling	127.21	2,131
	Office Appliances	72.92	22,885
	Plant & Machinery	517.39	2,645
	Workshop Equipment	667.34	2,063
	Vehicles	23.79	535
	TOTAL	**1,494.48***	**73,998**

*Inclusive of GST

a. Title and Physical Possession of the Assets transferred to the Holding Company:

i. Properties have been book transferred to the Holding Company by the then AIL and the title and physical possession of these properties were with the AIL on the date of transfer. As per para 2.8 of the restated framework agreement these properties will be held in trust by AIL. Title deeds of 3 nos. of immovable properties for book value of ₹ 194.39 million have been transferred by AIL to the Holding company viz. Airlines

House, Kolkata (1 no), Sohni Apartment Kolkata (1 no) and Asian Village Games Apartments (5 nos).

ii. All the assets, referred in para 23(c)(III) above, received by the Holding Company have been accounted for on the basis of value/cost at which it has been transferred by the then AIL to the Company vide debit note dated 31st March 2022 and invoices dated 1st January 2022.

iii. The movable and immovable assets have been book transferred by the then AIL without any physical handover-takeover. The Holding Company has appointed an external agency for identification and tagging of the movable assets. The draft excel workbook of the physical verification of the movable assets has been submitted by the outside agency, however reconciliation with the list of movable assets provided by the then AIL with report submitted by the agency as well as vetting of the physical verification data submitted by outside agency is under process as movable assets of ₹ 460.82 million is non verifiable/not found as per draft excel workbook. In the case of deviation/discrepancies, if any, found on completion of reconciliation will be adjusted on approval from the appropriate authority in due course.

Further, physical verification of immovable properties has been carried out partially by the management during the year and physical verification of the remaining properties will be completed in due course.

b. Other Structures:

Other Structures as stated in table 23(a) includes temporary structures, structures on license land owned by Airport operators etc. for which Holding Company is in the process of verification and identifying the status of these structures. The structures are very old and as per the license agreement, the licensor i.e the airport operator may ask to return the land in original condition i.e without these structures. On completion of the identification and verification, accounting impact required, if any, in this regard will be given in due course on approval from the competent authority (also refer note no. 25 below).

c. Immovable properties in the occupancy & use of AIL:

Following Land and Buildings are in the occupancy and uses of the AIL details are as under:

i. In terms of letter no- HQ/CMD/2021/3263 Dated 27th October, 2021 three office building viz. Airlines house Delhi, Airlines house Kolkata and Central Training Establishment (CTE) Hyderabad are to be used by AIL for a period of not less than 2 years from the closing date. The rent for these buildings is of ₹ 0.10 million per building per month.

ii. Office building at Nariman point Bombay has been given on rent to third parties by the then AIL and rent accrued against the said property collected by AIL up to Jun 2022 and thereafter the Company has started raising invoices on the tenants except TCS as agreement was valid till June 2023 for which AIL continued for the entire FY 2022-23.

iii. For the properties other than the above referred to in point no. i & ii which are under the possession of AIL, AIL has given a vacation plan and accordingly AIL has initiated the vacation of certain properties.

iv. As per para no. 2.8 of restated framework agreement that any benefit accruing to AIL, AIXL or AI-SATS post disinvestment closing date on account of the remaining AI assets including any interest accrued, shall be paid to the government (or such other person as nominated by the GoI). In view of the above, the Holding Company has requested AIL to provide the details of such benefits/income to which the Holding Company/GoI is entitled, including any deposits taken by the then AIL from the tenants to be refunded at the time when the properties will get vacated. On receipt of such information accounting impact will be given.

IV. Deposits recoverable under dispute transferred by the then AIL to the Holding Company:

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

In 2012, Mauritius Entities commenced arbitration against India and Mauritius Bilateral Agreement and arbitral award of 2020 in this matter was granted in favor of the Mauritius entities. The petitioners treated AIL as “alter ego” of the Indian Government and adjudging AIL should be jointly and severally liable for the amount and the Supreme Court of the provinces of Quebec, passed an ex-parte garnishment order on IATA. Under this garnishment order, all the collection of Air India, on global basis, settled by IATA, were required to be garnished and not paid to Air India, in the 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 holding company has requested vide email dated 14th October 2023 to AIL to confirm and remit the amount received by AIL. On receipt of confirmation of amount from AIL the necessary accounting entries shall be made.

Further, in terms of GoI letter ref. 17046/15/2020-AI dated 31st March 2022 liability or any further sums as may be necessary to be paid on the basis of the final order of Superior Court, Quebec, Canada. Accordingly, the accounting impact will be given on receipt of the amount from AIL in the financial year in which it is received.

V. Amount recoverable from DRDO by the then AIL transferred to the Holding Company against Sale of Aircrafts to DRDO:

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 Holding 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 Holding Company. Against the recoverable from DRDO the company has received ₹ 605.66 million during the financial year 2022-23. Further, an email dated 3rd August 2023 received from Dy Head MMG for levy of ₹ 318.35 million for liquidated damages against the above recoverable. The Holding company has taken up the matter of liquidated damages with DRDO, AIL and AIESL for deletion/waiver as aircraft were delivered within the extended date of delivery i.e 15th June 2023 and therefore liquidated damages should not be levied by DRDO.

VI. Prepayment charges paid on NCDs of ₹ 74,000 million of the then AIL (pending novation in the name of the Holding Company):

The then AIL 9.08% Non-Convertible Debentures (NCDs) of ₹ 74,000 million, were to be novated in the name of the Holding Company but due to the pending approval for novation of these NCDs to the Holding Company by the majority bond holder, NCDs continued to be accounted in the books of the then AIL. The due dates for the repayments of series I, II and III were from November/December 2027 to November/ December 2031 but the same has been prepaid on 20thJanuary, 2022 (by the then AIL out of funds transferred by the Holding Company) as a result of which prepayment charges of ₹ 8,918.68 million has been paid for early redemption of NCDs. However, the then AIL has adjusted prepayment charges of ₹ 9,874.59 million against ₹ 74000 million of the then AIL (pending novation in the name of the Holding Company) including ₹ 955.91 million interest prior to 1st October 2018 (out of ₹ 2,244.48 million ₹ 955.91 million interest adjusted in RFATR and ₹ 1,288.57 million in AIL Settlement A/c) for which there is no mandate of the GoI hence the Company has not accepted the adjustment.

VII. Advance paid by the then AIL to MADCL (for land adjacent to MRO Land at Nagpur) transferred to the Holding Company:

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 has been transferred by the then AIL to the Holding Company. AIAHL Board in its 20th Board meeting held on 23rd June 2021 approved “in principle” the transfer of the 19 acres of land adjacent to the MRO at Nagpur to AIAHL as a Co-developer. As per the copy of the letter dated 7th December 2020 provided by AIL, MADCL has been requested to transfer the allotment in the name of the Holding Company (AIAHL) and the same is under process.

VIII. Amount withheld by AIL towards PSS (AMADEUS) implementation fees:

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 Holding Company has not accepted such amount withheld by AIL. The Holding Company has conveyed vide email dated 05th September 2023 to AIL that this amount withheld by AIL is recoverable from AIL as the company is using such software and is subject to further discussion.

IX. Amount withheld by AIL towards maintenance of 6 aircraft:

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 was shown under current assets in the books of the Holding Company in FY 2021-22.

The Holding Company has received details of total expenditure of ₹ 2,564.78 million details for the same are as under:

i	Towards five engines:	
	1. Material consumed	₹ 1,923.23 million*
	2. Manhour cost	₹ 74.26 million
	3. Freight charges & custom duties	₹ 162.74 million
ii	Airframe- Manhour cost	₹ 404.55 million
	Total	**₹ 2,564.78 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. However, the company has written AIL to provide the actual amount paid by them and on the receipt of this information from AIL necessary accounting impact, if any, will be given in due course.

X. Monetization Proceeds Samata Nagar Property Payable:

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

XI. Advance Nerul CIDCO HSG Project Payable:

As per credit note number 6 dated 31st March 2022 received by the Holding Company from AIL an amount of ₹ 415.33 million advances received by the then AIL from their employees against proposed sale of flats of Nerul HSG property which are yet to be executed. The said property has also been transferred by the then AIL to the Holding Company and the said advance against such flat has been transferred to the Holding Company.

XII. CIDCO Expense Payable:

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 and the Holding Company has also sought details from AIL.

24. Government Grants:

In the case of Holding Company

i. For servicing Interest of Identified Debts of the then AIL and AIAHL :

In addition to the fund provided by the GoI as stated in table 23(a) following of Budgetary support / Grants given by the Government of India to the Holding Company for servicing the Interest of identified debts of the then AIL from 1st October 2018 to till the date of repayment of such identified debts including interest of AI's 9.08% Bonds/debentures of ₹ 74,000 million and servicing the Interest on bonds issued by AIAHL.

(₹ in million)

Year	Budgetary support / Grant Received from GoI for servicing Identified debts' interest	Utilization of Grant Fund	Unspent Grant Fund at the end of the year
2018-19	₹ 13,000.00	₹ 13,000.00	₹ Nil
2019-20	₹ 25,680.50	₹ 23,253.95	₹ 2426.55
2020-21	₹ 21,836.20	₹ 21,811.35	₹ 2451.40
2021-22	₹ 13,780.00	₹ 16,231.40	Nil
2022-23	₹ 2,000.00*	₹ 2,000.00*	Nil

ii. Grant received for expenditure towards medical facilities of eligible retired/retiring employees of the then AIL including of the subsidiaries:

As per the decision of Government of India (MoCA) vide letter dated 16thFebruary, 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.

* also refer note no. 24 (iv)

In line with the said scheme, Government of India vide letter dated 28th March 2023 released ₹ 1250.00 million to the Holding Company. In addition to the Grant, the Holding Company has also received one time subscription charges of ₹ 110.98 million as per aforesaid scheme and the said amount has been grouped under Grant fund.

The Holding Company has remitted ₹ 432.98 million (₹ 17.42 million for FY 2022-23 & ₹ 415.56 million for FY 2023-24) to CGHS on account of the annual subscription charges for the financial year 2023-24 and ₹ 50.00 million will be utilized towards Out Patient Department (OPD) & Inward Patient Department (IPD) expenses of the eligible employees.

Further, the OPD facilities was discontinued by the AIL from October 2022 onwards as a result those retirees who had not received CGHS card and incurred expenditure out of the own pocket, made claims to the Holding company for an amounting to ₹ 74.23 million has been provided for.

Furthermore, AIL has raised claims of ₹1,813.31 million (Seven Invoices without supporting papers) against medical facilities provided by AIL to retired employees, for the period from the date of disinvestment i.e. 27th January 2022 to 31st December 2022. The above claims include ₹ 36.43 million which has not been accepted & accounted for by the Holding Company as these claims pertain prior to the above stated period. Further, the above claim also include ₹ 588.60 million for which bills/supporting documents is yet to be provided by AIL to the Holding Company. However, the liability for the said amount has been provided in anticipation that AIL will provide the supporting documents before reimbursement of the said amount to AIL by the Holding Company. Out of the remaining claim of ₹ 1,188.28 million, claims for amounting to ₹ 560.38 million have been paid to AIL and remaining are in the process of verification and on completion of the said process accounting impact of excess/short found, if any, will be adjusted.

iii. Series-1, 6.99% NCDs issued on 18th September 2019 by the Holding Company for a tenor of 3 years & 3 months. Series-1 accordingly was due for redemption on 16th December 2022. The Holding Company has redeemed the aforesaid NCDs on the due date i.e. 16 Dec 2022 out of Govt. grant funds and accordingly Grant fund of ₹ 70,000 million has been transferred to other equity.

iv. Summary of grant received by the Holding Company and its utilization during the financial year 2022-23 are as under: -

(₹ in million)

S. No.	Particulars	FY 2022-23	FY 2021-22
A	**Opening Un-spent Grant-in-aid**	450.00	2,451.40
1	**Grant received during the year**		
i.	Budgetary support/ Grants received by the Holding Company from Min. of Civil Aviation, GOI Redemption of Series-1 6.99% NCDs issued by AIAHL	70,000.00	-
ii.	Interest expense of Bonds	2,000.00	13,780.00
iii.	For Medical Expenses of Eligible Retirees	1,250.00	450.00

iv.	One time subscription charges received from eligible retired employees	110.98	-
v.	Interest earned on CGHS grants	2.10	-
B	**Total**	**73,363.08**	**14,230.00**
2	**Utilization of the Grants**		
i.	Interest expenses for AI Bond	-	5,430.59
ii.	Redemption of Series-1 6.99% NCDs issued by AIAHL	70,000.00	-
iii.	Interest expenses of AIAHL bond	2,000.00	10,797.36
iv.	Medical Expenses	2,260.52	
v.	Utilization of Fund for bond expenses debited by AI for 9.08% ₹ 74,000 million NCDs obligation of AIAHL	-	3.45
C	**Total**	**74,260.52**	**16,231.40**
	Net Unspent/(receivable) Grant in Aid (A+B-C)	**(447.44*)**	**450.00**
-	Unspent Grant-in-aid for CGHS Subscription	8.82	400.00
-	Unspent Grant-in-aid for NHA Subscription	50.00	50.00
-	Grant Receivable from GOI for medical expenses of AIL retirees	(506.26)	-
	Net Unspent/(receivable) Grant in Aid	**(447.44)**	**450.00**

*After adjusting grant receivable from GOI of ₹ 506.26 towards medical expenses with unspent grant of NHA amounting to ₹ 50.00 million and unspent grant of CGHS amounting to ₹ 8.82 million.

In the case of Subsidiary Company 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 2022-23 are as under: -

S. No.	Particulars	FY 2022-23	FY 2021-22
1.	Opening Un-spent Grant-in-aid	338.90*	-
2.	Total of budgetary support/Grants received by the Company from Min. of Civil Aviation, GOI	393.10	338.90
3.	Grant utilized for SESF Expenses	356.93	
	Total Unspent Grant in Aid	**375.07**	**338.90***

*LC for ₹ 242.01 million was opened on 10.03.2022. However, the payment to the vendor was released in April'2022.

25. Assets included in disposal group held for sale:

i. Immovable Assets:

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

The ownership/possession of identified properties are in the name of the then AIL and the then AIL had disposed off 47 full properties and 3 partial properties * (out of above said total of 111 identified properties) and the sale proceeds of these properties (47+3) amounting to ₹ 3,995.4 million till March 31, 2022 has been received by the Holding 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 are transferred to the Holding Company at carrying value of the respective assets held for sale as on March 31, 2022. 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 March 31, 2023 (₹ in million)	Transferred Value/ Cost as on date of transfer (₹ in million)	Nos. of Items/ Assets as on March 31, 2023	Nos. of Items/Assets as on date of transfer
1	Freehold Land & Building	3,442.12	3,927.19	12	22
2	Leasehold/ others	68,968.18	68,795.60	45	43
3	Other Structures #	3,285.22	3,316.49	403	416
	Total	**75,695.52**	**76,039.28**	**460**	**481**

Note: * Number and respective value of the assets classified correctly during the year.
Other structure includes building/structure constructed on license land from GMR Hyderabad for which Holding company has entered into a tripartite agreement between AIL, the Holding 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.

ii. 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 ₹ 106.51 million (Previous Year ₹ 385.76 million) against sale of unsold properties (excluding advance for 4 properties ₹ 32.47 million for which monetization process have been initiated by AIAHL). The monetization of these properties is yet to be completed.

iii. 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). A meeting was held on 1st June 2017 under the chairmanship of Hon'ble Finance Minister, and it was decided vide O.M. No-LIIA/1(140&427)/347 dated 17thAugust, 2017 that the above said land shall be handed over to Ministry of Housing Urban Affairs (MoHUA) and it was also agreed that MoHUA shall monetize the land and proceeds received there from shall be utilized solely for the purpose of liquidation of AIL liabilities. Accordingly, the above said lands were handed over to MoHUA on 21stAugust, 2017.

iv. Out of 111 properties, the assets classified as held for sale includes 12 Residential Apartments at 13 Mullen Street, Ballygunge, Kolkata, West Bengal which is in the occupancy of Waqf Board, Kolkata. The Waqf Board is claiming that the ownership of the property is in the name of Waqf Board and they are not agreeing to vacate the property. The then Air India initiated legal action against the Waqf Board, however, court has vide its order dated 11/08/2022 directed the lower court to frame specific issues pertaining to the maintainability of the suit and decide the issue along with other issues at the time of final hearing of the suit subsequently AIL has submitted original documents to the court. The matter is sub judice.

Further, one commercial land located at Patna and one residential land for bungalow at Nashik have been encroached by trespassers.

Furthermore, commercial land at Jamnagar Gujrat was handed over in July 2022 to allotting authority against court directive.

v. The Holding Company has decided to surrender some of leasehold properties (which does not have provision for monetization/ properties having issues) on the basis of compensation from lessor due to the surrender of the right to use. However, some of the lessors have not agreed to offer any compensation taking the ground that there was no clause in the lease deed for any compensation. Accordingly, the Holding Company is in the process of surrendering 4 immovable properties without any compensation. The carrying value of these 4 properties transferred by the then AIL is ₹ 1.00 per property. These 4 properties belong to the respective state governments to whom properties will be surrendered. Further, the Holding Company had requested 26 lessors to offer suitable compensation against surrendering the properties. 5 lessors have agreed to offer compensation to the Holding Company whereas the response from the remaining 21 lessors is awaited.

vi. The then AIL had paid an advance of ₹ 24.6 million to CIDCO for purchase of another plot of leasehold land at Nerul 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. However, the same has been transferred by the then AIL as immovable properties and as classified under “Assets held for Sale”.

vii. Movable Assets:

The Holding Company, under disinvestment strategy of the then AIL has received movable assets from the then AIL. Details of the same are as under:

Category	No. of Items	Value at which transferred to the Holding Company (₹ in million)
Electrical Fitting	8,448	22.49
Furniture	35,291	50.79
Ground Handling	2,131	107.97
Office Appliances	22,885	61.94
Plant & Machinery	2,645	438.86
Workshop Equipment	2,063	565.65
Vehicles	535	20.30
Total	**73,998**	**1268.01***

*Excluding GST

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

Note: Under disinvestment plan, monetization proceeds of the above properties will be utilized towards repayments of identified debts, hence fair value of the properties (movable and immovable), investments in subsidiaries etc. could not be disclosed as a confidentiality measures. However, in the case where bid value of the properties is lower than the carrying value a provision for the same has been accounted for.

However, the board has decided in the meeting no 45th Held on 10th October 2023, the process of transfer is to be completed in due course on discussion with the respective subsidiaries.

26. Disinvestment plan of the subsidiaries:

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

Consequent to the Strategic Disinvestment of Air India the government has initiated the process of disinvestment of three subsidiaries of AIAHL (AI Airport Services Ltd., AI Engineering Services Ltd., & Alliance Air Aviation Ltd.). Committees have been constituted to oversee the disinvestment process and DIPAM has commenced the exercise of investor meetings for the disinvestment. 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.

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

27. DISCLOSURE WITH REGARD TO JOINT WORKING GROUP :

In the case of AIASL, HAL Bangalore airport belongs to Hindustan Aeronautics Limited (HAL) and Ground Handling Services were provided by HAL. However, Company entered into an arrangement vide agreement dated April 29, 2016 with HAL 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 to provide the Ground Handling Services at that airport and in terms of the same net profit of HAL, after tax, shall be shared equally between HAL and the company. Accordingly, 50% share of net profit of HAL for the current year amounting to ₹ 13.70 million has been accounted for as Other Income.

(₹ in Millions)

Name of the joint working Group	AIASL joint working group	
	As at March 31, 2023	As at March 31, 2022
Share of company / ownership interest	50%	50%
Income - company's share	62.50	44.10
Expenditure - company's share	35.10	27.40
Profit - company's share	27.40	16.70
Share of income of joint working groups of the company with HAL	13.70	8.35
Contingent liability	-	-

28. 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). The company is in the process of submitting of claim for the 2019-20. Pending submission of claim, no export entitlement has been recognized for such financial years in the current year.

During the year, the company had received a license amounting ₹ 69.69 million for FY 2018-19 from Directorate General of Foreign Trade (DGFT) dated March 15, 2023, The company has recognized this license as assets after crediting to other income. Further, company has observed that company has claimed ₹ 1.49 million inadvertently on higher side and accordingly company has paid the same by way of Demand Draft dated 27.04.2023.

During the year, SEIS license no. 0319271362 issued for the year 2017-18 having entitlement claim of ₹ 22.06 million, 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.

29. PHYSICAL VERIFICATION AND RECONCILIATION:

In the Case of Holding Company,

a) Immovable & Movable Assets:

I. As per the policy, physical verification of property, plant & equipment (PPE) has been conducted by the management during the year 2022-23 and no discrepancy on physical verification has been found.

II. For Physical verification of movable assets classified as held for sale has been carried out during the year by the outsource agency. Reconciliation of item identified on physical verification with items transferred by the then AIL is under process. Excess/shortage, if any, found on reconciliation will be accounted for on completion of reconciliation and approval of the competent authority.

In the case of immovable properties approximately 50% has been physical verified as per policy of biennial verification.

In the case of AIESL, the company has completed physical verification of property, plant, and equipment and reconciliation of the same with the balances appearing in fixed assets register at Delhi, Mumbai and Nagpur locations. Accordingly, the company has completed physical verification of 73% of total quantities and as per value, it comprises 94% net book value of total net book value PPE of the company. Details for the same are as under: -

i. As per the policy of the company, physical verification of the assets of the company will be done on rotational basis so that every asset will be verified every two years. Accordingly, the company has appointed independent agency for the physical verification, bar code tagging and reconciliation of the same with the quantities as appeared in the fixed asset register for Nagpur and Mumbai location. The physical verification report has been submitted by the agency vide dated 26th June, 2023 for both the location. During verification no. of surplus assets were found which are physically available but not in fixed asset register and few items were unidentified / not found during verification.

ii. The unidentified items having a value of ₹ 8.07 million has been adjusted appropriately with the approval of competent authority.

iii. Further, the company has identified 108 items amounting to ₹ 72.6 million which are appearing in inventory in the books of the company which have now been transferred from inventory to property, plant and equipment.

iv. Furthermore, the balance 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.

v. Further, in the financial year 2021-22 the physical verification of property, plant and equipment of HQ and NR (Delhi location) had been conducted and a report was submitted dated 17th August, 2022 and according to the report, 41 items having WDV of ₹ 0.83 million have not been identified. The shortage/unidentified assets were further searched by the officials of the company and 7 assets have been found/identified in the Northern Region location and the balance 34 unidentified assets having value of ₹ 0.16 million has been adjusted by the company.

In the case of AAAL, as per the policy of the company, Physical Verification and reconciliation of Property, Plant and Equipment consisting of office Equipment, Furniture & fixtures, Engine & airframe Rotables, etc. is carried out on a biennial basis. The majority of assets constituting around 98% of the total value of assets are located at Delhi, Kolkata & Hyderabad stations. The last physical verification and reconciliation of Property, Plant and Equipment was done as on 31.03.2022 for locations at Delhi, Kolkata & Hyderabad.

In the 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. Accordingly, the company has conducted the physical verification of the assets in house and company is verifying the discrepancies observed in the course of the verification and the same will be adjusted in the year in which final reconciliation is completed, after taking approval from the concerned authority. Further, management has identified the requirement to tag all assets of the company and to fulfil 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.

In the case of HCI, the Company had conducted physical verification of each group of fixed assets in 2019-20. All the assets so verified have been mapped with the Fixed Assets Register during the year 2021-22 and 2022-23. No major discrepancies have been observed.

b) Inventories:

In the case of AIESL, Physical verification of Inventory of materials in the nature of stores and spares has not been carried out. The major value of inventory was book transferred by the then Holding company Air India Limited without any physical verification at AIESL. While reviewing the same during the year, it has been found that a large number of items are in the nature of assets (mainly tools) which have been included in the inventory. Reconciliation between RAMCO (Inventory Recording and Accounting Software) and SAP (General Accounting Software) is not carried out. Hence, as an interim measure, pending complete action for verification, analysis and reconciliation, a provision for ₹ 500.00 million has been made for likely reduction in the value of inventory considering the impact of depreciation on capitalized assets, obsolescence, shortages as well as any other similar write down etc.

In the case of AAAL, The Physical Verification of Aircraft Inventory is done on a Biennial basis and the discrepancies observed in the course of the verification are adjusted in the year in which the report is finalized. The last Physical Verification of Inventory was carried out in FY 2021-22. The physical verification of the Aircraft Inventory was conducted by Internal Auditors at Kolkata, Delhi, & Hyderabad.

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.

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.

In the 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, 2023. 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) Obsolete inventories- 100%

In the case of HCI, the company is in the process of:

(a) Streamlining the inventory reporting system in terms of generation of reports towards movement of item-wise store records and configuring of the stores ledger during the year. At the year end, consumption as per the stores records is reconciled with the financial records and adjustments are duly accounted for.

(b) Instituting a maker checker process in order that a system of checks and balances is in place to prevent revenue leakage through Purchase and misuse and to ensure proper control over the Procurement and Consumption Cycles.

30. Valuation of unclaimed/uncleared Cargo lying at International Cargo Warehouse, Mumbai :

In the case of AIASL, In the FY 22-23, Company has conducted the valuation of uncleared/ unclaimed cargo for the year 2012 to 2020 through a government approved valuer appointed through a tender process. The company has sent the 2 notices via speed post to the consignee's wherever the records of consignee are available and also displayed public notices at various locations and on various websites, intimating disposal/ auction of uncleared/unclaimed cargo lying at Cargo Warehouse, Mumbai.

Valuer has valued ₹ 9.16 million the value of unclaimed/uncleared cargo lying at cargo warehouse and accordingly company has intimated the same to Customs Disposal Task force. The Customs task force will undertake 100% examination of all the consignments. After examination of the same, it will be auctioned through M/s MSTC Limited or destructed in presence of Custom officials, after obtaining clearance from regulatory agencies. Expected cost involved in destruction would be ₹ 0.5 million. At this stage, we are unable to quantify the realizable value of unclaimed/uncleared cargo to recognize the same in books of accounts.

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

There has been no transaction by the Holding Company with a MSME during the year. Hence, the information on the outstanding as at 31st March 2023 is NIL in the case of holding company, however, for subsidiaries the information is as under:

(₹ in million)

	Particulars	**March 31, 2023**	**March 31, 2022**
a.	Principal amount due and remaining unpaid	33.60	48.75
b.	Interest due on above	0.35	0.06
c.	Payment made beyond the appointed day during the year	-	-
d.	Interest paid	-	-
e.	Interest due and payable for the period of delay	-	-

f.	Interest accrued and remaining unpaid	0.35	0.06
g.	Amount of further interest remaining due and payable in succeeding years	-	-

Note: 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 Group and relied upon by the Auditors.

In case of AAAL, Payments to most of 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.

In the case of AIESL, The SAP system has a field, minority indicator in Vendor Master, which is updated to identify the vendor as MSME. The system has been enhanced to capture more details of MSME Vendors, such as certificate number, name of the entrepreneur, type of organization, date of commencement, bank details, etc. Accordingly, 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 and relied upon by the Auditor. However, payments to such undertakings covered under the Micro, Small and Medium Enterprises Development Act (to the extent identified) have been made within the prescribed time limit/ date agreed upon with the supplier. In other cases, necessary compliance/disclosure will be ensured in due course.

In the case of HCI, 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 is calculated on delayed payments.

In the case of AIASL, The accounting system (SAP) 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 SSI vendors, such as certificate no., issuing agency, validity, etc. 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 and hence, no interest is payable on delayed payments. In other cases, necessary compliance/disclosure will be ensured in due course.

32. Claims from Jet Airways (India) Ltd.

In the case of AIASL, Company has submitted its claims of ₹ 250.18 millions (including interest) from M/s Jet Airways (India) Ltd to the Interim Resolution Professional / Resolution Professional of M/s Jet Airways (India) Ltd out of which claims of ₹ 166.10 million 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.

33. Claims from Go Airlines India Ltd.

In the case of AIASL, the Go Airlines India Limited has submitted their application to NCLT for insolvency resolution process and accordingly NCLT has accepted the application and initiated the insolvency process vide order dated May 10th, 2023 and allow company has filed its claim amounting Rs 220.35 million as on March 31st, 2023 (including interest amounting ₹11.27 million and accordingly company has made the 100% provision of the receivables excluding interest in ECL.

34. RELATED PARTY DISCLOSURES:

Disclosure of the names and designations of the Related Parties as required by Indian Accounting Standard (Ind AS24) during the year 2022-23.

A. Key Managerial Personnel & Relatives

KMP and Board of Directors of Holding Company:-

Sl. No.	Name of Director	Designation	Date of Appointment/ Cessation
1.	Shri Vikram Dev Dutt	CMD	28.02.2023 (Cessation)
2.	Shri. Satyendra Kumar Mishra	Nominee Director	22.01.2018 (Appointment) CMD w.e.f. 01.03.2023
3.	Shri Vimlendra Anand Patwardhan	Nominee Director	27.12.2022 (cessation)
4.	Shri Rajesh Singh Shrinarayan Sharma	Nominee Director	27.12.2022 (Appointment) 03.02.2023 (cessation)
5.	Shri Padam Lal Negi	Nominee Director	03.02.2023 (Appointment)
6.	Smt. Parama Sen	Nominee Director	10.06.2021 (Appointment)
7.	Shri. Peeyush Kumar	Nominee Director	27.12.2022 (cessation)
8.	Shri Soloman Arokiaraj	Nominee Director	27.12.2022 (Appointment)
9.	Shri Rajiv Kapoor	CFO	12.11.2021 (Appointment)
10.	Ms. Kavita Tanwar	CS	01.08.2022 (Appointment)

KMP and Board of Directors of AIASL

Sl. No.	Name of Director	Designation	Date of Appointment/ Cessation
1.	Shri. Vikram Dev Dutt	Chairman & Nominee Director	27.01.2022 (appointment) 28.02.2023 (cessation)
2.	Shri. Satyendra Kumar Mishra	Nominee Director (Elected as Chairman w.e.f 01.03.2023)	02.02.2017 (appointment)
3.	Shri Rambabu Ch	CEO	31.07.2021 (appointment)

4.	Shri Satya Narayan Panda	CFO	till 31.12.2022 (date of cessation as CFO & KMP)
5.	Wing Cdr. Sandeep Malhotra (retd.)	CFO	From 28.12.2022 & KMP from 09.02.2023
6.	Ms. Shashi Bhadoola	CS	11.06.2020 (appointment)

KMP of HCI

Sl. No.	Name of Director	Designation	Date of Appointment/ Cessation
1.	Shri Deepak Khullar	CEO	05.11.2020 (appointment)
2.	Smt. Thrity Cyrus Dalal	CFO	11.02.2015 (appointment)
3.	Smt. Isha Jain	CS	01.10.2021 (appointment) 22.08.2022 (cessation)
4.	Ms. Sonam Gosain	CS	06.12.2022 (appointment)

KMP and Board of Directors of AIESL

Sl. No.	Name of Director	Designation	Date of Appointment/ Cessation
1.	Shri Vikram Dev Dutt,	Chairman	27.01.2022 (appointment) 28.02.2023 (cessation)
2.	Shri Satyendra Kumar Mishra	Nominee Director (elected as chairman w.e.f. 01.03.2023)	02.02.2017 (appointment)
3.	Shri Vimlendra Anand Patwardhan	Nominee Director	20.03.2020 (appointment) 14.12.2022 (cessation)
4.	Smt. Parama Sen	Woman Director	11.02.2022 (appointment)
5.	Shri Rajesh Singh Shrinarayan Sharma	Nominee Director	14.12.2022 (appointment) 18.01.2023 (cessation)
6.	Shri Padam Lal Negi	Nominee Director	18.01.2023
7.	Shri Jose Mathew	CEO	30.04.2022 (cessation)
8.	Shri Sharad Agarwal	CEO	01.05.2022 (appointment)
9.	Shri Gopal Krishan Valecha	CFO	20.05.2022 (cessation)
10.	Shri Rakesh Kumar Jain	CFO	20.05.2022 (appointment)
11.	Ms. Sakshi Mehta	CS	09.11.2021 (appointment)

KMP and Board of Directors-of AAAL

Sl. No.	Name of Director	Designation	Date of Appointment/ Cessation
1.	Shri Vikram Dev Dutt,	Chairman	27.01.2022 (appointment) 28.02.2023 (cessation)
2.	Shri Satyendra Kumar Mishra	Chairman	01.03.2023 (appointment)
3.	Smt Usha Padhee	Nominee Director	25.01.2022 (appointment) 18.01.2023 (cessation)
4.	Shri Deepak Sajwan	Nominee Director	18.01.2023 (cessation)

5.	Shri Pranjol Chandra	Nominee Director	11.02.2022 (appointment)
6.	Shri Asangba Chuba Ao	Nominee Director	18.01.2023 (appointment)
7.	Shri Brajesh Kumar Srivastava	Nominee Director	18.01.2023 (appointment)
8.	Mr. Vineet Sood	CEO	31.07.2021 (appointment)
9.	Mr. Ambar Kumar Mondal	CFO	26.07.2019 (appointment)
10.	Ms. Shilpa Bhatia	CS	14.01.2022 (appointment)

i. Transactions with Key Managerial Personnel

There are no transactions with Key Managerial Personnel except for the Salaries or remuneration paid to the KMPs as under during the year FY 2022-23. Details for the same are as under: -

S. No.	Name & Designation	Nature of payments	Amount paid during the F.Y. 2022-23
1	Shri Vikram Dev Dutt	Salary	₹ 3.57 million
2	Shri Rajiv Kapoor,	Salary	₹ 1.83 million
3	Ms. Kavita Tanwar,	Salary	₹ 0.80 million
4	Shri Vineet Sood,	Salary	₹ 4.01 million
5	Shri Ambar Kumar Mondal	Salary	₹ 1.79 million
6	Ms. Shilpa Bhatia	Salary	₹ 0.80 million
7	Shri Jose Mathew,	Salary	₹ 0.41 million
8	Shri Sharad Agarwal	Salary	₹ 4.76 million
9	Shri Gopal Krishan Velecha	Salary	₹ 0.40 million
10	Shri Rakesh Kumar Jain	Salary	₹ 2.29 million
11	Ms. Sakshi Mehta	Salary	₹ 0.97 million
12	Mr. Deepak Khullar	Salary	₹ 2.40 million
13	Ms. T C Dalal,	Salary	₹ 0.90 million
14	Ms. Sonam Gosain	Salary	₹ 0.42 million
15	Ms. Isha Jain	Salary	₹ 0.63 million
16	Shri Rambau Ch	Salary	₹ 4.87 million
17	Shri Satya Narayan Panda,	Salary	₹ 1.26 million
18	Wing Cdr. Sandeep Malhotra (retd.)	Salary	₹ 0.27 million
19	Ms. Shashi Bhadoola	Salary	₹ 1.08 million

Previous year's figures relating to KMP of the subsidiaries (as the control is transferred to the company from different date of January, 2022) is not identifiable and not disclosed.

ii. 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.

B. In terms of Ind AS 24, following are Government Related entities i.e., Significantly controlled and influenced entities (Government of India):

i. **(Government and Government Related Entities**:

Sr. No	Name of Company	Relationship
1.	The then AIL (till 27thJanuary 2022)	Entity under control by the Government of India
2.	Government of India (mainly Ministry of Civil Aviation and Ministry of Finance)	

Transactions with Government and Government related parties: -

(₹ in million)

Name of Entity	For the year ended March 31, 2023	For the year ended March 31, 2022
In the case of Holding company		
Amount of budgetary support / grant received from GoI	73,252.10	13,780.00
Equity Capital Received from Government of India	N.A.	6,23,654.00
Funds transferred to the then AIL (net of refund)	N.A.	6,11,309.58
Amount of GOI grant transferred to Air India Limited towards servicing the Identified Debts	N.A.	6,719.16
Reimbursement of Interest expenses including withholding taxes, Penal and default interest debited to the Company by Air India advising utilization of Grant for servicing the Identified debts –obligation of AIAHL	N.A.	5,430.59
Reimbursement of and other charges including legal expenses to the Company by Air India advising utilization of Grant for servicing the Identified debts –obligation of AIAHL	N.A.	3.46
Monetization Proceeds received/receivable from AIL	N.A.	904.85
Rental Income and Revenue Sharing credited by AIL	N.A.	838.67
Interest on FDR credited by AIL	N.A.	15.54
Maintenance, Utilities, taxes, etc. debited to the Company by AIL	N.A.	100.82
Salary of Deputed employee of AIL	N.A.	-
Amount Recoverable from Air India under AI Reconciliation account (Net of payable).	N.A.	7,244.48
Immovable properties t/f to AIAHL the then AIL	N.A.	76,039.28
Movable properties t/f to AIAHL by the then AIL	N.A.	1,494.48
Outstanding recoverable of the then subsidiaries of AIL	N.A.	49,839.76
Transfer of investments of the then subsidiaries of AIL.	N.A.	8,179.41
In case of Subsidiary Company AAAL- Expenditure		
Airport Authority of India (including space)	297.54	190.29
Oil Companies:		
Indian Oil Co. Ltd.	2,390.74	1,082.39
Hindustan Petroleum Co. Ltd.	666.19	414.81
Bharat Petroleum Co Ltd	594.29	324.44
In case of Subsidiary Company AAAL - Revenue:		
Subsidy for Operation from Govt.		
Govt. of India	3,659.93	2,842.10
Charter Revenue Others		
Govt. of India	4.16	20.72

Note: Post disinvestment, AIL is not a related party.

35. IN COMPLIANCE WITH IND AS 27 "SEPARATE FINANCIAL STATEMENTS" THE REQUIRED INFORMATION ARE AS UNDER:

S. No.	Transactions	% of ownership interest	
		As at March 31, 2023	As at March 31, 2022
1	AI Airport Services Limited (AIASL)	100%	100%
2	AI Engineering Services Limited (AIESL)	100%	100%
3	Alliance Air Aviation Limited (AAAL)	100%	100%
4	Hotel Corporation of India Limited (HCI)	80.38%	80.38%

36. 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.

In the case of Holding Company:

Since the average net profits of the holding 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 Holding 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 Holding 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. However, the Holding Company is in the process of retaining the applicable 2% of the average net profit of the period prior to the financial year 2021-22 in a fixed deposit.

In the case of AIESL, the company has contributed to Prime Minister Relief Fund of ₹40.94 million (Previous Year Nil).

Corporate Social Responsibility Expenditure: -

S. No.	Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
1.	Amount required to be spent by the company during the year	40.94	-
2.	Amount of expenditure incurred on: (i) Construction/acquisition of any asset (ii) On purposes other than (i) above	- 40.94	-
3.	Shortfall at the end of the year	-	-
4.	Total of previous years shortfall	-	-
5.	Reason for shortfall	-	-
	Nature of CSR activities	Contribution to Prime Minister's National Relief Fund	-
	Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard:	Nil	-

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.

(₹ in million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Amount required to be spent by the company during the year	-	-
Amount of expenditure incurred	-	23.66
Nature of CSR activities		
a) Construction / acquisition of any assets	-	-
b) On purpose other than 1 above	-	23.66
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		

37. PROVISION FOR TAXATION:

In the case of Holding Company:

In terms of the provisions of Section 115 BAA of the Indian Income tax 1961, which provide for an option of lower rate of 22% plus applicable surcharge for a domestic Company (as against higher rate of about 30% plus applicable surcharge) for any previous year relevant to the assessment year beginning on or after 1st April 2020, subject to no deduction or exemptions allowed under specified sections, no carry forward or set off of past year losses, or set off losses or unabsorbed depreciation in amalgamation being available to the Company, and the such option once exercised to continue forever. The Holding company had opted for lower tax rate u/s 115BAA. Accordingly, provision for tax based on lower rate u/s Sec 115BAA in the books of account are as under: -

(₹ in million)

Sl. No.	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
1	Net Taxable Profit	(5,512.16)	(10,574.67)
2	Tax Payable @ 22% plus 10 Surcharge and 4% Cess	-	-
3.	Net Tax Payable/(Refund) after TDS deducted claimed	-	-
4.	Short Provision of Income tax for FY 2019-20 due Interest u/s 234C	-	-
5	* Interest u/s 234A, B and C included above	-	-

In the case of AIESL,

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current tax		
Current tax	338.97	584.52
Short / (excess) provision of tax of earlier years*	168.31	-
Total	**507.28**	**584.52**
Deferred Tax		
Minimum alternate tax credit entitlement	-	(583.16)
Deferred tax Income (excluding MAT)	-	(2,619.71)
Deferred tax Expense	1,652.73	-
Total	**1,652.73**	**(3,202.87)**

* This represents short / (excess) provision of income tax (net) of earlier years identified in the current year.

A reconciliation of income tax expense applicable to accounting profit before tax at the statutory income tax rate to recognised income tax expense for the year indicated are as follows:

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit / (Loss) before tax	**6,110.50**	**5,752.82**

Enacted tax rate applicable to the company (MAT)	-	17.472%
Expected income tax expense at enacted tax rate as stated above	-	**584.52**
Tax effect of:		
Expenses not deductible in determining taxable profits	-	6.16
Loss brought forward or unabsorbed depreciation whichever is less or both as may be applicable	-	(440.12)
Impact of Re-measurement of employee benefits obligations	-	11.99
Delay in payment of advance tax		1.36
Income tax recognized in the statement of profit and loss	-	584.52

* During the year the company has adopted the lower tax rate u/s 115BAA.

In the case of AIASL,

(a) Income tax recognised in Statement of Profit and loss

(₹ in million)

Particulars	**Year Ended March 31, 2023**	**Year Ended March 31, 2022**
Current tax expense (A)		
Current year	235.77	-
Short/(excess) provision of earlier years (B)		
Short provision for tax for earlier years	-	24.62
Deferred tax expense (C)		
Origination and reversal of temporary differences	45.94	(197.30)
Tax expense recognised in the income statement (A+B+C)	**281.71**	**(172.68)**

(b) Income tax recognised in other comprehensive income

(₹ in million)

Particulars	**Year Ended March 31, 2023**			**Year Ended March 31, 2022**		
	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	(3.92)	-	(3.92)	305.92	77.00	228.92
	(3.92)	**-**	**(3.92)**	**305.92**	**77.00**	**228.92**

(c) Reconciliation of income tax expense applicable to accounting profit before tax at the statutory income tax rate to recognized income tax expense for the year indicated are as follows:

(₹ in million)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Profit before tax	972.97	(112.73)
Enacted tax rate in India	25.168%	25.168%
Expected income tax expense at statutory rate (A)	235.77	-
Tax effect of		
Expenses not deductible in determining taxable profits	-	-
Excess provision of tax for earlier years	-	24.62
Income tax recognized in the statement of profit and loss	235.77	24.62
Impact of deferred tax	45.94	(197.30)
Income tax recognized in the statement of profit and loss (including deferred tax)	**281.71**	**(172.68)**

38. DEFERRED TAX ASSETS/LIABILITY:

In the case of Holding Company:

The Company has losses in the current financial year and may not be in profit in the future year. In the 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. Hence, in line with Ind AS 12 “Income Taxes,” the existence of tax losses is strong evidence that future taxable profit may not be available. Hence, based on the same Deferred Tax assets / Liabilities have not been created.

In the case of HCI:

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.

In the 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 the case of AIESL:

Deferred tax assets (DTA) are the amounts of income taxes recoverable in future periods in respect of the carry forward of unused tax losses, the carry forward of unused tax credits and deductible temporary differences (which are temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled). Deferred tax liabilities (DTL) are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

The company has convincing evidence that sufficient taxable profit will be available against which the unused tax losses, deductible timing differences or unused tax credit can be utilized by the entity in near future. Hence in line with IndAS 12 "Income Taxes" Deferred Tax assets / Liabilities have been created.

Deferred tax asset / (liability) recognized are as under: -

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax asset (net)	1,623.20	3,229.33
Deferred tax liability (net)	73.06	26.46

In the case of AIASL,

The following is the analysis of deferred tax assets / (liabilities) balances presented in the balance sheet

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax liabilities	(189.84)	(166.59)
Deferred tax assets	1,156.47	1,251.00
Total	**966.63**	**1,084.41**

Deferred tax assets of AIASL shown in their Audited Financial Statements for the year has been corrected, for consolidation purpose, to the extent error and omission agreed by the management. As a result, in the consolidated financial statements, deferred tax assets shown in the "Assets included in disposal group held for sale" has been credited by ₹ 163.72 million and corresponding debit to Profit & Loss from discontinued operations by the same amount.

Note: Deferred tax assets/ liabilities of the subsidiaries has been grouped under "Assets included in Disposal Group held for sale". Precise impact on deferred tax assets/ liabilities due to elimination could not be identified/ ascertained.

39. EARNINGS PER SHARE:

Earnings per share from continuing operations calculated as per Ind AS 33 are as under:

(₹ in million)

Details	As at March 31, 2023	As at March 31, 2022
Profit/(Loss) After tax for the year (as numerator)	(10,564.00)	(11,489.38)
Weighted Average no. of equity shares of ₹ 10 each (as denominator)	62,365.45	17,524.31
EPS Basic & Diluted After Tax	**(0.17)**	**(0.66)**

40. REMUNERATION TO STATUTORY AUDITORS:

The details of the audit fees and out of pocket expenses for the year 2022-23 are as under:

(₹ in million)

Particulars	F.Y. 2022-23	F.Y. 2021-22
Audit Fees including quarterly review	2.45	3.85
Out of Pocket Expenses	0.13	0.26
Tax audit fees provision	0.28	0.26
Total	**2.86**	**4.37**

The above amount includes remuneration to statutory auditors for entities held for sale amounting to ₹ 2.09 million (₹ 2.87 million – ₹ 0.77 million) (Previous year ₹ 3.84 million (₹ 4.37 million - ₹ 0.53 million).

41. DIVIDEND:

In terms of letter from Ministry of Civil Aviation vide ref no. 17046/19/2021-AI dated 12th November 2021 the Holding Company has been exempted from the payment of dividend.

42. INDEPENDENT DIRECTOR:

In the case of Holding Company:

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.

In the case of AIESL:

As per Companies Act 2013, Sec 149(4) and 178 and in line with Rule 4(2) the Company is not required to have independent director being an unlisted company and a wholly owned subsidiary of AIAHL. However, as per DPE guidelines on Corporate Governance 2010, the non-listed CPSEs provides for appointment of Independent Director, setting up of Audit Committee and Remuneration Committee, respectively wherein the constitution of both the committee is required to be done by Independent Director. The company has applied to the DPE for seeking exemption vide letter ref no AIESL/CS/HQ/25 dated 01.09.2020. No response to the said letter has been received.

43. IMPAIRMENT:

The Holding Company on disinvestment of AIL has received various assets and the Holding Company on the balance sheet date made the provision for impairment of ₹ NIL (Previous Year ₹ 25.03 million against a property in Mangaluru) in accordance with IND AS-36.

The Holding company has approached Income Tax Department for the purchase of a land and building situated at Mangaluru for a consideration of ₹ 103.00 million for which Income Tax Department has given in principal approval vide its letter no. F.No.10(1)/MNG/Pr. CCIT/2023-

24 dated 25th April, 2023 for the purchase of the said property subject to transfer of the title in the name of AIAHL from AIL. The necessary accounting impact will be given at the time of completion of the transactions.

In the case HCI, There is no impairment of assets as envisaged under Indian Accounting Standards (Ind AS 36) 'Impairment of Assets'.

44. SEGMENT REPORTING:

As the Holding 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.

Segment reporting in respect of Entities held for sale in not reported.

45. CONFIRMATIONS / RECONCILIATIONS:

In the case of Holding Company

The Holding Company has sought the confirmation of balances for major receivables and payables as on 31st March 2023. However, some of the parties have responded and their balances are in agreement with the balances shown in the books of the Company except in case of AIASL, AAAL and AIL for which details are as under:

i. Regarding balance confirmation from AIL, against the recoverable of ₹ 2,614.34 million (₹ 2,720.85 million less advance against sale of properties of ₹ 106.51 million) AIL has confirmed ₹ 1,494.70 million as payable by the company to the AIL. However, the Holding Company is not in agreement with the balance shown/confirmed by AIL. The reconciliation of the same with AIL is under process.

Further, the 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 Holding Company has disputed this credit note amounting to ₹ 2,244.48 million as there was 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 Holding Company has not accepted the adjustment. As a result of this, there is difference to that extent i.e. ₹ 1,288.57 million in AIL Settlement A/c as compared to AIL Reconciliation A/c in the books of the Holding Company and ₹ 955.91 million interest in RFATR a/c as compared to AIL Recoverable A/c in the books of the Holding Company.

ii. Regarding balance confirmation from AIASL, there is a difference of ₹ 0.61 million (Previous Year ₹ 1.34 million) due to difference in rental and interest on outstanding recoveries and regarding balance confirmation from AAAL, there is a difference of ₹ 7.46 million due to difference in reimbursement of SBLC charges and interest on outstanding recoveries.

iii. The balances of GST as per books and as per GST portal are subject to reconciliation.

In the case of AIASL: (a) The Company has sought for the confirmation of balances for all the 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 private parties, further reconciliation has been completed and balance confirmations have been sent. In case of trade payables some parties have responded and wherever the party's balances are not in agreement with the books, the reconciliation of the differences is in progress. Impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt with in the year of completion of the reconciliation and approvals from appropriate authority

b) 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 approvals from appropriate authority

(c) Goods & Service Tax (GST) and other statutory dues have been reconciled with the returns filed and statutory records maintained by the company. Necessary adjustments have been made.

In the 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 of the Company. Wherever the balances confirmed are not in agreement with the books in that case reconciliation of difference is under process.

In case of trade receivables, the company has balance confirmation of receivables from Air India, AIXL, AAAL and few other customers which consist of 87.89% (Previous year 75.57%) of receivables of the company and reconciliation has been completed and balance confirmations have been obtained. In case of trade payables some parties have responded and wherever the party's balances are not in agreement with the books, the reconciliation of the differences is in progress. Impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt with in the year of completion of the reconciliation and approvals from appropriate authority.

(ii) Good & Service Tax (GST) and other statutory dues are in reconciliation with the returns filed and statutory records maintained by the company.

(iii) The company has carried out major reconciliation/adjustment of matching of certain unmatched receivables/ recoverable from staff and payables including certain control ledger. Further for the balance unmatched receivables/ recoverable from staff and payables including certain control ledger are in process and impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt in the year of completion of the reconciliation and approvals from appropriate authority.

Cash and Bank Balances

I. The process of year end physical verification of cash in hand has been done by the authorised officials and the certificate of cash balance has been duly certified by the official concerned.

II. The Company has requested for the confirmation of the balances from the bank as on 31st March 2023. The Company has obtained confirmation/bank statements in respect of all the bank accounts/fixed deposits. They are in reconciliation with the books of accounts of the Company as on 31st March, 2023.

In the 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:

(₹ in million)

Head of Account	Balance as per Books	Balance which is unconfirmed	% of amount unconfirmed
Trade Payable	16,445.69	422.75	2.57%
Trade Receivable	1,007.45	31.93	3.17%

(ii) Balance confirmation certificates as on 31st March 2023 have been sent to all vendors and customers. Confirmations have been obtained from 97.43% (previous year: 99.65%) of the total amount in case of vendors and in case of the customers all the parties are Govt Dept/Ministry and 96.83% (previous year: 96.34%) of the total dues as on 31st March 2023 is confirmed.

(iii) An amount of ₹ 111.77 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 has been carried out and necessary accounting action has been taken during 2022-23.

(iv) Management is of opinion that the adjustments after reconciliation will have no material impact in statement of Profit & Loss A/C.

In the case of HCI,

(i) The Company has reconciled the balances in respect of Trade Receivables, Trade Payables, in respect of the Holding Company and its subsidiaries as on 31st March 2023.

(ii) The Company is also in the process of obtaining confirmation of balances in respect of Trade payables, other Trade Receivables, Loans and Advances, Deposits and Other Liabilities as on 31st March, 2023. 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.

46. EMPLOYEES BENEFITS:

In the case of Holding Company

The Holding Company has not recognized any expenditure towards defined contribution plans, in respect of Employees Provident Fund and Employee State Insurance benefits, etc. and hence actuarial valuation is not required.

Further, the Holding Company has not provided liability towards gratuity as per the letter dated 10th August 2022 received from the actuary that all the employees of the Holding Company is on a contractual basis for a period of 3 years or less than 3 years, and renewal of the contract is uncertain.

In the 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 ₹ 297.67 million (previous year: ₹ 254.98 million)

b. Defined benefit plans

i. 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.

ii. Post-retirement medical benefits: The Company had a post-retirement medical benefit scheme under which medical benefits were provided to retired employees and their spouse. The Government of India vide letter dated February 16, 2022 has approved medical benefit facility to the eligible permanent retired/retiring employees of AI Engineering Services Limited (AIESL) post disinvestment. After introduction of this scheme, all the expenditure under this scheme will be borne by M/o Civil Aviation through Budgetary provisions to the holding company AIAHL. Further, the Government of India O.M. dated 15th March, 2023 for providing above mentioned medical benefits does not envisage any such surrender by AIESL. Hence, the company has written back accumulated liability of ₹ 2,334.20 million which had been accounted for based on the actuary valuation.

c. Other long term employees' benefits

i. 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.

ii. Bonus

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 the 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 up to a maximum of 300 days. Leave Encashment liability for the current financial year is ₹ 1.80 million (Previous Year ₹1.35 million).

b. Defined Benefit Plan –

1) **Provident Fund (Funded)**

The company pays a fixed contribution to the provident fund at predetermined rates to a separate trust, which invests the funds in permitted securities. The company has an obligation to ensure a minimum rate of return to the members as specified by GOI.

As per the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Company has no right to the benefits either in the form of a refund from the plan or lower future contribution to the plan towards the net surplus of ₹ 30 million determined through actuarial valuation. Accordingly, Company has not recognized the surplus as an asset, and the actuarial gains in 'Other Comprehensive Income', as these pertain to the Provident Fund Trust and not to the Company.

2) Gratuity (Unfunded)

The Company has a defined benefit gratuity plan which is unfunded and is treated as Other Long-Term Employee Benefits. The present value of the obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Gratuity is paid by the company as and when it becomes due and is paid as per the Gratuity Scheme of the company. During the year, there were no plan amendments, curtailments or settlements.

3) Leave Encashment (Unfunded)

The Company has defined benefit leave encashment plan in India (Unfunded) which is treated as Other Long-Term Employee Benefits. The Company's net obligation in respect of Leave Encashment is the amount of benefit to be settled in the future, that employees have earned in return for their service in the current and previous years. The benefit is discounted to determine its present value. The obligation is measured on the basis of an actuarial valuation using the projected unit credit method

In the case of HCI,

A. Defined Contribution Scheme:

Contributions to Defined Contribution Scheme of Provident Fund and Employee State Insurance are charged to the Statement of Profit & Loss ₹ 36.34 million (Previous Year ₹ 36.01 million)

B. Defined Benefit Plan:

Gratuity: Gratuity is payable to all eligible employees of the Company on superannuation, death, or permanent disablement, in terms of the provisions of the Payment of Gratuity Act

C. Privilege Leave Encashment: Privilege Leave Encashment is payable to all eligible employees at the time of retirement/termination upto a maximum of 300 days.

D. Privilege for Sick Leave Encashment: Privilege for Sick Leave Encashment is payable to all eligible employees at the time of retirement/termination upto a maximum of 120 days. The provision of which has not been created, as the company is in practice of final settlement when the actual payment is computed/determined

E. Post Retirement Medical Scheme: 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 ₹ 10 lakhs.

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 ₹ 327.79 million (previous year: ₹ 363.50 million)

There is a Supreme Court (SC) judgement dated February 28, 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the EPF Act. There are interpretative aspects related to the Judgement including the effective date of application. In the view of the management, the contribution for PF is to be calculated as per Employee's Provident Funds and Miscellaneous Provisions Act, 1952.

(B) Defined benefit plans:

a) Gratuity: Gratuity is payable to all the eligible employees of the company on superannuation, death, or permanent disablement, in terms of the provisions of the Payment of Gratuity Act. The company has a defined benefit gratuity plan in India (unfunded). Gratuity is paid from the company as and when it becomes due and is paid as per the company scheme for Gratuity.

b) **Post-retirement medical benefits**: The company has a post-retirement medical benefit scheme under which medical benefits are provided to retired employees and their spouse.

(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 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.

Notes:

Gratuity is payable as per company's scheme as detailed in the report. Actuarial gains/ losses are recognized in the period of occurrence under Other Comprehensive Income (OCI).All above reported figures of OCI are gross of taxation. Salary escalation & attrition rate are considered as advised by the entity; they appear to be in line with the industry practice considering promotion and demand & supply of the employees. Maturity Analysis of Benefit payments is undiscounted cash flows considering future salary, attrition & death in respective year for members as mentioned above for foreseeable 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.

47. Following are the details of Foreign Currency earned and expended by the Group during the Financial Year 2022-23:

(₹ in million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Foreign Exchange Earnings	2,032.92	1,056.78
Foreign Exchange expended	38.26	193.16
Net Foreign Exchange Earnings	1,994.66	863.62

48. Regional Connectivity Scheme

In the case of AAAL, till 31.3.2023, the company has been awarded (through the bidding process) 127 routes (previous year: 117 routes) under RCS (8 rounds), out of which 101 (previous year: 81) are operational. The remaining routes are proposed to be launched in the coming months based on the readiness of the airports, which include 10 routes awarded in the second round of allotment, 08 routes awarded in the third round of allotment, 04 routes awarded in round 3.1, 02 routes awarded in round 4.1 and 02 routes awarded in round 4.2 of allotment and remain non-operational till 31.03.2022, though as per terms of the LOI these are required to be operational during the year 2022-23. 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.

49. M/S Gati

In the case of AAAL, an agreement for freighter charter operations (undertaken by AAAL) between Air India Ltd and M/s GATI was terminated by GATI in March 2009, consequent to which AI invoked the Bank Guarantee of ₹ 300 million deposited by GATI. The Arbitral Tribunal has given its award against which an appeal has been filed by Air India Limited before the Hon’ble Delhi High Court which has also upheld the decision of the Arbitral Tribunal. To file an appeal in the Delhi High court (Double Bench) against the subject order, AIL deposited ₹ 220 million with Hon’ble High Court as deposit money on 17.11.2015. Against this deposit, Provision for Doubtful Security Deposit has been made for ₹ 220 million as prudence, although the matter is sub-judice. The next hearing date has been further postponed to 11.09.2023 for arguments.

50. Disclosures Under IND AS 116:

a. In the case of AAAL,

The subsidiary’s leased assets primarily consist of leased aircraft and engines. The Company has taken 18 ATR 72-600 Aircraft on lease. Liabilities on account of future minimum lease rentals in respect of leases are as under: -

(₹ in million)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Non-Current	Current	Non-Current	Current
Lease Liabilities	21,383.58	3,252.68	19,856.31	2,608.93

b. Other Disclosures relating to lease:

(₹ in Million)

1.) Maturity Analysis of lease liabilities		
PARTICULARS	2022-23	2021-22
Less than one year	3,443.66	2,636.50
One to five years	12,884.26	11,525.05
More than five years	9,058.97	9,049.77

Total undiscounted lease liabilities at 31 March 2022	**25,386.88**	**23,211.32**
Lease liabilities included in the statement of financial position on 31 March 2023	**24,636.26**	**22,465.24**
2.) Amount's recognized in the statement of profit and loss		
PARTICULARS	**2022-23**	**2021-22**
Depreciation expense on ROU Asset	2,571.39	2,381.85
Interest on lease liabilities	221.48	207.85
Variable lease payments not included in the measurement of lease liabilities	0	0
Income from sub-leasing right-of-use assets	0	0
Expenses relating to short-term leases*	0	3.45
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	0	0
*Engines taken on lease have been classified as short-term leases since the lease term is less than 12 months as on the balance sheet date. Due to this reason, management has availed the practical expedient.		
3.) Amounts recognized in the Statement of Cash Flows		
PARTICULARS	**2022-23**	**2021-22**
Amount Shown as Cash Flow from Financing Activity - Total cash outflow for leases	2,961.35	2,533.31

c. **In the 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.

d. **In the case of HCI,** The Company has taken land on lease which are generally long term in nature with varying terms, escalation clauses and renewal rights expiring from thirty to ninety nine years. On renewal, the terms of the leases are renegotiable.

a) **Total lease liabilities are analyzed as under:**

(₹ in million)

Particulars	**March 31, 2023**	**March 31, 2022**
Current Non-Current	29.75 360.12	27.79 336.47
Total	**389.87**	**364.26**

51. **In the case of HCI,** In the opinion of the Company, the Current Assets and Loans and Advances are approximately of the value stated if realised in the ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.

52. **Going Concern:**

In the case of HCI, 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, 2023.

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. Also, the Company has signed Master Service Agreements with Air India which is valid upto 31.12.2024 and a new customer has been on boarded i.e. M/s Spicejet Limited with Catering Agreement up to 01.05.2025, which ensures that company will be able to run its business as going concern in near future. Accordingly the Company has prepared its accounts on a “going concern” basis .Various initiatives have also been taken by the management for improving the operational performance of the company and increasing the revenues in view of the following:

The Company is also tapping Online Travel Agents, Walk-in Customers, Event Booking, Corporates for increasing the business. The Company is also planning of introducing additional capex for operationally essential matters, The company has obtained the ISO Certification and is in process to upgrade the present facilities.

Refurbishment of additional 30 Guest Rooms at Centaur Hotel Delhi Airport to increase the occupancy level.

In the case of AAAL, The company is a wholly-owned subsidiary of AI Assets Holding Ltd. (AIAHL) and has full support from the Government of India to make the company fully operational after the disinvestment of Air India Ltd.

The company has taken various measures to improve its operational efficiencies and cost control measures.

The company during the financial year expanded its fleet by inducting two ATR-42 600 and one Dornier aircraft to its existing fleet of 18 ATR-72 600 aircraft. The total fleet now stands at 21 aircraft as on 31st March’2023. All the aircraft are suitable for serving smaller / unserved / underserved airports in the country.

Alliance Air is entrusted to operate the routes allotted by Ministry of Civil Aviation under RCS & VGF scheme, specially in the remote areas for successfully implementing of UDAN scheme and always taking the challenge to fly to critical airfields, fulfilling the aspiration of Government of India to achieve the desired goal of UDAN scheme to connect the tier II & tier III cities and to discharge the social obligation as directed by Government of India.

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 127. Out of allotted routes, the company operated 101 routes as on 31st March 2023(previous year 81 routes).

Further, Ministry of Civil Aviation vide their letter DO. No. AV.17046/72/2019-AI dated 6th April' 2023, categorically stated that Alliance Air is a going concern and has assured that Government will make all endeavor to clear the dues towards ATF supply to Alliance Air.

Alliance Air has already received in principal approval from Ministry of Finance dated 20th April'2023 towards financial support of ₹ 6,000 million. As per approval, the first tranche of ₹ 3,000 million has been released to Alliance Air which will reduce its finance costs .

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. Post-Covid 19, AAAL is on the path of recovery and EBIT shows a positive trend. Alliance Air is heading its way to reversing the trend of adverse financial parameters in this financial year 2023-24 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."

53. **In the case of AIESL,** the Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020.The code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code become effective.

54. **In the case of HCI,** As per the Agreement between Airports Authority of India (AAI) and the Company the lease period for the land on which Centaur Hotel Delhi and Chefair Delhi is located, is valid till 31.3.2032 . However AAI had served notice dated 8 November 2016 for early termination of lease of land as the land is required by them for airport expansion. With the intervention of Ministry of Civil Aviation, an extension up to 31 December 2019 for vacating the said leasehold land has been granted. Thus the Company was required to give vacant possession of land by 30.11.2019 and surrender the said leasehold land to AAI by 31 December 2019. In this regard, negotiations for compensation to be claimed from AAI were carried out in consultation with the Ministry.

Accordingly, a meeting was convened on 04.11.2019 by Secretary Civil Aviation to discuss the matter regarding compensation on termination of Lease agreement to HCI. In the said meeting AAI clarified that as per the proposed Master Plan 2016 for Indira Gandhi International Airport, Delhi the project at the HCI hotel site is to be developed under the Master Plan phase commencing from 2026 and it was also confirmed that the HCI property is not infringing the proposed runway but the land would be required for parking of aircraft.

Secretary, Civil Aviation stated that AAI needed to take an economic call on the issue taking into consideration the economics of allowing HCI to continue operations for the balance lease period. In view of the above, it was decided in the meeting that in case AAI decides that the land is not required by AAI for aeronautical purpose then full permission may be given to HCI for commercial utilisation including O&M contract for the remaining period of the lease. The said decision was communicated to HCI vide Ministry's letter 20.12.2019 allowing HCI to use the land/structure upto the expiry of the existing lease period i.e. on 31.03.2032 and to vacate the land positively upon the expiry of lease period. It was also conveyed that since HCI has defaulted in payment of AAI dues from 2002 onwards as per the terms of agreement, an Arbitrator may be appointed as per the provisions of existing agreement to sort out the dispute, which is pending. In the meanwhile, DIAL filed a Writ in the Delhi High Court challenging the Ministry's letter dated 20.12.2019. A single judge bench vide order dated 20.10.2022 under WP (C) 134/2021 quashed the MoCA letter dated 20.12.2019 and gave the judgement in favour of DIAL. HCI has appealed against the order of the single judge bench to the Divisional Bench at the Delhi High Court vide LPV No 619/2022, the matted is under final hearings and the next hearing is scheduled on 14.12.2023.

55. In the case of HCI

i) Luxury Tax liability of Centaur Delhi as on 31st March 2023 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 ₹0.61 million is on the date of freezing.

ii) Subsequent events post Balance Sheet date:

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 ₹ 60.7 million

(ii) Employees liability for Govt.of J&K w.e.f.01.03.2023 onwards ₹ 175.8 million

(iii) Salary of workers (₹ 27.9 million) and officers (₹ 02.9 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 ₹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 ₹ 61.00 Million has been shown as amount receivable from the Government of UT of J&K.

iii) Renovation of Hotels

The Company received a sum of ₹ 50 million during 2015-16 against issue of equity shares from the Government of India for renovation of hotels. In April 2017, the Company appointed a Consultant to undertake the upgradation and refurbishing of 75 guest rooms and other allied works for Centaur Srinagar. The same is not actively pursued in view of the situation in the Valley and handing over of the Srinagar hotel property to the J&K Government.

iv) Wage Revision

(a) The earlier wage agreements with workmen had expired on 31.12.2006. The Unions submitted their Charters of Demands

After protracted negotiations between Wage Negotiation Committee of the Management and Co-Ordination Committee of HCI Unions and after receipt of final approval from the Ministry of Civil Aviation, the Memorandum of Understanding dated 08.08.2019 was entered into between the unions and the Company for implementing wage revision for the Unionised category of employees for a period of 10 years effective 18.08.2008. The wage revision was implemented in the financial year 2019-20.

In view of the above, total estimated provision for arrears of wage revision for the unionised category of employees as on 31.3.2023 is ₹ 146.36 million against which an advance of ₹ 34.48 million is shown in the books of accounts. The calculations for arrears payable to employees effective 08.08.2008 are in progress. Hence any differential provision would be made in the year it is finalised.

(b) The wage revision relating to the Officers Cadre which was due on 01.01.2007 for a period of 10 years is pending. In view of the financial position of the Company the wage revision for the officers has been deferred.

The Management had announced an interim relief of ₹ 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 ₹ 70.15 million and Provision against Interim Relief amounting to ₹ 67.69 million.

56. In the Case of HCI, The matters relating to cost of construction of Centaur Lake View Hotel Srinagar and the cost sharing arrangement between the hotel and Sher e Kashmir Convention Centre (SKICC) between the Company and Government of Jammu & Kashmir (J&K) had been agreed by both the parties in a joint meeting held on 15 October 2004 and all the matters of divergent views were settled. Consequent upon the agreement, the following amounts were receivable / payable**:**

(a) Amount receivable from J & K government in respect of cost sharing arrangements with SKICC is ₹135.42 million - (previous year **₹** 127.04 million)- (Note 10)

(b) Amount receivable from J & K government on account of joint construction of the hotel and SKICC in 1982- ₹ 29.78 million and interest subsidy ₹ 12.00 million, totaling to ₹ 41.78 million (Note 10)

(c) Amount payable to J & K government on account of joint construction of the hotel and SKICC in 1982 is ₹ 39.68 million (Note No. 20)

These balances are subject to reconciliation and confirmation. Adjustment, if any will be accounted in the year in which finality is reached.

However, as a matter of abundant caution, the Company has not made any Provision for Doubtful Advances on the above matter during the current financial year.

57. Internal Control

In the 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 the 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 for the preparation of accounts is followed consistently for uniform compliances. In order to ensure that all checks and 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.

Due to disinvestment of AI, Alliance Air has already implemented new SAP effective from 1st April 2023. All the transaction during 2023-24 is being accounted in the New SAP. The financials for the year 2022-23 was made in the existing AI SAP. The closing balance of all General ledger as on 31st March 2023 will be freezed and the same will be migrated as opening balance as on 2023-24.

All the transaction since beginning to 31st March 2023 will be maintained in the cloud server for reference purpose.

In the 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 SAP.

In the case of HCI, the Company is in the process of :

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

(b) Reviewing the frequency of verification of cash, cheques, drafts etc., in hand through internal audit/officers other than cashiers.

(c) Laying down Standard Operating Procedures with regard to timely accounting of all transactions to ensure that proper books of accounts are maintained.

58. Capital Management

In the case of AAAL, The objective of the company is to maximize the shareholders’ value by maintaining an optimum capital structure. Management monitors the return on capital as well as the debt-equity ratio and makes necessary adjustments in the capital structure for the development of the business.

During the financial year ended 31 March 2023, no significant changes were made in the objectives, policies or processes relating to the management of the Company’s capital structure.

Debt-Equity Ratio:

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Borrowings	24,558.28	23,907.78
Total Debt (A)	**24,558.28**	**23,907.78**
Equity Share Capital	4,022.50	4,022.50
Other Equity	(40665.74)	(35,008.02)
Total Equity (B)	**(36,643.24)**	**(30,985.52)**
Debt Equity Ratio (A/B)	**(0.67)**	**(0.77)**

Return on Equity Ratio:

(₹ in million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit /(Loss) for the year	**(5665.73)**	**(4,477.63)**
Equity Share Capital	4,022.50	4,022.50
Other Equity	(40665.74)	(35,008.02)
Equity attributable to owners of the company	**(36643.24)**	**(30,985.52)**
Return on Equity Ratio (%)	**(15.46%)**	**(14.45%)**

59. Penalties under Dispute

In the case of AIASL, during the year 2022-23, M/s Air India Limited (AI) and M/s Alliance Air Aviation Limited (AAAL) has raised an invoice for an amount of ₹ 121.41 million and ₹ 1.61 million respectively towards penalty. However, AIASL is of the strong opinion that the penalties imposed by Air India and Alliance Air are unilateral as they have not provided jointly signed Exception Report Format (ERF) in terms of Clause 36.2 of Master Service Agreement entered with AI and AAAL. Hence, the same has not been provided in Books of accounts.

60. Code on Social Security, 2020

In the case of AIASL, the Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

61. **In the case of AIESL**, the company has changed the policy of recognizing revenue from the training services during the year i.e. from when the fees has been received to when the training services has been initiated to provide and as a result of this ₹ 0.88 million has been transferred to advance Received from Customers.

62. **Interest on delayed payment of Service Tax :**

In the case of AIESL, Service tax for the period from April-2014 to June-2017 was paid by the company after the respective monthly due dates due to liquidity issues and the company had paid the interest for the late payment of service tax only for the financial year 2014-15 and the matter brought to the notice of the company on appearance before DGGI for the unpaid interest on the late payment of service tax. Accordingly, the company has identified ₹ 299.87 million of interest liability on late payment of service tax and the said amount has also been verified and certified by independent firm of Chartered Accountants and accordingly the company has provided the liability for the same in the books of accounts. The same has been included in restated figures under the head “Other Expenses” for the financial year 2020-21.

63. There is difference of ₹0.34 million of the transactions made between Holding to Subsidiary/ Subsidiary to Subsidiary, as a result the above amount remains un eliminated.

64. **Ind-AS 115: Performance Obligations and remaining Performance Obligations**

In the case of AIESL, the aggregate value of performance obligations that are completely or partially unsatisfied as at March 31, 2023, is ₹Nil (₹ Nil as on March 31, 2022).

65. **In the case of AIESL,** the company is in process of transfer of hangars constructed on the land leased by Airport Authority of India or land owned by the holding company at various locations in India. This process is likely to complete in due course.

66. **TDS on Provisional Expenses**

In the case of AAAL

Provision has been created for the bills received from the vendor during 2023-24 but the services availed in 2022-23 (i.e, all the bills dated after 2022-23). As per the system being followed, the provisions created for 2022-23 are reversed in 2023-24 and the actual bill received in 2023-24 is booked in the vendor ledger after deducting applicable TDS in 2023-24. Due to the GST scenario provisions have been created without deduction of TDS for the bills for the year 2022-23 received in 2023-24 and dated 2023-24.

67. The Holding and Subsidiary Companies has adopted the following materiality threshold limit in the recognition of expenses/ income and disclosures

(₹ in million)

Particulars	Holding Company	Subsidiaries			
		AIASL	AAAL	AIESL	HCI
Prior Period Expenditure/ Revenue identification based on Individual Limits Restatement based on Overall Limit	10	- -	- 15 1% of Turnover of Previous year	- 80 1% of Total Revenue of Previous year	- -
Prepaid Expenses	-	-	0.010	-	-
Foreign Stations	-	-	0.050	-	-
Domestic Stations	-	-	0.010	-	-
Contingent Liability & Capital Commitments	-	-	0.10	-	-
Fair Valuation of Financial Instrument	50	-	5	80	-

68. ADDITIONAL REGULATORY INFORMATIONS:

a. Title deeds of Immovable Property not held in the name of the Group

(₹ in million)

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value FY 2022-23	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	Reason for not being held in the name of the Company
Asset held for sale (Holding Company)	Freehold	3,442.12	Air India Limited / AIAHL **	No	31 March 2022	Refer Note No.23.c.III & 25
	Leasehold/ Others	68,968.18	Air India Limited	No	31 March 2022	Refer Note No.23.c.III & 25
	Other Structures	3,285.22	Air India Limited	No	31 March 2022	Refer Note No. 23.c.III & 25

PPE (AIESL)	Building	2,644.05	Air India Limited	No	08 April 2021	
	Jet 9D Test House	10.42	Air India Limited	No	01 April 2019	
Total		**78,349.99**				

* ₹ 257.00 million were transferred to AAAL during the year against amount transferred by the then AIL in FY 2021-22 towards NASFT charges.

** Air India Limited ₹ 3,329.37 million; AIAHL ₹ 112.75 million

b. Capital Work-in-progress (CWIP)

In the case of AIESL, CWIP ageing schedule are as under: -

CWIP	₹ in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	1,137.68	1,137.68

c. 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.

d. Willful Defaulter

Not Applicable

e. Relationship with Struck off Companies:

The Group has no outstanding balances as on March 31, 2023 (previous period: Nil) with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.

f. Registration of charges or satisfaction with Registrar of Companies (ROC)

In the case of Holding Company, All borrowings of the Holding Company are fully assured by GoI for interest and principal repayments and no charge has been created with ROC. However, the Holding 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 ₹ 2,282.00 million.

In the case of Subsidiary Company AAAL, the company has registered charges of ₹ 3,205.03 million (Previous Year ₹ 2,805.03 million) with the Registrar of Companies U/s 77 of Companies Act 2013. The company is in the process of getting the said charges satisfied by following the procedure prescribed U/s82 of the Companies Act 2013.

(₹ in million)

g. 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.

h. Ratios- In the case of Holding Company

(₹ in million)

Current ratio		
Particular	**As at March 31, 2023**	**As at March 31, 2022**
Total current assets	14,179.55	25,462
Total current liabilities	5,938.90	76,030
Ratio	2.39	0.33
% change	**613%**	**-78%**
Reason	Due to decrease in current assets as well as current liability as compared to previous year.	
Debt equity ratio		
Particular	**As at March 31, 2023**	**As at March 31, 2022**
Total debt	1,49,850	2,19,850
Shareholder’s equity	(56,176.59)	(1,18,163)
Ratio	(2.67)	(1.86)
% change	**43.37%**	**-101.50%**
Reason	Due to negative net-worth of the Holding company in the current year, due to excess of fund transferred to AI over assets/ liabilities received charged to other equity and Grant from GoI for payment of series-I Bond of ₹ 70,000 million.	
Debt service coverage ratio		
Particular	**As at March 31, 2023**	**As at March 31, 2022**
Earnings available for debt service (EBIDTA)	4,010.30	18,826.79
Total debt	1,49,850.00	2,19,850.00
Ratio	0.03	0.09
% change	**-70.30%**	**-19.10%**
Reason	Due to decrease in total income of the company.	
Return on equity		
Particular	**As at March 31, 2023**	**As at March 31, 2022**
Net Loss after tax	(10,564.00)	(11,489.00)
Average Shareholders’ equity	30,993.40	(59,971)
Ratio	-0.34	0.19
% change	**-279%**	**319%**

Reason	Due to reduced net loss during the year	
Inventory turnover ratio		
Particular	**As at March 31, 2023**	**As at March 31, 2022**
Cost of goods sold	-	-
Average inventory	-	-
Ratio	-	-
% change	**-**	**-**
Reason	No inventory or COGS	
Trade receivable turnover ratio		
Particular	**As at March 31, 2023**	**As at March 31, 2022**
Revenue from operations	-	-
Closing trade receivables	-	-
Ratio	-	-
% change	**-**	**-**
Reason	Nil Trade Receivables of the Holding company.	
Trade payable turnover ratio		
Particular	**As at March 31, 2023**	**As at March 31, 2022**
Other expenses	3,180.51	194
Closing trade payables	3.74	1.0
Ratio	**850.40**	**200.39**
% change	**324%**	**168%**
Reason	Due to increase in other expenses as compared to previous year.	
Net capital turnover ratio		
Particular	**As at March 31, 2023**	**As at March 31, 2022**
Rental Revenue from properties	1,023.71	-
Working capital	8,240.67	(50,568.00)
Ratio	0.124	-
% change	**NA**	**-100%**
Reason	Due to increase in Rental revenue as compared to previous year.	
Net profit ratio		
Particular	**As at March 31, 2023**	**As at March 31, 2022**
Net Profit for the year	(10,564.00)	(11,482.00)
Rental Revenue from properties	1,023.71	-
Ratio	(10.30)	N.A.
% change	**NA**	N.A.

Reason	Due to increase in rental revenue and due to Medical expenses & Rates & Taxes	
Return on capital employed		
Particular	**As at March 31, 2023**	**As at March 31, 2022**
Profit before exceptional item & tax plus finance cost	4,010.28	18,834
Capital employed	93,673.41	1,01,687
Ratio	0.043	0.185
% change	**-77%**	**76%**
Reason	Due to decrease in Total Income	
Return on investment		
Particular	**As at March 31, 2023**	**As at March 31, 2022**
Income from investment	Nil	Nil
Closing balance of investment	Nil	Nil
Ratio	Nil	Nil
% change	**Nil**	**Nil**
Reason	No investment made	

1. Total debt = Non-current borrowings + Current borrowings
2. Earnings before interest & tax (EBIT) = Profit before exceptional item & tax + Finance costs
3. 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)

i. Compliance with approved Scheme(s) of Arrangements

No approved scheme of arrangement is there, hence, not applicable.

j. Utilization of Borrowed funds and Share Premium

All borrowings of the Group have been used for the intended purpose, hence, not applicable.

69. FAIR VALUE MEASUREMENT AND FINANCIAL INSTRUMENTS:

In the case of Holding Company

a. Capital Management

The Holding Company's objective when managing capital is to:

i. Safeguard its ability to continue as going concern so that the Holding 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 Holding Company consists of borrowings and total equity of the Group.

iv. The Holding Company's Audit Committee and BoD review the capital structure of the Group from time to time. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

v. During the financial year ended 31 March 2023, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

b. Financial instruments – by category and fair value hierarchy

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy.

As on 31st March 2023 **(₹ in million)**

Particulars	Carrying Value				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial Assets							
Non-Current							
Recoverable from AIL/Govt. of India	-	-	-	-	-	-	-
Others	-	-	-	-			
Current							
Trade Receivable*	-	-	-	-	-	-	-
Cash & Cash Equivalents*	-	-	7,734.79	7,734.79	-	-	-
Bank Balances other than cash and cash equivalents*	-	-	2,100.00	2,100.00	-	-	-
AI Reconciliation Account/ Recoverable from AIL	-	-	2,720.85	2,720.85	-	-	-
Other Financial Assets	-	-	1,573.90	1,573.90	-	-	-
Others	-	-	-	-	-	-	-
Total	**-**	**-**	**14,129.54**	**14,129.54**	**-**	**-**	**-**
Financial liabilities							
Non-Current							
Lease Liabilities	-		-	-			
Borrowings	-	-	1,49,850.00	1,49,850.00	-	-	-
Other Financial Liabilities	-	-	-	-			
Current					-	-	-
Lease Liabilities	-		-	-			
Borrowing	-	-	-	-	-	-	-
Trade Payables	-	-	3.76	3.76	-	-	-

Particulars	Carrying Value				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
(a) MSME			-	-			
(b) Other than MSME			3.76	3.76			
Other Financial Liabilities	-	-	5,096.93	5,096.93	-	-	-
Others	-	-	-	-			
Total	**-**	**-**	**1,54,950.69**	**1,54,950.69**	**-**	**-**	**-**

As on 31st March 2022 **(₹ in million)**

Particulars	Carrying Value				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial Assets							
Non-Current							
Recoverable from AIL/Govt. of India	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Current							
Trade Receivable*	-	-	-	-	-	-	-
Cash & Cash Equivalents*	-	-	16,823.20	16,823.20	-	-	-
Bank Balances other than cash and cash equivalents*	-	-	437.03	437.03	-	-	-
AI Reconciliation Account/ Recoverable from AIL	-	-	7,244.48	7,244.48	-	-	-
Other Financial Assets	-	-	443.11	443.11	-	-	-
Others	-	-	-	-	-	-	-
Total	**-**	**-**	**24,947.81**	**24,947.81**	**-**	**-**	**-**
Financial liabilities							
Non-Current							
Lease Liabilities	-	-	-	-	-	-	-
Borrowings	-	-	1,49,850	1,49,850	-	-	-
Current					-	-	-
Lease Liabilities	-	-	-	-	-	-	-
Borrowing	-	-	70,000	70,000	-	-	-
Trade Payables	-	-	0.97	0.97	-	-	-
(a) MSME	-	-	-	-	-	-	-
(b) Other than MSME	-	-	0.97	0.97	-	-	-

Particulars	Carrying Value				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Other Financial Liabilities	-	-	5,576.19	5,576.19	-	-	-
Others	-	-	-	-	-	-	-
Total	**-**	**-**	**2,25427.17**	**2,25427.17**	**-**	**-**	**-**

Since, the subsidiaries have been classified as “Assets included in disposal Group held for Sale” hence the above data pertains to Holding Company.

* 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 based on unobservable market data. Fair values 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.

70. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES:

The Holding Company has exposure to following risks arising from financial instruments:

(i) Credit Risk
(ii) Liquidity Risk
(iii) Market Risk

The Holding Company 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 is being a SPV formed for the limited purposes of disinvestment and supported through budgetary support from the GOI budget for Holding borrowings bearing fixed interest rates is not exposed to credit risk, liquidity risk and market risk.

The respective Company's management oversees the management of these risks. The Board of Directors of the Group Companies has reviewed the policies for managing each of these risks, which are summarized as under:

(i) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation.

In case of Holding Company, 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 Holding Company.

(ii) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group'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 Group believes that its liquidity position, including total cash (including bank deposits-FDRs in Escrow bank account and excluding interest accrued but not due) of ₹ 9,834.79 million as at 31st March 2023 (Previous Year ₹ 17,260.22 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 Group 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 Group will continue to consider various borrowing options to maximize liquidity and supplement cash requirement as necessary.

The Group'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 Group's liquidity position on the basis of expected cash flows from budgetary support from GOI.

Exposure to Liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting data.

The contractual cash flow amount is gross and undiscounted, and includes interest accrued but not due on.

(₹ in million)

As at March 31, 2023	Carrying Amount	Contractual Cash Flows			
		Upto 1 year	1-5 Year	More than 5 years	Total
Trade Payables	3.76	3.76	-	-	3.76
Interest Accrued but not due on Borrowings/NCDs	4,998.04	4,998.04	-	-	4,998.04
Others Financial Liabilities	98.89	98.89	-	-	98.89
Totals	**5,100.69**	**5,100.69**	**-**	**-**	**5,100.69**

As at March 31, 2022	Carrying Amount	Contractual Cash Flows			
		Upto 1 year	1-5 Year	More than 5 years	Total
Non-Convertible Debentures	70,000.00	70,000.00	-	-	70,000.00
(Series-1 AIAHL issued NCD full payment assured by Min. of Fin, GOI vide letter No. 12(29)-B(SD)/2018 dated 18.06.2019 due for 100% repayment on 16 Dec 2022)					
Trade Payables	0.10	0.10	-	-	0.10
Interest Accrued but not due on Borrowings/NCDs	5,185.72	5,185.72	-	-	5,185.72
Totals	**75,185.82**	**75,185.82**	**-**	**-**	**75,185.82**

(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. Currency risk

Currency risk is the risk that the future cash flows of a financial instrument/commodity will fluctuate because of changes in foreign exchange.

Exposure to Foreign Currency Risk

The Holding Company is not exposed to the effects of fluctuation in the prevailing foreign currency on its financial position and cash flows as its transactions are in Indian rupee only.

Foreign Currency Sensitivity Analysis

In view of there being no foreign exchange transactions during the year with Company's transactions limited to Indian Rupees, there is no foreign current exposure or risk, hence, no such sensitivity analysis done.

B. 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.

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

Sd/-
(Ashwani Sood)
Partner
M.No.084242

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

Sd/-
(Padam Lal Negi)
Director
DIN 10041387

Sd/-
(Rajiv Kapoor)
Chief Financial Officer

Sd/-
(Kavita Tanwar)
Company Secretary

Place: New Delhi
Date: 15 May 2024

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

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2023
(in millions)

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	7209.08	N.A
	2.	Total Expenditure	17773.08	
	3.	Net Profit/(Loss)(Including Net Profit from entities included in disposal group- "help for sale")	(4944.79)	
	4.	Earnings Per Share	(0.08)	
	5.	Total Assets	154799.13	
	6.	Total Liabilities	154799.13	
	7.	Net Worth	(56176.60)	
	8.	Any other financial item(s) (as felt appropriate by the management)	-	

II. Audit Qualification (each audit qualification separately):

a. **Details of Audit Qualification: As per Audit Report dated 15.05.2024**

b. **Type of Audit Qualification : Qualified Opinion** / Disclaimer of Opinion / Adverse Opinion

c. **Frequency of qualification:** Whether appeared first time / **repetitive** / since how long continuing

d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: N.a**

e. **For Audit Qualification(s) where the impact is not quantified by the auditor:**

(i) **Management's estimation on the impact of audit qualification:**

(ii) **If management is unable to estimate the impact, reasons for the same**
Qualifications are about accounting systems- impact unascertainable

(iii) **Auditors' Comments on (i) or (ii) above:**
Unascertainable

III. Signatories:

- **CEO/Managing Director** **Sd/-**
- **CFO** **Sd/-**
- **Audit Committee Chairman** **Sd/-**
- **Statutory Auditor** **Sd/-**

Date:15.05.2024

Place: New Delhi

PART (A) Statement of Salient Features of the Financial Statement of Subsidiaries (Form AOC -I)

(Rs in million)

Sr. No	Name of Subsidiary	AIESL	HCI	AAAL	AIASL
1	Reporting Currency	INR	INR	INR	INR
2	Exchange Rate				
3	Closing as on 31.03.2023				
4	Average Rate 2022-23				
5	Share Capital	1,666.67	1,376.00	4,022.50	1,384.24
6	Reserve & Surplus	-9,566.87	-8,200.23	-40,665.74	2,846.46
7	Liabilities	30,164.66	7,601.13	67,901.26	6,509.15
8	Total liabilities	22,264.46	776.90	31,258.02	10,739.85
9	Total Assets	22,264.46	776.90	31,258.02	10,739.85
10	Investments	-	-	-	-
11	Turnover (Total Income)	20,298.61	547.32	11,049.59	9,322.98
12	Profit before Exceptional items & taxation	6,110.50	-703.83	-5,665.73	972.97
13	Exceptional items	2,334.21	-	-	-
14	Provision for taxation	2,160.00	-	-	189.83
15	Other Comprehensive Income	10.42	18.21	8.01	-3.92
16	Profit after taxation (incl Comprehensive Income)	6,295.13	-685.62	-5,657.72	779.22
17	Proposed Dividend	-	-	-	-
18	Percentage of shareholding	100%	80.38%	100%	100%

PART (B)	Statement of Salient features of the Financial Statement of Associates and Joint Ventures:				**Not Applicable**

For and on behalf of the Board of Directors

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

Sd/-
Padam Lal Negi
Director
DIN 10041387

Sd/-
Rajiv Kapoor
Chief Financial Officer

Sd/-
Kavita Tanwar
Company Secretary
M.No ACS29486

Place: New Delhi
Date: 15 May, 2024

AI AIRPORT SERVICES LIMITED

CONTENTS

CORPORATE INFORMATION

Board of Directors (As on 03rd November 2023)

Shri Satyendra Kumar Mishra	Chairman
Shri Padam Lal Negi	
Smt. Parama Sen	

Chief Executive Officer

Shri Rambabu Ch.

Chief Financial Officer

Shri Sandeep Malhotra

Company Secretary

Smt. Shashi Bhadoola

Auditors

M/s S. Mann & Co.,
Chartered Accountants, Delhi

Bankers

HDFC Bank Limited, Axis Bank and
SBI Bank

Registered Office

2nd Floor, GSD Building,
Air India Complex, Terminal-2, IGI Airport, New Delhi- 110037

Registrar And Transfer Agent

M/s Link Intime India Pvt Ltd
C 101, 247 Park, L B S Marg,
Vikhroli West, Mumbai 400083.

CHAIRMAN'S SPEECH

Dear Shareholders

It gives me immense pleasure to present the 20th Annual Report of the Company for the Financial Year 2022-23.AI Airport Services Limited ("The Company") (AIASL) is a leading ground-handling service provider and is operational on PAN India.

AIASL was operationalized in February 2013 and commenced its autonomous operations from FY 2014-15. AIASL, since its stand-alone operationalization has been a profitable company except for FY 2020-21. During the FY 2020-21, the operations of the Company were majorly affected due to the advent of the COVID-19 pandemic. However, the company was turned around to make profits from the next FY 2021-22 onwards, and continued its profitability, in the FY 2022-23, the Company earned a profit of Rs.783.14 Million.

AIASL has the largest and widest ground handling presence for providing ground handling and related services at 113 airports in India. AIASL-served Airports include the highest altitude and snow-clad airports at Leh & Thoise, the desert airfield at Jaisalmer, Island airports in Agatti & Port Blair, and table-top airports at Calicut over the complete network.

AIASL has the largest inventory of Ground Support Equipment (GSE) and skilled expertise and experienced manpower resources, capable of rendering ground Handling (GH) services, covering all types of passenger & freighter aircraft up to A380, A350 & 777 Max.

OVERVIEW- CIVIL AVIATION INDUSTRY

India has become the third-largest domestic aviation market in the world and is expected to overtake the UK to become the third-largest air passenger market by 2024. Indian aviation also contributed significantly to the GDP, creating millions of jobs. The Aviation industry's fastest growth is being propelled by the development of airports across multiple city tiers; a liberalized FDI policy; increasing adoption of information technology and a strong focus on regional connectivity.

India is already among the top 10 aviation markets, serving over 105 million domestic passengers annually, and the volume of air traffic, both in terms of passengers and cargo, is growing at a rapid pace after the COVID-19 pandemic. More than 4 lakh passengers are traveling daily (P.T.O) on domestic flights alone, with almost 6,000 flight movements. Similarly, about 1.75 lakh passengers are traveling on international flights with about 1,000 flight movements.

Government of India, Ministry of Civil Aviation's stimulating interventions play a major role in the development of the aviation industry in India. One of the schemes launched by the Government in support of the growth of aviation was the UDAN (Ude Desh Ka Aam Nagrik) scheme which was released in June 2016 with the motive of offering half of the flights at subsidized fares and is expected to be in process for a period of 10 years (till 2026). Under the UDAN scheme, there are about 75 Airports operating and supporting about 490 RCS routes operated by 11 operators, flying about 4.5 lakh flights annually.

OVERVIEW- GROUND HANDLING

The India ground handling services market is consolidating with a large number of GHA's being appointed at most of the Air Ports by the Airport Operators, and competing in the market. AI Airport Services Limited is the leading player in terms of spread, handling, and revenue in the India ground handling services market. Air India SATS Airport Services, Bird Worldwide Flight Services, Celebi NAS Airport Services Private Limited, and Indo-Thai Airport Management Services are the other leading GHA's.

An increase in air passenger and freight traffic will increase demand for ground handling services in the future. Growth in airline fleets and modernization and expansion of airport terminals will be major contributors to the ground-handling services market in India. The record number of aircraft orders placed by almost all the Indian carriers, led by Air India Limited and Indigo will surely augment the ground-handling services market in India.

STRONG POSITION IN THE WORLD'S FASTEST-GROWING AVIATION INDUSTRY

The Indian aviation market is on its sustained recovery path and high growth trajectory after Covid, which has a direct bearing on the business volumes for AIASL, - with the following milestone achievements:

- Domestic Air passenger traffic grew by 60% in FY 2022-23.
- Air carriers flew about 8.52 crore passengers on local routes in FY 2022-23.
- International Traffic is expected to recover to pre-COVID levels of FY 2020 in FY 2023-24
- India is 3rd largest domestic civil aviation market in the world after the USA and China and is expected to become the 3rd largest air passenger (including domestic and international) market by 2024 besides being 2nd fastest-growing aviation market in the world.
- There are about 750 aircraft capacity in India and it is expected to add about 1000 aircraft over the next few years with firm aircraft orders by almost all the leading domestic schedule operators, as some of them will replace the existing aircraft that are either phased out or leases terminated. As per the forecast, India will need about 2,500 new commercial aircraft by 2038.
- In addition, there are about 830 aircraft being operated by NSOPs, Government, Private owned and Training Institutes, etc., in India.
- About 12 Passenger Airlines and 4 Cargo Airlines in India operate about 750 aircraft consisting of 50+ wide-body aircraft, 80+ Turbo Props aircraft, and the balance aircraft are Narrow-body aircraft.
- There are about 103 NSOPs including 81 Domestic NSOP operators, operating 344 aircraft in India. Top 15 NSOP operators accounted for more than 73% of the total domestic NSOP flights operated in the year 2022-23
- There are about 25+ Ground handlers in India operating at various Airports.
- On the side of General Aviation operators, 150+ Business Jets, 30+ Turbo Props, and 320+ Helicopters,

who engage in operating Private Charters and Business Charters flights in India to various Airports, which is a potential business for AIASL.

- o Air India is acquiring about 470 aircraft i.e. narrow-body aircraft and wide-body aircraft.
- o Indigo is acquiring about 500 narrow-body aircraft.
- o India further plans to increase the number of operational airports to 220 by 2025.
- o The Ministry of Civil Aviation (MoCA) stated that growth in aviation is likely to increase direct employment across Airports, Airlines, FTOs, MROs, and GHs.

Ground handling companies are also the direct beneficiaries of the aviation sector growth in India (higher flights handled leading to optimum utilization of resources and a larger revenue pool for ground handling companies)

With the launch of the UDAN 5.2, with newly identified routes, about 500 RCS Routes are operationalized as on date. AIASL by virtue of its pan-India presence is well placed to further consolidate its market leadership position. However, sustenance and continuation of such Regional Connectivity Services Flights, is a challenge for the Airlines, and thereby to AIASL and the other GHA's operating at these UDAN Airports.

GROUND HANDLING REGULATION, 2018:

Airports Authority of India issued (Ground Handling Services) Regulation, 2018, which came into effect on 30th October 2018 and it regulated the size and structure of India's ground handling sector or third-party Ground Handling and Self Handling . This was the first time that India has had a single-document vision for the aviation sector and that was a welcome development.

Airports Authority of India (AAI) on April 20, 2023, issued the Airports Authority of India (Ground Handling Services) Amendment Regulations, 2023 to further amend the Airport Authority of India (Ground Handling Services) Regulation 2018, in continuation to the previously amended regulations in 2019 and 2020.

<u>DGCA AI Circular, 2022 For Providing Ground Handling Services at Private Airports:</u>

The DGCA had issued AIC S.No03/2022 dated 25th February 2022, "Grant of Permission for providing Ground Handling (GH) Services at Airports other than those belonging to the Airports Authority of India" i.e. GH Policy for all Airports that are managed by private operators. This has regulated the Ground Handling Services at Private Airports in terms of the GH Policy, uniformly.

<u>Airports Economic Regulatory Authority of India- AERA</u>

- o AERA, is an independent economic regulator, aims to create level playing field, foster healthy competition amongst all major Airports to encourage investment in airport facilities and regulate tariffs for aeronautical services.
- o One of the statutory functions of AERA as AERA Act, 2008, with specific reference to Ground Handling Services, is to determine the tariff for Ground Handling services at Airports.
- o Ensure, Healthy Competition by removing monopolistic practices which are detrimental to all the stakeholders.

PERFORMANCE OF THE COMPANY

<u>Financial</u>

During FY 2022-23, the total revenue of the Company was Rs.9,322.98 million as against the total restated revenue of Rs.7,220.56 million during FY 2021-22. The total expenses were Rs. 8350.01 million as against restated expenses of Rs. 7,333.29 million during FY 2021-22. Profit incurred before tax during the year ended 31st March 2023 was Rs.972.97 million against the restated figure of Loss before Tax of Rs.112.73 million during FY 2021-22. The Net profit incurred during the period was Rs.783.14 million as against the restated Net Profit of Rs.59.96 million during FY 2021-22

Financial Key Achievements

- AIASL has recorded the highest ever earned revenue of Rs.9,322.98 million in FY 2022-23 since, the operationalization of the Company. The Turnover of Rs.8944.73 million is 1.28 times of the previous year.
- AIASL has been a profit-making company since its operationalization, except for the FY 2020-21 (Covid period). The profitability course of the company has been restored, soon after that Covid year
- During FY 2022-23, Profit before tax i.e. Rs.972.97 million is a respectable profit over the previous year.
- AIASL has recorded the highest Revenue of Rs.371.84 million from Non-Scheduled Operations since its Operationalization.
- AIASL has received a Statutory Audit Report with “Nil Qualifications” for the second consecutive year. This is a significant achievement of the management for having secured such reports after nearly 10 years of its inception.
- AIASL has successfully remained as a debt-free company since its inception.
- All statutory compliances have been complied with during the year.
- The net worth of the company has been increased from Rs.3451.40 million to Rs.4230.70 million.
- Internally generated and retained earnings are used for all its expenses, including the most needed CAPEX requirements to replace age-old Ground Support Equipment, without seeking funds support from the parent company, AI Assets Holding Limited (AIAHL) or Govt. of India. The choice of borrowing debt from the Banks is still open.
- The health of any company is determined by its financial ratios. AIASL proudly carrying on its business, so professionally, with its very healthy financial ratios.
- AIASL is able to meetup with minimum wage compliances, by supporting with its internally generated earnings. The arrears for the non-compliant years, is also being met out of the internal earnings.
- Complete reconciliation and cleaning up of Accounts has been carried out in compliance of Ind AS requirements and findings of various Audit Reports, in the past few years.
- First time, in the history of AIASL, every employee is being paid bonus, by giving acknowledgment to the employees for their hard work in AIASL’s transformation and image makeover process.

Operational

- AIASL handled 1,09,024 flights (AI Group Flights & Alliance Air flights) during FY2022-23 against 87,246 flights during FY 2021-22.
- Similarly, AIASL handled 95,112 flights of Scheduled Client Airlines in FY 2022-23 as against 66,570 flights during FY 2021-22,
- Handled 16,471 flights of Non-Scheduled Operators during FY 2022-23 as against 13,706 flights during FY 2021-22,
- Handled 115 HAJ flights during FY 2022-23.

- AIASL is the single largest Ground Handling Agency in India and in the Region having a presence at 113 airports in India. The second-largest Ground Handling Agency in India is having a presence at about 16 Airports only when compared with the presence of AIASL. AIASL has a diverse mix of international and domestic client Airlines, having scheduled and non-scheduled flight operations, besides cargo freighters.
- AIASL is having the largest market share of ~48% as of 01st May 2023 (considering 33 Airports where 3rd party airlines operate with competitors).
- AIASL is having a Joint Working Group (JWG) arrangement, in association with M/s HAL at HAL Airport, BLR to handle all the Defense aircraft at that airport. AIASL is also ready to handle A-321 aircraft, recently acquired by DRDO/IAF from Air India, for transporting Defense Personnel across the network.

<u>Cargo Warehouse Management at MAA & BOM:</u>

- AIASL manages and operates International Cargo Warehouses at both Mumbai and Chennai Airports on behalf of Indian Customs. With continuous efforts, AIASL has secured Regulated Agent (RA) status from BCAS for its Chennai Cargo Warehouse and further, the documents for getting a similar RA status from BCAS for the Mumbai Cargo Warehouse, have also been submitted with the BCAS.
- Further, AIASL is in the process of getting RA3 status for both Chennai and Mumbai Cargo Warehouses, this would facilitate the carriage of cargo to UK, Europe and other EU countries directly from here, after the screening.
- AIASL is also providing cargo handling services at almost all the domestic airports in India, wherever authorized.

Additionally, AIASL also provides cabin cleaning, deep cleaning, and cabin dressing services besides undertaking repairs of aircraft Unit Load Devices (ULD) (Containers and Pallets) and inflight catering Meal Carts.

<u>VVIP / SESF / Defense Flights</u>

AIASL is privileged to provide Ground Handling Services and handle the VVIP flights of the Hon'ble President, Vice President, and Prime Minister of India, as AIASL has been appointed as the sole ground handler by the Indian Air Force for the handling of SESF/VVIP flights at all Indian domestic and International airports (including Civil Enclaves, and Defense Enclaves Airports). It also handles all flights on behalf of defense forces at all Indian airports like IAF, BSF, Indian Navy, DRDO, HAL, NSG, etc. AIASL has been discharging GH functions after taking over successfully from Air India, following the appointment of AIASL as the sole Ground Handling Agency by the Indian Air Force for coordinating, arranging, and ensuring the handling of SESF/VVIP flights at all foreign airports (Overseas).

In line with the long pending demand of Air India and their group Companies like Air India Express, Air Asia and Vistara, (now managed by Tata), and other major client Airlines, besides various Airport Operators, AIASL has embarked upon upgrading the aging Ground Support Equipment (GSEs). AIASL is finally in the process of giving a facelift to existing GSEs by adding a sizeable number of branded and brand new GSEs, by spending a sizeable amount over two years.

AIASL has also been recognized as a valued member and admitted in International Air Transport Association (IATA) Ground Handling Partnership Program in the year for 2022.AIASL continued to reap the benefits from the IATA Partnership besides acquiring expertise on par with the global practices in GH.

Operational Key Achievements

- AIASL has registered its presence at the highest-ever, and record number of Airports across the width and breadth of India, which can be seen in the below map:

- AIASL has the highest (more than optimal) utilization of the available Ground Support Equipment.
- Handled, highest number of flights ever, in the history of AIASL i.e. 2, 20,722 flights during the F.Y 2022-23.
- Region and customer wise flights handled by AIASL in FY 2022-23.

Region	Air India	Alliance Air	Air India Express	Third Party Airlines	Non-Scheduled Operators	HAJ Flights	Total
	Number of flights						
Northern	9,957	10,680	1,468	19,200	5,032	-	**46,337**
Southern	12,121	4,920	9,684	27,522	33,39	-	**57,586**
Eastern	14,307	9,484	-	31,964	2,118	92	**57,965**
Western	29,867	5,547	989	16,426	5,982	23	**58,834**
Total	**66,252**	**30,631**	**12,141**	**95,112**	**16,471**	**115**	**2,20,722**

CORPORATE SOCIAL RESPONSIBILITY (CSR) FOR FY 2022-23

The Board has constituted a CSR Committee in compliance with the provisions of the Companies Act, 2013, and laid down the CSR Policy with the objective of making a positive contribution to society through high-impact, sustainable programs. As per the CSR provisions stipulated in the Companies Act, 2013, AIASL was not required to spend any fresh CSR Contributions during FY 2022-23, other than the previous year's allocated CSR funds for an ongoing project that is being spent during this year to acquire the Trainer Aircraft for IGRUA, Amethi.

A detailed report on the CSR activities including the details of unutilized CSR funds pertaining to the Ongoing CSR Projects that form part of the Directors' Report is annexed at **Annexure II**.

CORPORATE GOVERNANCE

AI Airport Services Limited is in compliance with the guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE), wherever applicable during the year. The Company, based on self-evaluation, falls under 'Excellent' grade for the compliance of DPE Corporate Governance Guidelines for the FY 2022-2023. The DPE has also awarded 'Excellent' grading to AIASL for compliance of DPE Corporate Governance Guidelines during 2021-22.

ACKNOWLEDGMENTS

I take this opportunity to thank AI Assets Holding Limited (Holding Company), the Airports Authority of India, the Bureau of Civil Aviation Security, the Director General of Civil Aviation, the AERA (Airport Economic Regulatory Authority), and the Ministry of Civil Aviation for their unstinted support. I also acknowledge the support extended by all the State Govt. Authorities and the other stakeholders including all Private Airport Operators in India (GMR, Adani Airports, CIAL, etc), Banks, and Regulatory agencies, and assure all that we will continue to cruise on our course of a growth trajectory, by taking AIASL to greater heights. I would like to thank my colleagues on the Board for their valuable contribution and guidance, and KMPs led by the Chief Executive Officer in turning around the company and bringing in transformation on all fronts to the satisfaction of all Client Airlines.

I would also like to thank all the employees of AIASL through the Chief Executive Officer, for rising to the occasion and putting in their exemplary efforts to show the world, the strength and resilience of our team spirit in pursuit of excellence. I would like to express my gratitude to each one of our employees, for their individual contributions, who have always upheld the image of AIASL and bringing in the desired changes at this hour of need.

On behalf of the Board, I seek continued support from one and all, as always.

Sd/-
Satyendra Kumar Mishra
Chairman

VISION:

To be the leader in providing World Class Ground Handling services at all Indian Airports and expand Globally.

MISSION:

- Customer

- Provide safe, reliable, and on-time services
- Deliver the highest quality of service at all Indian Airports
- Provide State-of-the-Art Ramp Equipment
- Be the epitome of Indian Hospitality

- Processes

- Continuously improve standards of safety and efficiency
- Continuous up-gradation and modernization of ramp equipment

- People

- To maintain an energetic, qualified, and highly motivated professional team
- Maintain a high degree of work ethics

DIRECTOR'S REPORT

The Directors take pleasure in presenting the Twentieth Annual Report of the Company, together with the Audited Accounts, Auditor's Report, and Comments by the Comptroller and Auditor General of India, for the year ended 31st March 2023.

FINANCIAL PERFORMANCE

(Rupees in Millions)

Particulars	2022-23	2021-22 (Restated)
Total Revenue	9322.98	7220.56
Total Expenses	8350.01	7333.29
Profit(Loss) before Exceptional Items and Tax	**972.97**	**(112.73)**
Profit(Loss) before Tax	**972.97**	**(112.73)**
Current Tax	235.77	Nil
Short Provision of Tax	Nil	24.62
Deferred Tax Asset	(45.94)	(197.30)
Net Profit(Loss) after Tax	**783.14**	**59.96**

During 2022-23, the total revenue of the Company was Rs.9,322.98 million as against total restated revenue of Rs.7,220.56 million during 2021-22. The total expenses were Rs. 8,350.01 million as against restated expenses of Rs.7,333.29 million during 2021-22. Profit earned before tax during the year ended 31st March, 2023 was Rs.972.97 million against restated figure of Loss before Tax of Rs112.73 million during 2021-22. The Net profit earned during the period was Rs.783.14 million as against the restated Net Profit of Rs.59.96 million during 2021-22.

OTHER FINANCIAL INFORMATION

Share Capital:

The Authorized Share Capital of the company during the year was Rs.1000,00,00,000/- (Rupees One Thousand Crores).

The Paid-Up Share Capital of the company during the year was Rs.138,42,42,000/- (13,84,24,200 Equity Shares of Rs.10/- each).

During the year under review, there was no change in the share capital of the Company and the entire shareholding is held by AI Assets Holding Limited (AIAHL).

CHANGES IN SHARE CAPITAL, IF ANY

There was no change in the Authorized and Paid-up Share Capital of the Company.

STAFF STRENGTH

Based on the requirements for handling of Air India, Air India Express, Alliance Air Aviation, and other Customer airline flights including Non-Schedule operators flights at various Indian Airports, the number of staff inducted under various categories as on 31st March, 2023 is given below:

Particulars	Numbers
Chief Executive Officer	1
GM-GS(O)	2
Company Secretary	1
DGM	5
Chief Financial Officer	1
Dy COF & AGM(O)-Finance	1
AGM/AGM-GH/AGM-HR/Sr Manager	38
Sr Manager Ramp	1
Chief Security Officer	1
Dy.Terminal Manager/Asst.Terminal Manager/Terminal Manager/Duty Manager/ Duty Officer/Dy. Ramp Manager/ Chief Aircraft Operator /Account Asst./Assistant-HR/Executive-IR/Executive MMD/Chief Security Officer-cum-Dy.Terminal Manager/ Executive-Commercial, Training & HAJ Flights, VVIP & SESF/Executive-SESF & HAJ Charters/ Sr.Executive - Maintenance/ Sr.Executive – IT/Asst Regional Security Coordinator/ Ass Exe Corporate Intelligence/ Deputy Manager	174
Aircraft Operator, Apron Supervisor, Asst-I, Asst-II, Sr Driver/ Ramp Operator	646
Jr Serv Engineer, SrSupdtServ Engineer, Manager Service Engineer, Supt. Serv Engineer /Sr Sup Technician	66
Officer HR/Officer Accounts/Officer B&D/Officer Personnel	24
Manager-Finance/ Officiating Finanace Manager	4
Manager- HR	2
Manager-IT	1
Manager-Technical	1
Jr. Executive – Technical	102
Jr. Executive - Pax Handling/Jr. Executive - HR	175
Customer Agent/ Para Medical Agent cum Cabin Services Agent	2972
Jr. Customer Agent	625
Sr. Customer Agent	1164
RSA/RSA-I/RSA(LG)	210
Sr. RSA/Sr.RSA-I/Sup RSA	428
Security Agent	56
Sr. Security Agent/Sup.SA	29
Utility Agent	419
Utility Agent Cum Ramp Driver	1406
HandyMan/SafaiKamgar	7856
Utility Service Agent	28
Temporary Key Account Holder	1
Total	**16440**

IMPLEMENTATION OF RESERVATION POLICY:

The Reservation Policy has been implemented as per the Presidential Directives issued in the year 1975, along with the revised Directives effective 1991 and 1996.

SC/ST/OBC – Number of employees as on 31 March 2023

Total No. of employees	Total No. of SC employees	% of SC employees	Total No. of ST employees	% of ST employees	Total No. of OBC employees	% of OBC employees
16440	3466	21.08	663	4.03	3545	21.56

ACTIVITIES OF AI AIRPORT SERVICES LIMITED

AIASL provides Comprehensive Ground Handling services to AI Group (Air India & Air India Express Limited), Alliance Air Aviation Limited (Group Company), and many Domestic & Foreign Airlines, Cargo Charters Operators, and Non-Schedule Operators at various airports in India. AIASL also operates cargo warehouses one each at BOM & MAA.

AIASL is a leading ground-handling service provider in India and offers ground-handling services at 113 airports (including civil airports and civil enclaves) in India. AIASL presently has a presence at 81 airports and arranges the ground handling services at additional 32 airports on request. Besides, AIASL also offers Ground Handling services at Defense Enclaves (Airports) for all defense aircraft.

The services can be majorly identified as:

- Passenger Handling / Ramp Handling / Cargo Handling / Cabin Services / Station Management
- Cargo warehouse handling at BOM & MAA as at present and any other airports in the future.
- Fabrication and repair of ULDs (Unit Loading Devices) & Meal cart repair workshop at HQ, IGI Airport-Delhi.
- Engineering services through AIESL.
- Ground Handling Services to Subsidiary Companies – Alliance Air Aviation Ltd & AI Engineering Services Ltd.
- Non-scheduled flights Handling of Domestic & International Private Charter flights - PAN India basis.
- Special Extra Section Flights (SESF) of Indian Air Force (IAF) – Domestic & International.
- Non-SESF Domestic Handling of Govt. Agencies (Indian Air Force, Indian Navy, Border Security Forces, NSG Charter) etc.
- HAL – AIASL Joint Working Group at Bengaluru, HAL Airport.

As per MOCA's direction that outsourcing will not be permitted at airports due to security reasons effective 31 December 2016, and non-entities (GHAs) exited totally w.e.f 15th August 2021, AIASL takes pride in implementing the Government's decision at all the Operational Airports(where non-entities exited) in India where Ground Handling Services are provided by AIASL. There is NIL outsourcing of manpower as of date in AIASL.

IMPLEMENTATION OF OFFICIAL LANGUAGE

The Company is taking steps for implementation of the provisions of the Official Language Act and Rules framed under the Act.

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

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

An internal complaints committee has been put in place as per Section 4 of the Act. In terms of Section 22 of the Act, the details of sexual harassment cases filed, if any, in the company during the financial year, are as under:

- Number of complaints of sexual harassment received in the year; 15
- Number of complaints disposed of during the year; 14
- Number of cases pending for more than ninety days; None
- Number of workshops or awareness programs carried out in connection with sexual harassment; Training on POSH organized by NAHRD was provided to all the members of the POSH Committee in a phased manner. Further, General awareness programs through internal circulars are being implemented across all offices of AIASL.
- Remedial measures taken by the company: Female Security Staff Deployed at workplaces and Time to Time Counseling are done.

COMPLIANCE WITH THE RTI ACT, 2005

AIASL has successfully ensured compliance with the provisions of the Right to Information Act for providing information to the citizens.

AIASL has decentralized its structure to deal with the applications/appeals received under RTI Act with effect from 18 February 2014, 05 Public Information Officers (PIOs), 05 Assistant Public Information Officers (APIOs), 01 Nodal Officer and an Appellate Authority have been appointed for speedy disposal of applications/appeals.

During 2022-23, 41 RTI Requests and 03 Appeals were received and all have been disposed off.

CHANGE IN NATURE OF BUSINESS

There is no change in the nature of business of the Company.

DIVIDEND

The directors are not recommending any dividend for the year.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

Since there was no unpaid/unclaimed dividend for the past years, the provisions of Section 125 of the Companies Act, 2013 did not apply.

AMOUNT TRANSFERRED TO RESERVES

The Board of the company has decided/proposed to carry NIL amounts to its reserves.

DEPOSITS

The Company has not accepted any deposits during the year under review.

MSE COMPLIANCE

It always has been the endeavor of AIASL to support Micro and Small Enterprises (MSEs) and local suppliers. AIASL has taken a number of steps including implementing the Public Procurement Policy of the Government of India to procure the items specified from MSEs. The actual procurement from MSEs during the financial year 2022-23 was Rs.151.55 Million.

INFORMATION ABOUT SUBSIDIARY / JOINT VENTURE / ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint Venture or Associate Company.

MATERIAL CHANGES AND COMMITMENTS

No material changes have occurred between 31st March 2023, and the date of the Board's Report affecting the financial position of the Company.

MEETINGS OF THE BOARD OF DIRECTORS

As required under Section 173 of the Companies Act, 2013, during the FY 2022-23, 7 Board Meetings were held through video-conferencing and one Board Meeting was held physically. Further, the provisions of the Companies Act, 2013 were adhered to while considering the time gap between the two Meetings. The details of the meetings held during the F.Y 2022-23 are as under:

Sr.No.	Date of Meeting	Board Strength	No. of Directors Present
1	07th June 2022	4	3
2	12th July 2022	4	3
3	02nd August 2022	4	3
4	20th September 2022	4	3
5	30th November 2022	4	2
6	09th February 2023	4	4
7	23rd February 2023	4	2
8	29th March 2023	3	3

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

1. that in the preparation of the Annual Accounts, the applicable IndAS has been followed and there has been no material departure;
2. that the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2023 and of the profit or loss of the Company for the year ended on that date;
3. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the Company being an unlisted Company, provisions of Section 134(3)(e) are not applicable;.
5. that the annual accounts have been prepared on a going concern basis; and
6. the Directors have devised proper systems to ensure compliance with the provisions of all applicable Laws and that such systems were adequate and operating effectively.

AUDIT COMMITTEE

As part of the Corporate Governance and in compliance with the provisions of the Companies Act, 2013 and DPE Guidelines, the Company initially constituted the Audit Committee of the Board in November 2014 and reconstituted the same on 13th December 2017. Further, post disinvestment of Air India Limited, the Board of AIASL was reconstituted by the Ministry of Civil Aviation (MoCA) vide its several OM's issued from time to time. Further, in pursuant to the OM dated 28.02.2023 issued by the MOCA, the Audit Committee of AIASL was again reconstituted by the Board on 14th March 2023 by passing a Circular Resolution bearing No.58 comprising of the following members.

Presently, the Audit Committee is comprised of :

Name of the Director	Position Held in the Committee	Category of the Director
Shri Padam Lal Negi Jt. Secretary & Financial Advisor, MoCA	Chairman	Government Nominee Director
Shri S.K. Mishra, Chairman & Managing Director, AI Assets Holding Limited, Jt. Secretary, MoCA	Member	Government Nominee Director
Smt.Parama Sen, Add. Secretary, DIPAM	Member	Government Nominee Director

The Board has accepted the recommendations of the Audit Committee.

AUDITORS

M/s S. Mann & Co., Chartered Accountants, Delhi, were appointed as Statutory Auditors for the year 2022-23 by the Comptroller & Auditor General of India.

The Auditors' Report along with Management's replies thereon are attached. The notes on financial statements are self-explanatory and need no further explanation.

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL OF INDIA

The comments of the Comptroller and Auditor General of India under Section 143 (6) (b) of the Companies Act, 2013 on the accounts of the Company for the year ended 31 March 2023 is annexed to this Report.

SECRETARIAL AUDIT REPORT

The Board has appointed M/s Amit Agarwal & Associates, Company Secretaries, Delhi to conduct the Secretarial Audit for the Financial Year 2022-23. The Secretarial Audit Report for the Financial Year ended 31st March 2023 is annexed at **Annexure-V** to this Report.

COST AUDIT

The Company maintains Cost Accounts and records as per the provisions of Section 148(1) of the Act and the same are audited by the Cost Auditors. During the FY 2022-23, the Cost Audit Report for FY2021-22 was filed with the Ministry of Corporate Affairs on 29th December 2022.

M/s ABK & Associates, Cost Accountant had been reappointed as Cost Auditor for conducting the Cost Audit for F.Y 2022-23, however, they had tendered their resignation on 28.02.2023, which was taken on record by the management on 28.02.2023 and consequently, M/s K. G Goyal & Associates were appointed as Cost Auditor for the Financial Year 2022-23 by the Board at its 97th Meeting held on 29th

March 2023 in order to fill the casual vacancy caused due to the resignation of M/s ABK & Associates, Cost Accountant.

LOANS, GUARANTEES, AND INVESTMENTS

There were no loans, guarantees, or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review, and hence the provisions of Section 186 are not applicable to the Company.

DETAILS OF THE DIFFERENCE BETWEEN THE AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE-TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING A LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS

During the year under review, no Loan/no one-time settlement of Loans taken from Banks and Financial Institutions.

SIGNIFICANT & MATERIAL ORDERS

During the year no significant and material orders were passed by the Regulators, Courts, or Tribunals impacting the Going Concern Status and Company's operations in the future.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO

(A) Conservation of Energy and Technology Absorption

The particulars as required under the provisions of Section 134(3)(m) of the Companies Act, 2013 in respect of Conservation of Energy and Technology Absorption have not been furnished considering the nature of activities undertaken by the Company during the year under review.

However, the Company has made all efforts wherever possible for the conservation of non-renewable sources of energy and utilizing the alternative sources of energy.

(B) Foreign Exchange Earnings and Outgo

The foreign exchange earnings and outgo during the year under review were as under:

USD in Millions

Earnings	USD 24.38
Outgo	USD 0.04

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In compliance with the requirements of the Companies Act 2013, the Board initially constituted a CSR Committee on 23rd May 2016. Further, post disinvestment of Air India Limited, the Board of AIASL was reconstituted by the Ministry of Civil Aviation (MoCA) vide its several OM's issued from time to time. Further, in pursuant to the OM dated 28.02.2023 issued by the MoCA, the CSR Committee of AIASL was reconstituted by the Board on 14th March 2023 by passing a Circular Resolution bearing No.58, in compliance with the provisions of Section 135 of the Companies Act, 2013, the Rules made thereunder and the guidelines formulated by the Department of Public Enterprises. As of 31st March 2023, the CSR Committee comprises of:

Name of the Director	Position Held in the Committee	Category of the Director
Shri S.K. Mishra, Chairman & Managing Director, AI Assets Holding Limited, Jt. Secretary, MOCA	Chairman	Government Nominee Director
Shri Padam Lal Negi Jt. Secretary & Financial Advisor, MOCA	Member	Government Nominee Director
Smt. Parama Sen, Add. Secretary, DIPAM	Member	Government Nominee Director

As per the CSR provisions stipulated in the Companies Act, 2013, AIASL was not required to spend any fresh CSR Contributions during FY 2022-23.

However, during the FY 2020-21, AIASL transferred its unutilized CSR fund (accumulated from the FY 2017-18, 2018-19 & 2019-20) amounting to Rs.5,38,90,383/- towards Indira Gandhi Rashtriya Uran Akademy(IGRUA) for providing scholarships for obtaining Commercial Pilot Training (CPL) to Economical Weaker Section of Society. During the FY 2021-22, no progress was noted in the said ongoing project due to the advent of COVID and other unavoidable reasons. Consequently, during FY 2022-23, the said project was amended/modified in the Board Meeting held on 02.08.2022 based on IGRUA's request. According to the amended project, IGRUA was required to utilize the said CSR funds for the procurement of trainer aircraft, and in lieu of this IGRUA shall extend free-of-cost training to 7 no of candidates from economically weaker sections of the society. Further, on completion of FY 2022-2023, the said CSR funds were still lying unutilized with IGRUA. On the backdrop of unutilized money lying in IGRUA Account in the form of FD, AIASL opened an Unspent CSR Account and transferred the CSR unutilized funds (with a surplus) amounting to Rs.5,96,68,779/- (Rs.5,38,90,383+ Rs.57,78,396) from IGRUA Account to Unspent CSR Account of AIASL on 29.04.2023.

In furtherance thereof, the Board in its meeting held on the 15th day of September, 2023 approved the following on the recommendation of the CSR Committee:

(i) To release the unutilized CSR funds lying in AIASL Unspent CSR Account along with the surplus, if any (which have been allocated for IGRUA) on the submission/issuance of a Purchase Order or any similar document by IGRUA for the procurement of trainer aircraft on or before 31.03.2024 in terms of the CSR provisions and as per the existing approval, and

(ii) To permit IGRUA to procure the trainer aircraft as per the existing board approval using the CSR funds, and

(iii) To allow IGRUA to continue the stipulated training(PPL/CPL/Type rating) beyond 31.03.2024 (to 7 EWS category candidates) and complete the training in about 24 months or as per IGRUA stipulated training schedule, at IGRUA's cost, in lieu of procurement of trainer aircraft with allotted CSR fund and for which the IGRUA shall provide an undertaking to the AIASL Management that the training of 7 EWS candidates shall be imparted and completed in about 24 months from the commencement of training or as per IGRUA stipulated training schedule.

(iv) To direct IGRUA to provide a status update on half half-yearly basis until Training is completed. Also, to direct IGRUA to submit the following completion certificates:

(a) Certificate of completion in line with the fund utilization after the procurement of trainer aircraft.

(b) Certificate of Completion of trainer aircraft registration formalities in India, upon receipt

(c) Certificate of Completion of CPL training on completion of CPL training of 7 EWS category candidates.

Annual Report on CSR Activities for the F.Y 2022-23 is enclosed as **Annexure-II.**

SECRETARIAL STANDARDS

During F.Y 2022-23, the Company has complied with all applicable mandatory Secretarial Standards issued by the Institute of Company Secretaries of India.

CORPORATE GOVERNANCE

The Company has complied with the requirements of Corporate Governance. The detailed Corporate Governance Report forms part of this Report separately.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

A detailed Management Discussion and Analysis Report is given separately.

EXTRACT OF ANNUAL RETURN

In compliance with the provisions of Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, a copy of the Annual Return of the company for the year ended 31st March, 2023 shall be displayed on Company's website at www.aiasl.in. Further, an extract of Annual Return in Form MGT-9 is annexed at Annexure III.

DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016

During the year under review, there were no applications made or proceedings pending in the name of the Company under the Insolvency and Bankruptcy Code, 2016.

PARTICULARS OF EMPLOYEES

As per the Ministry of Corporate Affairs Notification dated 5 June 2015, provisions of Section 134(3) (e) are not applicable to a Government Company.

Consequently, details on Company's policy on Directors' appointment and other matters are not provided under Section 178(3).

Similarly, Section 197 shall not apply to a Government Company. Consequently, a statement showing the names and other particulars of every employee of the Company, who if employed throughout / part of the Financial Year, was in receipt of remuneration in excess of limits set out in the Rules, is not provided in terms of Section 197(12) read with Rule 5(1) / (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

AIASL being a Government Company, its Directors are appointed/ nominated by the Government of India as per the Government / DPE Guidelines which also include fixation of pay criteria for determining qualifications and other matters.

ANNUAL EVALUATION

Vide NotificationNo.G.S.R.463 (E) dated 5 June 2015, the provisions of Section 134(3)(p) relating to Board Evaluation are not applicable since the Directors are evaluated by the Ministry of Civil Aviation.

INDEPENDENT DIRECTORS AND DECLARATION

AIASL is a wholly owned subsidiary of AI Assets Holding Limited. As per Article 97 of the Articles of Association of the Company, the number of Directors of the Company shall not be less than three and not more than fifteen all of whom shall be appointed by Administrative Ministry/AI Assets Holding Limited, who in turn can do so subject to the directions of the Government of India.

AIASL is an unlisted public company and a wholly-owned subsidiary of AI Assets Holding Limited and as per the Ministry of Corporate Affairs Circular dated 5th July 2017, an exemption has been given to unlisted wholly-owned subsidiary companies from appointing Independent Director.

NOMINATION & REMUNERATION COMMITTEE

The constitution of the Nomination & Remuneration Committee under section 178 of Companies Act 2013 has been exempted for the unlisted wholly-owned subsidiary companies vide notification no. GSR 880(E), dated 13-07-2017. AIASL being an unlisted wholly owned subsidiary company of AI Assets Holding Limited thus got exempted from these provisions.

REMUNERATION POLICY

Remuneration to Executive Directors and Non-Executive Directors

Provisions of Section 197 of the Companies Act, 2013 in respect of remuneration to Directors of the Company are not applicable to Government Companies vide Notification No.G.S.R.463(E) dated 5 June 2015.

INTERNAL FINANCIAL CONTROLS

Adequate internal financial controls are in place for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies; the safeguarding of its assets; the prevention and detection of frauds and errors; the accuracy and completeness of the accounting records; and the timely preparation of reliable financial information, which is commensurate with the operations of the Company.

Further, the company is in the process of strengthening the internal control process so as to ensure the coverage of all the areas as envisaged and ensure effective internal controls at stations, regional offices, user departments.

M/s G. Deep And Co, Chartered Accountants, Delhi was appointed as Internal Auditors to review the business processes and controls to assess the adequacy of the internal control system, to ensure compliance with all applicable laws and regulations and, facilitate in optimum utilization of resources and protect the Company's assets for F.Y 2022-23.

DISCLOSURE REGARDING FRAUDS

There were no frauds reported by the Auditor to the Audit Committee or to the Board.

RISK MANAGEMENT

The Company is in the process of formulating the Risk Management Policy with the following objectives:

- Provide an overview of the principles of Risk Management
- Explain the approach adopted by the Company for Risk Management
- Define the Organizational Structure for effective Risk Management
- Develop a "risk" culture that encourages all employees to identify risks and associated opportunities and to respond to them with effective actions

- Identify, assess and manage existing and new risks in a planned and coordinated manner with minimum disruption and cost, to protect and preserve Company's human, physical and financial assets.

MANAGEMENT

DIRECTORS

During the Financial Year 2022-23, the following changes have occurred in the constitution of Directors and KMP of the Company:

Sr. No	Name	Designation	Date of Appointment	Date of Cessation
1	Shri. Vikram Dev Dutt	Chairman & Nominee Director	27.01.2022	28.02.2023
2.	Smt. Parama Sen	Nominee Director	11.02.2022	-
3.	Shri. S.K Mishra	Nominee Director *(Elected as Chairman w.e.f 01.03.2023)*	02.02.2017	-
4.	Shri. V.A Patwardhan	Nominee Director	20.03.2020	14.12.2023
5.	Shri. Rajeshsingh Shrinarayan Sharma	Nominee Director	14.12.2022	18.01.2023
6.	Shri Padam Lal Negi	Nominee Director	18.01.2023	-

KEY MANAGERIAL PERSONNEL (KMP)

Sr. No	Name	Designation	Date of Appointment	Date of Cessation
1	Shri Rambabu Ch.	CEO	31.07.2021	-
2	Shri Satya Narayan Panda	CFO	13.12.2021	31.12.2022
3	Shri Sandeep Malhotra	CFO	09.02.2023	-
4	Smt. Shashi Bhadoola	CS	11.06.2020	-

RELATED PARTY TRANSACTIONS

The Company, during the Financial Year, entered into contracts or arrangements with related parties, which were in the ordinary course of business and on an arm's length basis. These transactions are not falling under the provisions of Section 188(1) of the Act.

Exemption from the first and second proviso to sub-Section (1) of Section 188 with regard to obtaining approval of the Company in General Meeting, has been provided to a Government Company in respect of contracts or arrangements entered into by it with any other Government Company.

The Company has obtained approval of the Board in its 92nd Board Meeting held on 2nd August 2022 for entering into contracts/arrangements with AI Assets Holding Limited and other subsidiary companies (Government Companies) for an estimated amount of approximately Rs.65.84 Crores during 2022-23. The details of Related Party Transactions in form AOC-2 are attached at **Annexure-IV**.

There was no material related party transaction with the Company's Directors', Management or their relatives, which could have had a potential conflict with the interests of the company.

ACKNOWLEDGEMENTS

The Board gratefully acknowledges the support and guidance received from AI Assets Holding Limited, the Ministry of Civil Aviation, the Airport Authority of India, and the Bureau of Civil Aviation Security. The Board expresses its grateful thanks to the Comptroller and Auditor General of India, the Ministry of Corporate Affairs, the Statutory Auditors, and various other Government Departments.

For & on behalf of the Board

Sd/-
Satyendra Kumar Mishra
Chairman

Place: New Delhi
Date : 03.11.2023

MANAGEMENT DISCUSSION & ANALYSIS REPORT

1. ANALYSIS OF FINANCIAL PERFORMANCE

Revenue

Total revenue earned during the year was Rs.9,322.98 million as against restated Rs.7,220.56 million during 2021-22.

Expenditure

The total expenditure incurred during the year was Rs.8,350.01 million as compared to the restated previous year's figure of Rs.7,333.29 million.

2. FUTURE OUTLOOK

AI Airport Services Limited (AIASL) , was operationalized on 1st February 2013 and started its independent operations effective April 2014. Presently, AIASL provides ground handling services at 113 airports (at 81 Airports, AIASL is fully Operational, and at 32 Airports AIASL is setting as per the development of business) in India.

In the current scenario, Ground handling (passenger, ramp, and cargo) is provided to 7Indian scheduled airlines (including AI Group – Air India & Air India Express flights); 5 Regional Airlines (including Alliance Air flights); 1 domestic cargo airline; 65 foreign scheduled airlines, 4 seasonal charter airlines and 22 foreign airlines availing (APEDA) perishable cargo handling apart from Non-Scheduled handling.

Additionally, AIASL also provides Cabin Cleaning & Cabin Dressing services besides undertaking Repairs ofAircraft Unit Load Devices (ULD) and Meal Carts.

Region and customer wise flights catered by AIASL in FY 2022-23 (01st April 2022 to 31st March 2023)

Region	Air India	Alliance Air	Air India Express	Third Party Airlines	Non-Scheduled Operators	HAJ Flights	Total
	Number of flights						
Northern	9,957	10,680	1,468	19,200	5,032	-	**46,337**
Southern	12,121	4,920	9,684	27,522	33,39	-	**57,586**
Eastern	14,307	9,484	-	31,964	2,118	92	**57,965**
Western	29,867	5,547	989	16,426	5,982	23	**58,834**
Total	**66,252**	**30,631**	**12,141**	**95,112**	**16,471**	**115**	**220722**

<u>AIASL, the future outlook can be summarized as follows:</u>

- AIASL migrating to a new ERP system from SAP, for automation of systems.
- AIASL has taken over the Cargo Warehousing custodianship at MAA, from AI, which will add to revenue generation.
- AIASL has secured Regulated Agent (RA) status from BCAS for its Chennai Cargo Warehouse. Further, AIASL is in the process of getting RA3 status for both Chennai and Mumbai Cargo Warehouse, including RA status for Mumbai Cargo warehouse.
- AIASL is planning to start handling of International Courier business at the MAA Cargo warehouse, to introduce new services and bring in additional business.

- AIASL is continuing to facilitate SESF Operations both in India and abroad.
- AIASL is facilitating the handling of the entire Defense forces-operated aircraft in India at all Airports including Defense enclaves.
- AIASL has joined the IATA Ground Handlers Partnership (IATA GHP) by associating itself on the IATA worldwide Platform, for visibility among world airlines and World Non-Schedule operators.
- AIASL is participating in world Ground Handling Conferences, for networking and Sourcing business.
- Revamp the Security, HR, MMD and IT sections with professionals.
- AIASL has started the process to comply and obtain ISAGO certification.
- AIASL is continuing the process of establishing offices at various airports across India and establishing prominence in the Ground Handling Market share.
- Strive to achieve the service level agreement requirements of customer airlines.
- Imparting grooming & soft skills training to all the frontline staff across the network for improving and maintaining the service standards of Client Airlines.
- Introducing Uniform and safety PPE for the employees.
- Inculcating safety culture to reduce and minimize ground handling incidents and aircraft damage. SMS/QMS Section is being set up in AIASL with professionals
- Emphasizing the importance of functional trainings and imparting regular trainings to the employees.
- Expanding the scope of AIASL ground handling services in terms of technical assistance and line maintenance to Client airlines.
- Offering ULD repair services to other Client airlines other than Air India group.
- Payment Gateway for Non-Schedule Airline operators Payments, through AIASL's new ERP system, is being explored.
- Operationalizing its workshops located at major base stations (BOM, MAA, CCU, COK, GOI, PNQ, ATQ) by using its skilled workforce, thereby saving huge maintenance costs.
- Planning to replace age old Ground Handling Equipment in a phased manner in line with the Board Approval for CAPEX.
- Planning to support the Government drive of Eco-friendly environment at Airports in line with the Board Approval.
- AIASL is in the process of acquiring Air India Unity Complex at Chennai Airport from AIAHL from its internal revenues. The same will be registered for title transfer.

The Ground Handling market in India is poised to grow on account of preferential traveling by air, the increasing population of air travelers, the government UDAAN scheme, the induction of aircrafts by Airlines and various initiatives taken by airport operators. In such a simulated industrial environment, there would be a significantly larger market opportunity for offering Ground Handling services by AIASL.

3. GOING CONCERN

The Company has earned net profit since 2012-13 which has increased from Rs.5.06 million during 2012-13 to Rs.504.83 million during 2019-20. However, due to the COVID-19 situation, the Company has incurred a loss of Rs.1,900.28 million during FY 2020-21. During the current year, the company made a net profit after tax of Rs.783.14 million.

4. HUMAN RESOURCES

Staff Strength

The number of staff inducted under various categories as on 31 March 2023 was 16440.

5. RISK MITIGATION STRATEGIES

The Company continuously monitors the risk perceptions and takes preventive action for mitigation of risks on various fronts.

6. INTERNAL CONTROL SYSTEMS

M/s G. Deep and Co, Chartered Accountants, Delhi has been appointed as Internal Auditors to review the business processes and controls to assess the adequacy of the internal control system, to ensure compliance with all applicable laws and regulations and facilitate in optimum utilization of resources and protect the Company's assets for F.Y. 2022-23

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The company firmly believes in and has consistently practiced good Corporate Governance. The company's essential character is shaped by the values of transparency, professionalism, and accountability. The company is committed to attain the highest standard of Corporate Governance. The philosophy of the company in relation to Corporate Governance is to ensure transparency in all its operations, make disclosures, and enhance all stakeholders' value within the framework of laws and regulations.

2. BOARD OF DIRECTORS

AI Airport Services Limited (AIASL) is a Public Sector Undertaking and a wholly-owned subsidiary of AI Assets Holding Limited. Its Directors are appointed by the holding company / administrative ministry. As per Article 97 of the Articles of Association of the Company, the number of Directors shall not be less than three and not more than fifteen all of whom shall be appointed by the holding company / administrative ministry.

Accordingly, the composition of the Board of AIASL is prescribed in the following manner.

Board Of Directors as on 31 March 2023

Shri S.K Mishra Jt. Secretary Ministry of Civil Aviation & CMD, AI Assets Holding Limited	- Chairman & Nominee Director
Shri Padam Lal Negi Jt. Secretary & Financial Advisor Ministry of Civil Aviation	- Nominee Director
Smt. Parama Sen Additional Secretary Department of Investment and Public Assets Management, (DIPAM)	- Nominee Director

In pursuance of OM dated 14.12.2022 issued by MoCA regarding the constitution/reconstitution of the Board of subsidiaries of AIAHL inter alia AIASL, the below changes took place on the Board of AIASL:

Shri Vimlendra Anand Patwardhan ceased to be Director on the Board of AIASL and Shri RajeshSingh Shrinarayan Sharma (Rajesh Singh), Joint Secretary & Financial Advisor (JS&FA), MoCA had been appointed on the Board of AIASL w.e.f.14.12.2022.

Further, in pursuance of OM dated 18.01.2023 issued by MoCA regarding the constitution of the Board of subsidiaries of AIAHL inter alia AIASL, the below change took place on the Board of AIASL:

Shri Rajesh Singh Shrinarayan Sharma (Rajesh Singh), ceased to be a Director on the Board of AIASL and Shri Padam Lal Negi, Joint Secretary & Financial Adviser (JS&FA), MoCA, had been appointed on the Board of AIASL w.e.f. 18.01.2023.

Further MoCA vide order dated 28.02.2023, has assigned the additional charge for the post of Chairman and Managing Director (CMD) of AI Assets Holding Limited (AIAHL) to Shri Satyendra Kumar Mishra, Joint

Secretary, MoCA, for a period of three months w.e.f. 01-03-2023 or till the regular appointment of CMD, AIAHL, whichever is earlier, by virtue of the appointment of Shri Vikram Dev Dutt as Director General in the Directorate General of Civil Aviation (DGCA). In view of this, the following changes took place on the Board of AIASL:

Shri. Vikram Dev Dutt ceased as Nominee Director and Chairman from the Board of AIASL w.e.f 28.02.2023. Further AIASL Board vide its Circular Resolution bearing No. 58 dated 14.03.2023 had nominated and elected Shri Satyendra Kumar Mishra, as the Chairman on the Board of AIASL w.e.f 01.03.2023 and passed the requisite resolution on 14.03.2023 till any further instruction from the MoCA/ Holding Company.

The Board places on record its appreciation of the valuable services rendered by Shri Vikram Dev Dutt, Chairman, Shri Vimlendra Anand Parwardhan, Director, and Shri Rajeshsingh Shrinarayan Sharma, Director on the Board and Board level Committees of the Company during their tenure.

3. DETAILS REGARDING THE BOARD MEETINGS, ANNUAL GENERAL MEETING, DIRECTORS' ATTENDANCE THEREAT, DIRECTORSHIPS, AND COMMITTEE POSITIONS HELD BY THE DIRECTORS:

BOARD MEETINGS

Eight Board Meetings were held during the financial year on the following dates:

7th June 2022	(90th Meeting)
12th July 2022	(91st Meeting)
2nd August 2022	(92nd Meeting)
20th September 2022	(93rd Meeting)
30th November 2022	(94th Meeting)
9th February 2023	(95th Meeting)
23rd February 2023	(96th Meeting)
29th March 2023	(97th Meeting)

Particulars of Directors including their attendance at the Board / Shareholders' Meetings during the financial year 2022-23:

Name of the Director	Academic Qualifications	Attendance out of 8 Board Meetings held during the year	Details of Directorships held in other Companies	Memberships held in Committees
Shri Vikram Dev Dutt, -Chairman (From 27th January 2022 to 28th February 2023)	B.Tech. & PGDM, IAS (UT:93)	7 (Eligible to attend 7 meetings only)	**Chairman and Managing Director** AI Assets Holding Limited till 28.02.2023 **Chairman** AI Airport Services Limited till 28.02.2023, AI Engineering Services Limited till 28.02.2023, Hotel Corporation of India Limited (HCI) till 28.02.2023	**AI Airport Services Limited** Chairman Corporate Social Responsibility Committee Member Audit Committee **AI Engineering Services Limited** Chairman Corporate Social Responsibility Committee Member Audit Committee

Name of the Director	Academic Qualifications	Attendance out of 8 Board Meetings held during the year	Details of Directorships held in other Companies	Memberships held in Committees
			Director Port Blair Smart Projects Limited	**Alliance Air Aviation Limited** Chairman HR Committee Flight Safety Committee Member Audit Committee **AI Assets Holding Limited** Member Audit Committee
Shri S. K. Mishra Jt. Secretary, Ministry of Civil Aviation - Nominee Director (From 02.02.2017) ***(AIASL Board had nominated and elected Shri. S.K Mishra as Chairman of the Board w.e.f 01.03.2023 and consequently become the Chairman of CSR Committee w.e.f 14.03.2023.)***	M.Tech (Applied Geology) M.A. (Public Policy), IRS (IT:1990)	7	**Chairman & Managing Director** AI Assets Holding Limited w.e.f 01.03.2023 **Chairman** AI Airport Services Limited w.e.f 01.03.2023 AI Engineering Services Limited w.e.f 01.03.2023 Hotel Corporation of India Limited w.e.f 01.03.2023 Alliance Air Aviation Limited w.e.f 01.03.2023 **Director** AI Airport Services Limited w.e.f. 02.02.2017 AI Engineering Services Limited w.e.f. 02.02.2017 AI Assets Holding Limited w.e.f 22.01.2018 -	**AI Airport Services Limited** Chairman Corporate Social Responsibility Committee Member Audit Committee * CSR Committee (**Shri. S.K Mishra was the member of CSR Committee before 14.03.2023)* **AI Engineers Services Limited** Chairman Corporate Social Responsibility Committee Member Audit Committee **Alliance Air Aviation Limited** Chairman HR Committee Flight Safety Committee Member Audit Committee **AI Assets Holding Limited** Chairman Nomination & Remuneration Committee Member Audit Committee

Name of the Director	Academic Qualifications	Attendance out of 8 Board Meetings held during the year	Details of Directorships held in other Companies	Memberships held in Committees
Shri V.A Patwardhan, Joint Secretary & Financial Advisor, Ministry of Civil Aviation- Nominee Director (From 20th March 2020 to 14th December 2022)	B.Com, IA &AS Officer, 1996 Batch.	4 (Eligible to attend 5 meetings only)	Director AI Airport Services Limited, AI Engineering Services Limited, AI Assets Holding Limited, Pawan Hans Ltd., Indian Renewable Energy Development Agency Limited (IREDA), Solar Energy Corporation of India Ltd. (SECI).	**AI Airport Services Limited** Chairman Audit Committee Member CSR Committee **AI Engineering Services Limited**, Chairman Audit Committee Member CSR Committee **AI Assets Holding Limited** Chairman Audit Committee **Indian Renewable Energy Development Agency Limited** Chairman 1. Nomination & Remuneration Committee, 2.Stakeholder Relationship Committee Member 1. NPA & Stressed Assets Resolution Committee 2. Audit Committee, 3. Risk Management Committee **Pawan Hans Ltd.,** Member Audit Committee **Solar Energy Corporation of India Ltd (SECI),** Member 1. Remuneration Committee, 2.Audit Committee **Airport Authority of India** Member 1. Remuneration Committee, 2. Audit Committee

Name of the Director	Academic Qualifications	Attendance out of 8 Board Meetings held during the year	Details of Directorships held in other Companies	Memberships held in Committees
Smt. Parama Sen, Additional Secretary, DIPAM (From 11th February 2022)	MSC Physics, IA&AS (1994)	2	**Director** AI Airport Services Limited, AI Engineering Services Limited, , AI Assets Holding Limited, National Land Monetization Corporation Limited	**AI Airport Services Limited** Member Audit Committee CSR Committee **AI Engineering Services Limited** Member Audit Committee CSR Committee **AI Assets Holding Limited** Member Nomination and Remuneration Committee
Shri Rajeshsingh Shrinarayan Sharma (From 14th December,2022 to 18th January 2023)	-B.Sc (Geology, Mathematics); Hansraj College, Delhi University, Delhi -M.Sc (Geology); Department of Earth Sciences, IIT Roorkee University, Roorkee. -PG Diploma in Public Policy Management from MDI (Gurgaon),	0 (No meeting was held during his tenure)	**Director** National Internet Exchange of India, National Informatics Centre Services, Incorporated Digital India Corporation, Pawan HansLimited AI Engineering Services Limited, AI Airport Services Limited, AI Assets Holding Limited	**AI Airport Services Limited** Chairman Audit Committee Member CSR Committee **AI Engineering Services Limited**, Chairman Audit Committee Member CSR Committee
Shri Padam Lal Negi (From 18th January 2023)	IDAS 1992	3 (Eligible to attend 3 Meetings only)	**Director** AI Airport Services Limited, AI Engineering Services Limited, AI Assets Holding Limited, Pawan Hans Ltd., Indian Renewable Energy Development Agency Limited (IREDA), Solar Energy Corporation of India Ltd. (SECI).	**AI Airport Services Limited** Chairman Audit Committee Member CSR Committee **AI Engineering Services Limited**, Chairman Audit Committee Member CSR Committee **AI Assets Holding Limited** Chairman Audit Committee

4. **BOARD PROCEDURE**

The meetings of the Board of Directors were generally held at the registered office of the Company via Video Conferencing (VC)/ physical mode or at the corporate office of Holding Company. The meetings are scheduled well in advance. In case of exigencies or urgency, resolutions are passed by circulation. The Board meets at least once a quarter to review the operating performance of the Company. The agenda for the meetings are prepared by the officials of the concerned departments and approved by the CEO & the Chairman. The Board papers are circulated to the Directors in advance. The members of the Board have access to all information and are free to recommend the inclusion of any matter on the agenda for discussion. Senior executives are invited to attend the Board meetings and provide clarification as and when required. Action Taken Reports are put up to the Board periodically. To enable better and more focused attention on the affairs of the Company, the Board delegates certain matters to committees of the Board set up for the purpose.

5. CODE OF CONDUCT

In terms of requirements of DPE guidelines on Corporate Governance for CPSEs, the Board has adopted Code of Conduct for the Directors and Senior Management. There is a system of affirming compliance with the Code by the Board Members and Senior Management Personnel of the Company. A declaration of compliance signed by the Chief Executive Officer of the Company is enclosed with the Report.

6. BOARD COMMITTEES

AUDIT COMMITTEE

As part of the Corporate Governance and in compliance with the provisions of the Companies Act, 2013 and DPE Guidelines, the Company initially constituted the Audit Committee of the Board in November 2014 and reconstituted the same on 13th December, 2017. Further, post disinvestment of Air India Limited, the Board of AIASL was reconstituted by the Ministry of Civil Aviation (MoCA) vide its several OM's issued from time to time. Further, in pursuant to the OM dated 28.02.2023 issued by the MOCA, the Audit Committee of AIASL was again reconstituted by the Board on 14th March 2023 by passing a Circular Resolution bearing No.58 comprising of the following members.

As on 31 March 2023, the following were the Members of the Audit Committee:

(i) Shri Padam Lal Negi (JS&FA, MoCA)	-	Chairman
(ii) Shri Satyendra Kumar Mishra (CMD, AIAHL & JS, MoCA)	-	Member
(iii) Smt. Parama Sen [AS, DIPAM]	-	Member

The terms of reference of this Committee are:

- To recommend for appointment, remuneration and terms of appointment of auditors of the company;
- To review and monitor the auditor's independence and performance, and effectiveness of audit process;
- To review the Internal Audit program & ensure co-ordination between the Internal & External Auditors as well as determine whether the Internal Audit function is commensurate with the size and nature of the Company's Business;
- To discuss with the Auditor before the audit commences the nature & scope of the audit;

- To examine the financial statements and the auditors' report thereon;
- To review the Statutory Auditor's Report, Management's response thereto and to take steps to ensure implementation of the recommendations of the Statutory Auditors;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters;
- To consider any other matter as desired by the Board.

Meetings of the Audit Committee

The Audit Committee had met Seven 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:

7th June 2022	(31st Meeting)
12th July 2022	(32nd Meeting)
2nd August 2022	(33rd Meeting)
20th September 2022	(34th Meeting)
30th November 2022	(35th Meeting)
23rd February 2023	(36th Meeting)
29th March 2023	(37th Meeting)

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In compliance with the requirements of the Companies Act 2013, the Board initially constituted a CSR Committee on 23rd May 2016. Further, post disinvestment of Air India Limited, the Board of AIASL was reconstituted by the Ministry of Civil Aviation (MoCA) vide its several OM's issued from time to time. Further, in pursuant to the OM dated 28.02.2023 issued by the MoCA, the CSR Committee of AIASL was reconstituted by the Board on 14th March 2023 by passing a Circular Resolution bearing No.58, in compliance with the provisions of Section 135 of the Companies Act, 2013, the Rules made thereunder and the guidelines formulated by the Department of Public Enterprises. As of 31st March 2023, the CSR Committee comprises of:

(i) Shri Satyendra Kumar Mishra (CMD, AIAHL & JS, MoCA)	-	Chairman
(ii) Shri Padam Lal Negi (JS&FA, MoCA)	-	Member
(iii)Smt. Parama Sen [AJS, DIPAM]	-	Member

Meetings of the CSR Committee

The CSR Committee met Three times during the year to review various issues related to the CSR Budget, CSR Activities, etc. as per the details given below:

7th June 2022	(15th Meeting)
12th July 2022	(16th Meeting)
2nd August 2022	(17th Meeting)

Annual General Meetings (AGM) during the last three years:

AGM Number	Date and time of the Meeting	Venue	Special Resolution
17th	29th December 2020 at 1100hrs	2nd Floor, GSD Building, Air India Complex, Terminal-2, IGI Airport, New Delhi-110037	Yes
17th (Adjourned)	9th March, 2021 at 1100hrs	2nd Floor, GSD Building, Air India Complex, Terminal-2, IGI Airport, New Delhi-110037	
18th	30th November 2021 at 1130hrs	2nd Floor, GSD Building, Air India Complex, Terminal-2, IGI Airport, New Delhi-110037	Yes
18th (Adjourned)	14th December 2021 at 1100hrs	2nd Floor, GSD Building, Air India Complex, Terminal-2, IGI Airport, New Delhi-110037	
19th	30th December 2022 at 1130hrs	2nd Floor, GSD Building, Air India Complex, Terminal-2, IGI Airport, New Delhi-110037	Yes

- During the year 2021-22, one Extra Ordinary General Meeting was held on 14th day of January 2022**.**
- M/s Link Intime India Pvt Ltd having its address at C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400083, is the Registrar and Transfer Agent (RTA) of the Company.

7. DISCLOSURES AND STATUTORY COMPLIANCES: -

Adequate Disclosures pertaining to Director's interest, related party transactions, and maintenance of statutory registers have been taken and placed periodically before the Board of Directors to take informed decisions, with the Board following a clear policy of specific delegation and authorization of designated officers to handle the business matters. MCA Filings with respect to disclosures, intimations, allotments, and appointments have been made in a time-bound manner with no pending matters. The Company, based on self-evaluation, falls under the 'Excellent' grade for the compliance of DPE Corporate Governance Guidelines for two financial years 2020-21 and 2021-22. The DPE has also awarded 'Excellent' grading to AIASL for compliance of DPE Corporate Governance for two financial years 2020-21 and 2021-22. The rating for F.Y 2022-23 is awaited.

8. CEO/CFO DECLARATION:

The Chief Executive Officer and Chief Financial Officer have certified in writing with respect to the truth and fairness of the financial statements, due compliances, and financial reporting which was placed before the Audit Committee and Board Meeting and forms part of this report.

CODE OF CONDUCT

DECLARATION

Pursuant to DPE guidelines on Corporate Governance for CPSEs, all the Board Members & Senior Management Personnel have affirmed compliance with the Code of Conduct, as adopted by the Board of Directors, for the year ended March 31, 2023.

Sd/-
(Rambabu Ch.)
Chief Executive Officer
AI Airport Services Limited

Place: Delhi
Date: 03.11.2023

DECLARATION BY CHIEF EXECUTIVE OFFICER & CHIEF FINANCIAL OFFICER

To,

The Board of Directors,
AI Airport Services Limited,

We, Rambabu Ch. , Chief Executive Officer and Sandeep Malhotra , Chief Financial Officer of AI Airport Services Limited (hereinafter "the Company"), do hereby certify that:

1. We have reviewed the financial statements for the financial year 2022-2023 and that to the best of our knowledge and belief:
    a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
    b) these statements give a true and fair view of the state of affairs of the Company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including Accounting Standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept overall responsibility for the Company's internal control system for financial reporting. This is monitored by the internal audit function, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal audit works with all levels of management and statutory auditors, and reports significant issues to the Audit Committee of the Board of Directors.

    The Auditors and Audit Committee are apprised of any corrective action taken with regard to significant deficiencies and material weaknesses.
4. We indicate to the Auditors:
    a) Significant changes in internal control over financial reporting during the year;
    b) Significant changes in accounting policies during the year;
5. We further declare that all Board Members and Senior Managerial Personnel have affirmed compliance with the code of conduct during the year ended 31st March 2023.

For AI Airport Services Limited

Sd/-
Rambabu Ch.
Chief Executive Officer
PAN: AGVPC9371P
Place: New Delhi
Date: 19.07.2023

Sd/-
Sandeep Malhotra
Chief Financial Officer
PAN: AFWPM3559B


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Annexure I

AI AIRPORT SERVICES LIMITED (FORMERLY KNOWN AS AIR INDIA AIR TRANSPORT SERVICES LIMITED)

CSR POLICY

A. Background

The new Companies Act, 2013 has introduced the concept of Corporate Social Responsibility (CSR) through its 'comply' – explain mandate. In terms of the provisions of this Act, w.e.f. 1 April 2014 every Company, Private Limited or Public Limited, which has a net worth of Rs.500 crores or a turnover of Rs.1000 crores or net profit of Rs.5 crores has to spend at least 2% of its average net profit for the immediately preceding three financial years on CSR activities. The CSR activities should not be undertaken in the normal course of business and must be with respect to any of the activities mentioned in Schedule VII of the Act. The Companies (CSR Policy) Rules, 2014 place down the framework and modalities of carrying out CSR activities.

B. CSR Policy

I. Objective and Scope

The main objective of the CSR Policy is to lay down guidelines for AI Airport Services Limited (Formerly known as Air India Air Transport Services Limited) ("AI APS") to make CSR as one of the areas which focuses on making a positive contribution to society through high impact, sustainable programs.

AI APS will focus on CSR activities in and around areas of Company's operations viz., airports and city offices. AI APS is committed to allocate at least 60% of the CSR budget for these local communities.

AI APS will implement CSR activities to empower weaker, less privileged and marginalized sections of the society to create social capital.

II. CSR Organization Structure

a) CSR Committee

The Company will have a Board Level Sub Committee, hereinafter referred to as CSR Committee, consisting of three or more Directors out of which at least one shall be an Independent Director, if any. The roles / responsibilities of the CSR Committee include :

(i) Formulate and recommend a CSR Policy to the Board of Directors for approval.

(ii) Recommend CSR activities as stated in the Schedule VII of the Companies Act 2013.

(iii) Recommend the CSR budget to be incurred on the activities referred to in clause (ii) above.

(iv) Spend the allocated amount on the CSR activities once the same is approved by the Board.

(v) Monitor the CSR Policy of the Company from time to time.

(vi) Create a transparent monitoring mechanism for implementation of the CSR projects / programs / activities.

(vii) Approve projects / programs / activities with monetary value of Rs.50 lakhs and above in each case.

(viii) Approve projects / programs / activities of any value which are outside AI APS's focus areas.

b) CSR Working Committee

Members of CSR Working Committee:

(i) Chief Executive Officer Chairman

(ii) Chief of Finance

(iii) Chief of Personnel

(iv) Company Secretary

The roles and responsibilities of the CSR Working Committee include :

(i) Review the proposals for CSR projects / programs / activities received from various locations

(ii) Approve proposals of value less then Rs.10 lakhs against approved allocated budget

III. CSR Focus Area Projects / Programs / Activities

(a) AI APS's CSR focus area projects / programs / activities are inspired by national developmental policies for development of children, women and weaker sections of the society and are based on inspiration from legislations on child rights, child development and education, national skilled development mission, Swach Bharat Mission and policies on community / rural development.

(b) The Company proposes to implement its CSR activities in the areas of

- Education
- Skilled development
- Environment and community development
- Drinking water
- Rural development
- Child care
- Conservation of natural resources
- Promoting and development of art and culture
- Public libraries
- Promotion and development of traditional arts and handicrafts
- Sports
- Health& Nutrition

(c) Detailed break up of projects / programs / activities under each of the above areas will be approved in line with the limits of authority manual.

(d) Any projects / programs / activities in areas other than the above will be taken up with the approval of the CSR Committee.

(e) These projects / programs/ activities shall be undertaken at any of the following :

- The area in the proximity to AI APS's operation area / locations
- In Backward Region Grant Fund (BRGF) districts as identified by Planning Commission
- Where there is a strategic connect for AI APS

(f) CSR projects / programs / activities will be implemented through implementing partners / specialized agencies. The minimum eligibility criteria for an implementing partner are as follows :

- It must be a registered society, trust, company or any specialized agency having minimum of three years of experience post registration in handling activities of similar nature.
- Experience of working with any government body or public sector enterprise will be preferred.

However, the selection authority can request any other qualification on a mandatory basis from the applicants while selecting the implementing partners.

IV. <u>CSR Budget / CSR Spend</u>

(i) As provided under the Companies Act, 2013 AI APS shall earmark as CSR Budget at least 2% of the average net profits of the Company during the three immediately preceding financial years.

(ii) Budgetary allocation :

(a) Not less than 60% of the budget will be allocated for activities in a project mode.

(b) Not more than 5% of the budget will be allocated for capacity building and communications.

(c) Balance budget could be for one time and other social activities.

(d) In case the Company fails to spend the budget in any particular financial year, the Committee shall submit a report in writing to the Board of Directors specifying the reasons for not spending the amount which shall be reported by the Board in the Directors' Report for that particular financial year. Any surplus arising out of the CSR projects / programs/ activities shall not form part of the business profit of the Company.

V. <u>Monitoring Mechanism</u>

(i) Monitoring process will be a two tier mechanism through

(a) CSR Committee on quarterly basis

(b) CSR Working Committee and Representatives of entities with which the Company decides to collaborate together would ensure effective implementation and monitoring of the projects / programs/ activities approved by the CSR Committee. They will submit periodic reports to the CSR Committee on the progress of various projects / programs / activities approved by the Committee.

(ii) In addition to the above, at the end of the year a third-party impactt assessment of major projects will be carried out.

VI. Publication of CSR Policy and Programs

As per the CSR Rules, the contents of the CSR Policy shall be included in the Directors' Report and the same shall be displayed on the Company's website.

VII. Policy Review and Future Amendment

The Committee shall annually review its CSR Policy and make suitable changes as may be required and submit the same for the approval of the Board.

Annexure-II

AI AIRPORT SERVICES LIMITED
(FORMERLY KNOWN AS AIR INDIA AIR TRANSPORT SERVICES LIMITED)
Annual Report on CSR
Financial Year 2022-23

1. Brief outline on CSR Policy of the Company.

- The Board of Directors of the Company have adopted a CSR Policy, which includes implementation of CSR activities in the areas of Education, Skill Development, Women Empowerment, Environment, Rural Development, Child and Women Health, etc. The Company's Policy is to focus on making positive contributions to society through high-impact, sustainable programs. At least 60% of the CSR budget would be allocated for CSR activities in a project mode. The Company will implement CSR activities to empower weaker, less privileged, and marginalized sections of the society to create social capital.
- The CSR focus area projects/programs/activities are inspired by the National Development Policies and would cover various areas as detailed in the CSR Policy. These activities could be undertaken in the proximity of the Company's operation area, BRGF districts as identified by the Planning Commission, and where there was a strategic connect for the Company.
- The CSR projects/programs / activities would be implemented through implementing partners / specialized agencies, the selection of whose would be based on the laid down criteria.
- A brief outline of the Company's CSR Policy including an overview of projects or programs proposed to be undertaken can be viewed on the website of the Company i.e. www.aiasl.in.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	*Shri Vikram Dev Dutt	Chairman ***(Ceased to be Chairman w.e.f 28.02.2023)***	3	3
2.	Shri V.A Patwardhan	Member ***(Ceased to be Member w.e.f 14.12.2022)***	3	3
3.	*Shri S.K Mishra	Member (***Designation changed from Member to Chairman w.e.f 14.03.2023)***	3	3
4.	Smt. Parama Sen	Member	3	0
5.	** *Shri. Rajesh Singh Shrinarayan Sharma*	Member ***(Member from 19.12.2022 to 18.01.2023)***	3	0
6.	**Shri. Padam Lal Negi	Member ***(Member from 30.01.2023)***	3	0

***** *Shri. Vikram Dev Dutt ceased as Nominee Director and Chairman from the Board & CSR Committee of AIASL w.e.f. 28.02.2023. Further, in pursuant to the OM dated 28.02.2023 issued by the MoCA, the*

CSR Committee of AIASL was reconstituted by the AIASL Board on 14th March 2023 by passing a Circular Resolution bearing No.58, in compliance with the provisions of Section 135 of the Companies Act, 2013, the Rules made thereunder and the guidelines formulated by the Department of Public Enterprises, whereby Shri. Satyendra Kumar Mishra has become the Chairman of the CSR Committee w.e.f. 14.03.2023.

*** The CSR Committee met three times during the year i.e. 7th June 2022, 12th July 2022 and 2nd August 2022, therefore Shri. RajeshSinghShrinarayan Sharma and Shri Padam Lal Negi had not attended any meetings during F.Y 2022-23.*

3. Provide the web link where the Composition of the CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

S. No	Particulars	Weblink
1.	Composition of CSR Committee	https://www.aiasl.in/csr.aspx
2.	CSR Policy	https://www.aiasl.in/csr.aspx
3.	Project approved by the Board	https://www.aiasl.in/csr.aspx

4. Provide the details of the Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).:

Not Applicable.

5. Details of the amount available for setoff in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, and amount required for setoff for the financial year, if any:

Not Applicable

6. Average net profit of the company as per section 135(5): Nil

7. (a) Two percent of the average net profit of the company as per section135(5) : Nil

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : NIL

(c) Amount required to be set off for the financial year, if any : NA

(d) Total CSR obligation for the financial year (7a+7b-7c). : Nil

8. (a) CSR amount spent or unspent for the financial year : Nil

Total Amount Spent for the Financial Year. (inRs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per the second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
Nil	-	-	-	-	-

(b) Details of CSR amount spent against ongoing projects for the financial year : Nil

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Project duration.	The amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implemen-tation	Mode of Implemen-tation Through Implementing Agency	
				State.	District.						Name	CSR Registra-tion number.
1.	-	-	-	-	-	-	-	-	-	-	-	

(c) Details of CSR amount spent against other than ongoing projects for the financial year: Nil

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (inRs.).	Mode of implemen-tation on Direct (Yes/No).	Mode of implementation-Through implementing agency.	
				State	District.			Name.	CSR Registration number.
							NA	NA	NA

(d) Amount spent in Administrative Overheads: NIL

(e) Amount spent on Impact Assessment, if applicable: Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Nil

(g) Excess amount for set off, if any: Nil

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section135(5)	-
(ii)	Total amount spent for the Financial Year	-
(iii)	Excess amount spent for the financial year[(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programs or Activities of the previous financial years, if any	-
(v)	Amount available for setoff in succeeding financial years [(iii)-(iv)]	-

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section135 (6) (in Rs.)	Amount spent in the Reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 13 if any.			The amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer.	
1	2019-20		-	-			5,38,90,383
2	2020-21	-	*5,38,90,383/-				5,38,90,383
3	2021-22	-	-				5,38,90,383

** This is an exceptional case, where during the FY 2020-21 AIASL transferred its unutilized CSR fund (accumulated from the FY 2017-18, 2018-19 & 2019-20) amounting to Rs.5,38,90,383/- towards Indira Gandhi Rashtriya Uran Akademy (IGRUA) for providing scholarships for obtaining Commercial Pilot Training to Economical Weaker Section of Society. During the FY 2021-22, no progress was noted in the said ongoing project due to the advent of COVID and other unavoidable reasons. Consequently, during FY 2022-23, the said project was amended/modified in the Board Meeting held on 02.08.2022 based on IGRUA's request. According to the amended project, IGRUA was required to utilize the said CSR funds for the procurement of trainer aircraft, and in lieu of this IGRUA shall extend free-of-cost training to 7 no of candidates from economically weaker sections of the society. Further, on completion of FY 2022-2023, the CSR funds were still lying unutilized with IGRUA. On the backdrop of unutilized money lying in IGRUA Account in the form of FD, AIASL opened an Unspent CSR Account and transferred the CSR unutilized funds (with a surplus) amounting to Rs.5,96,68,779/- (Rs.5,38,90,383+ Rs.57,78,396) from IGRUA Account to Unspent CSR Account of AIASL on 29.04.2023, which may further be allocated to IGRUA, if the Board satisfied itself that the CSR –IGRUA project could be completed by March 2024, else the said CSR funds shall be transferred to the fund specified under Schedule VII with the approval of the Board on or before 30.04.2024.*

In furtherance thereof, the Board in its meeting held on the 15th day of September, 2023 approved the following on the recommendation of the CSR Committee:

(i) *To release the unutilized CSR funds lying in AIASL Unspent CSR Account along with the surplus, if any (which have been allocated for IGRUA) on the submission/issuance of a Purchase Order or any similar document by IGRUA for the procurement of trainer aircraft on or before 31.03.2024 in terms of the CSR provisions and as per the existing approval, and*

(ii) *To permit IGRUA to procure the trainer aircraft as per the existing board approval using the CSR funds, and*

(iii) *To allow IGRUA to continue the stipulated training(PPL/CPL/Type rating) beyond 31.03.2024 (to 7 EWS category candidates) and complete the training in about 24 months or as per IGRUA stipulated training schedule, at IGRUA's cost, in lieu of procurement of trainer aircraft with allotted CSR fund and for which the IGRUA shall provide an undertaking to the AIASL Management that the training of 7 EWS candidates shall be imparted and completed in about 24 months from the commencement of training or as per IGRUA stipulated training schedule.*

(iv) *To direct IGRUA to provide a status update on half half-yearly basis until Training is completed. Also, to direct IGRUA to submit the following completion certificates:*

(a) *Certificate of completion in line with the fund utilization after the procurement of trainer aircraft.*

(b) *Certificate of Completion of trainer aircraft registration formalities in India, upon receipt*

(c) *Certificate of Completion of CPL training on completion of CPL training of 7 EWS category candidates.*

(**b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	**Project ID.**	**Name of the Project.**	**Financial Year in Which the project was commenced.**	**Project duration.**	**Total amount allocated for the project (in Rs.).**	**Amount spent on the project in the reporting Financial Year (in Rs).**	**Cumulative amount spent at the end of reporting Financial Year. (in Rs.)**	**Status of the project Completed /Ongoing.**
1.								
	TOTAL							

10. In case of the creation or acquisition of capital asset, furnish the details relating to the assets created or acquired through CSR spent in the financial year (asset-wise details). : NA

(a) Date of creation or acquisition of the capital asset(s).

NA

(b) Details of the entity or public authority or beneficiary under whose name such capital assets is registered, their address etc.:

NA

(c) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).:

NA

(d) Specify the reason(s), if the company has failed to spend two percent of the average net profit as per section 135(5):

As per the CSR provisions stipulated in the Companies Act, 2013, AIASL was not required to spend any fresh CSR Contributions during FY 2022-23. However, the detail pertaining to the unutilized fund for the preceding 3 years has already been stated in point 9 (a) above.

For AI Airport Services Limited

Sd/-
Satyendra Kumar Mishra
Chairman of CSR Committee

Sd/-
Rambabu Ch.
Chief Executive Officer

Sd/-
Shashi Bhadoola
Company Secretary

Sd/-
Sandeep Malhotra
Chief Financial Officer

Annexure III

ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR 2022-23

FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U63090DL2003PLC120790
2.	Registration Date	9th June 2003
3.	Name of the Company	AI AIRPORT SERVICES LIMITED
4.	Category/Sub-category of the Company	Government Company
5.	Address of the Registered office & contact details	2nd Floor, GSD Building, Air India Complex, Terminal-2, IGI Airport, New Delhi South West Delhi DL 110037 IN
6	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited C-101, 247 Park, L.B.S. Marg Vikhroli (West) Mumbai – 400083 +91 22 49186000

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10% or more of the total turnover of the company shall be stated) –

Sr No	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
1.	Service activities incidental to air transportation	522	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANY:

Sr. No.	Name and Address of the Company	CIN/GIN	Holding / Subsidiary / Associate	% of Shares	Applicable Section
1	AI Assets Holding Limited Indian Airlines BLDG, 113, Gurudwara Rakabganj Road, NA New Delhi North East Dl 110001 IN	U74999DL2018GOI328865	Holding	100%	2 (46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as a percentage of : Total Equity) :

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-04-2022]				No. of Shares held at the end of the year [As on 31-03-2023]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF									

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-04-2022]				No. of Shares held at the end of the year [As on 31-03-2023]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	138424200	0	138424200	100	138424200	0	138424200	100	
e) Banks / FI									
f) Any other									
Total shareholding of Promoter (A)	138424200	0	138424200	100	138424200	0	138424200	100	
B. Public Shareholding	Not Applicable								
1. Institutions									
a) Mutual Funds/ UTI									
b) Banks / FI									
c) Central Govt.									
d) State Govt.(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify) Foreign Banks									
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-

Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-04-2022]				No. of Shares held at the end of the year [As on 31-03-2023]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Non-Institutions	Not Applicable								
a) Bodies Corp. (Market Maker + LLP)									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital uptoRs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh									

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-04-2022]				No. of Shares held at the end of the year [As on 31-03-2023]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (specify)									
i) Non Resident Indians									
ii) Non Resident Indians - Non Repatriable									
iii) Office Bearers									
iv) Directors									
v) HUF									
vi) Overseas Corporate Bodies									
vii) Foreign Nationals									
viii) Clearing Members									
ix) Trusts									
x) Foreign Bodies - D R									
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	138424200	0	138424200	100	138424200	0	138424200	100	

B) Shareholding of Promoter-

Sr No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / Encumberedd to total shares	
1	AI Assets Holding Limited	138424200	100	NIL	138424200	100	NIL	100

C) Change in Promoters' Shareholding (please specify, if there is no change):

Sr No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding at end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company

D) Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding at end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	NOT APPLICABLE				

E) Shareholding of Directors and Key Managerial Personnel:

S. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding at the end of year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	NIL				
	(Note : Equity Shares are held by Nominees of AI Assets Holding Limited only, which includes Directors also ddirectors also)				
	Total				

V. INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(In Rs Crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	0	0	0	0
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	**0**	**0**	**0**	**0**
Change in Indebtedness during the financial year	0	0	0	0
* Addition	0	0	0	0
* Reduction	0	0	0	0
Net Change	0	0	0	0
Indebtedness at the end of the financial year	0	0	0	0
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	**0**	**0**	**0**	**0**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager : NOT APPLICABLE

(Figures in Rs.)

Sr No	Particulars of Remuneration	Name of MD/WTD/ Manager					Total Amount
1	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961						
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961						
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961						
2	Stock Option						
3	Sweat Equity						
4	Commissionas % of profitothers, specify.						
5	Others : (PF, DCS, House Perks tax etc)						
	Total (A)						
	Ceiling as per the Act						

*** There are no Managing, Whole Time Directors in the Company.**

B. Remuneration to other directors-Not applicable

Sr No.	Particulars of Remuneration	Name of Directors					Total Amount
1	Independent Directors						
	Fee for attending board committee meetings						
	Commission	-	-	-	-	-	-
	Others, please specify (Fees for attending Board Sub Committee Meetings)	-	-	-	-	-	-
	Total (1)	-	-	-	-	-	-
2	Other Non-Executive Directors	-	-	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	-		-	-
	Total (B)=(1+2)	-	-	-	-	-	-
	Total Managerial Remuneration	-	-	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-	-	-
		-	-	-	-	-	-

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(figures in million)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				
		CEO	CS	CFO		Total
		Shri Rambabu Ch.	Smt. Shashi Bhadoola	Shri Satya Narayan Panda (From 01.04.2022 to 31.12.2022)	Shri Sandeep Malhotra (From 09.02.2023 to 31.03.2023)	
1	Gross salary	4.867	1.080	1.260	0.268	7.475
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-		-	
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-		-	
2	Stock Option	-	-		-	
3	Sweat Equity	-	-		-	
4	Commission	-	-		-	
	- as % of profit	-	-		-	
	Others, specify.	-	-		-	
5	Others: (PF, DCS, House Perks tax etc)	-	-		-	
	Total	**4.867**	**1.080**	**1.260**	**0.268**	**7.475582**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For AI Airport Services Limited

Sd/-
Satyendra Kumar Mishra
Chairman

Annexure-IV

FORM NO. AOC-2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8 (2) of the Companies Accounts Rules, 2014).

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

1. Details of contracts or arrangements or transactions not at arm's length basis:

There were no contracts or arrangements or transactions entered during the year ended March 31, 2023, which were not at arm's length basis.

2. Details of contracts or arrangements or transactions at arm's length basis.

All contracts /arrangements/transactions entered by the Company with related parties under Section 188(1) of the Act during the financial year 2022-23 were on an arm's length basis, in the ordinary course of business, which were duly approved by the 92nd Board Meeting of the Company held on 2nd August 2022. The details of Contracts or arrangements or transactions at arm's length basis are as follows":

Name of Related Party and Nature of Relation	Nature of Transaction	Duration of transaction	Salient Terms of Transaction	Amount in Millions
AI Assets Holding Limited Holding Company	Revenue from Operation	01.04.2022-31.03.2023		
	Manpower services		Revenue	1.52
	Expenditure			
	Reimbursement of cost		Expenditure	6.38
	Interest on outstanding payable		Expenditure	35.69
Alliance Air Aviation Limited (AAAL) (subsidiary of AI Assets Holding Limited)*	Revenue from Operation	01.04.2022-31.03.2023		
	Ground handling revenue		Revenue	281.49
	Supply of manpower services		Revenue	0.59
	Interest on outstanding recoverable		Revenue	94.80
	Expenditure			
	SOD		Expenditure	1.25

Name of Related Party and Nature of Relation	Nature of Transaction	Duration of transaction	Salient Terms of Transaction	Amount in Millions
AI Engineering Services Limited(subsidiary of AI Assets Holding Limited)*	Revenue from Operation	01.04.2022-31.03.2023		
	Manpower services/ cabin cleaning		Revenue	204.08
	Interest on outstanding recoverable		Revenue	21.87
	Expenditure			
	Provision for Head Set		Expenditure	12.42
Hotel Corporation of India Limited (Subsidiary of same of AI Assets Holding Limited)	Expenditure	01.04.2022-31.03.2023		
	Staff hotel expenses			7.52
	Festive expenses			2.27
	Event expenses			1.93

For AI Airport Services Limited

Sd/-
Satyendra Kumar Mishra
Chairman

SECRETARIAL AUDIT REPORT

For The Financial Year Ended March 31, 2023

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

AI Airport Services Limited

(Formerly known as Air India Air Transport Services Limited)

2nd Floor, GSD Building, Air India Complex, Terminal-2,

IGI Airport, New Delhi-110037

CIN: U63090DL2003PLC120790

We report that:

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **AI Airport Services Limited [**(Formerly known as Air India Air Transport Services Limited) (hereinafter referred as 'the Company')] having its registered office at 2nd Floor, GSD Building, Air India Complex, Terminal-2, IGI Airport, New Delhi-110037. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Company's Responsibilities

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

Auditor's Responsibilities Statement

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

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

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

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

Limitations

Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some Misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the Secretarial Auditing Standards as prescribed by Institute of Company Secretaries of India (ICSI).

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

Basis of Opinion

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

Report on Secretarial Records and Compliances thereof

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on March 31, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company **AI Airport Services Limited [(Formerly known as Air India Air Transport Services Limited)** for the financial year ended on March 31, 2023 according to the applicable provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

Not Applicable

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable to the company during the Audit Period): **Not Applicable**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): **Not Applicable**

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 [Not applicable to the company during the Audit Period];

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 [Not applicable to the company during the Audit Period];

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client [Not applicable to the company during the Audit Period];

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 [Not applicable to the company during the Audit Period];

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 [Not applicable to the company during the Audit Period]; and

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) Other laws applicable specifically to the Company namely:

a) The DPE Guidelines.

b) The Competition Act, 2002.

c) The Right to Information Act, 2005;

d) Air Corporations Act, 1953

e) Airports Authority of India Act, 1994

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to conducting board and general meetings.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors. The Changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

We further report that the compliance by the Company of applicable financial laws like direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed in this Audit since the same have been subject to review by statutory financial audit by other designated professional.

We further report that during the audit period there were no specific events / corporate actions in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For **Amit Agarwal & Associates**
(Company Secretaries)

Sd/-
CS Amit Agrawal
Partner
CP No. 3647, MNo.5311
UDIN: F005311E000717242

Date : 01.08.2023
Place: New Delhi

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

ANNEXURE- A

To,
The Members,
AI Airport Services Limited
(Formerly known as Air India Air Transport Services Limited)
2nd Floor, GSD Building, Air India Complex, Terminal-2,
IGI Airport, New Delhi-110037
CIN: U63090DL2003PLC120790

My Secretarial Audit Report of even date is to be read along with this letter:

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices, I have followed, provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I have obtained the management representations about the compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability nor of the efficacy of the effectiveness with which the management has conducted the affairs of the Company.

For **Amit Agrawal & Associates**
(Company Secretaries)

Sd/-
CS Amit Agrawal
Partner
CP No. 3647, MNo.5311
UDIN: F005311E000717242

Place: New Delhi
Date : 01.08.2023

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF AI AIRPORT SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2023

The preparation of financial statements of AI AIRPORT SERVICES LIMITED for the year ended 31 March 2023 in accordance with the financial reporting framework prescribed under the companies act, 2013 (Act) is responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 19 July 2023.

I, on behalf of the comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of AI AIRPORT SERVICES LIMITED for the Year ended 31 March 2023 under section 143(6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the Statutory Auditor and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6) (b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.

A. Comments on Profitability

Statement of Profit and Loss

Current Tax - ₹ 23.58 crore

Deferred Tax - ₹ (4.59) crore

The unabsorbed loss brought forward from previous year (2021-22) was ₹ 65.05 crore. The same was adjusted as unabsorbed losses while computing the tax of ₹ 23.58 crore payable for the current year. However, the said brought forward loss amounting to ₹ 65.05 crore was also considered while computing the Deferred Tax expense of ₹16.37 crore as on 31 March 2023 and accordingly, the Deferred Tax Asset has been created for such absorbed loss.

Para 5 of Ind AS 12 on Income Taxes states that 'Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of (a)deductible temporary differences; (b) the carry forward of unused tax losses; and (c) the carry forward of unused tax credits.'

Thus, as the unabsorbed loss was already considered while computing the tax payable for the current year, therefore, the same should not have been considered while computing Deferred Tax Assets as there is no unabsorbed carry forward loss for the year ended 31 March 2023.

This has resulted in overstatement of Deferred Tax Assets and understatement of Deferred Tax Expense by ₹16.37 crore. Consequently, profit after tax is also overstated to the same extent.

The above has also rendered note no. 46 deficient to that extent. Further, non-reporting of the above said issue by the statutory auditor has rendered the Independent Auditor's Report deficient to that extent.

B. Comments on Auditors' Report

1. Annexure 'A' to the Independent Auditor's Report – Para no. vii (b)

The above states that as of 31 March 2023, the company has disputed outstanding dues under the Provident Fund Act, 1952 for ₹6.01 crore related to damages and interest for the period 2020-2022. However, the company has not disputed the said dues and made provision of ₹6.01 crore during the current year. Also, out of the said dues of ₹ 6.01 crore, the company paid an amount of ₹ 0.15 crore in February 2023. Since the above said dues were not under dispute, hence the dues amounting to ₹ 5.86 crore should have been depicted as undisputed dues under para no. vii (a) of Annexure A of Independent Auditor's Report. Thus, the Independent Auditor's Report is deficient to that extent.

2. Annexure 'A' to the Independent Auditor's Report – Para no. (xi)(a)

According to para 3(xi) (a) of Companies (Auditor's Report) Order, 2020, the statutory auditor shall report in its Independent Auditor's Report '*Whether any fraud by the company or any fraud on the company has been noticed or reported during the year; if yes, the nature and the amount involved is to be indicated*.'

However, the statutory auditor has reported that '*According to the information and explanation given to us and based on our examination, we report that no fraud by the company or on the company by its officers or employees has been noticed or reported during the year*'.

As the company has reported about the fraud by the company or on the company by its officers or employees only and no reporting regarding the frauds by the company or on the company by any third party has been done. This has rendered the Independent Auditor's Report deficient to that extent.

For on behalf of the
Comptroller and Auditor General of India

Sd/-
(Atoorva Sinha)
Principle Director of Audit (Infrastructure)
New Delhi

Place: New Delhi
Date: 25.09.2023

MANAGEMENT REPLY ON THE COMMENTS ON THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF AI AIRPORT SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2023

CAG Comments for FY 22-23	Management's Reply
A. Comments on Profitability **Statement of Profit and Loss** **Current Tax - ₹ 23.58 crore** **Deferred Tax - ₹ (4.59) crore** The unabsorbed loss brought forward from previous year (2021-22) was ₹ 65.05 crore. The same was adjusted as unabsorbed losses while computing the tax of ₹ 23.58 crore payable for the current year . However, the said brought forward loss amounting to ₹ 65.05 crore was also considered while computing the Deferred Tax expense of ₹16.37 crore as on 31 March 2023 and accordingly, the Deferred Tax Asset has been created for such absorbed loss. Para 5 of Ind AS 12 on Income Taxes states that 'Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of (a) deductible temporary differences; (b) the carry forward of unused tax losses; and (c) the carry forward of unused tax credits.' Thus, as the unabsorbed loss was already considered while computing the tax payable for the current year, therefore, the same should not have been considered while computing Deferred Tax Assets as there is no unabsorbed carry forward loss for the year ended 31 March 2023. This has resulted in overstatement of Deferred Tax Assets and understatement of Deferred Tax Expense by ₹ 16.37 crore. Consequently, profit after tax is also overstated to the same extent. The above has also rendered note no. 46 deficient to that extent. Further, non-reporting of the above said issue by the statutory auditor has rendered the Independent Auditor's Report deficient to that extent.	*Brought forward of losses of Rs 65.05 crores has been considered erroneously while computing the deferred tax for the year 2022-23.* *Further, We would like to state that there is no financial impact of deferred tax on operating profit of the company for the year 2022-23 since the deferred tax is below the line item in statement of Profit and Loss Account.* *Deferred tax asset/ deferred tax liability is only an estimate which arises at the end of the financial year based on the timing differences as per Ind AS 12 like provision for tax which is payable to Income Tax department as per Income Tax Act, 1961, which also gets changed after completion of tax audit.* *Since the company has made the provision for income tax accurately and excess deferred tax created is only an estimate in financial statements at the year end and not payable to any authority, further, we ensure to take the necessary impact of DTA/DTL in next FY 23-24.* *In view of the auditors, in accordance with Para A111 of Standard on Auditing 315, deferred tax is neither a transaction nor an event and only an estimate of tax on timing difference. It is below the line item in statement of Profit and Loss Account and has no financial impact on operational profit of the company for the year 2022-23.*

CAG Comments for FY 22-23	Management's Reply
B. Comments on Auditors' Report **1. Annexure 'A' to the Independent Auditor's Report – Para no. vii (b)** The above states that as of 31 March 2023, the company has disputed outstanding dues under the ProvidentFund Act, 1952 for ₹ 6.01 crore related to damages and interest for the period 2020-2022. However, the company has not disputed the said dues and made provision of ₹6.01 crore during the current year. Also, out of the said dues of ₹ 6.01 crore, the company paid an amount of ₹ 0.15 crore in February 2023. Since the above said dues were not under dispute, hence the dues amounting to ₹ 5.86 crore should have been depicted as undisputed dues under para no. vii (a) of Annexure A of Independent Auditor's Report. Thus, the Independent Auditor's Report is deficient to that extent.	*Auditors have been apprised about this observation with respect to their Audit Report and they have duly noted it for their future compliance.*
2. Annexure 'A' to the Independent Auditor's Report – Para no. (xi)(a) According to para 3(xi) (a) of Companies (Auditor's Report) Order, 2020, the statutory auditor shall report in its Independent Auditor's Report 'Whether any fraud by the company or any fraud on the company has been noticed or reported during the year; if yes, the nature and the amount involved is to be indicated.' However, the statutory auditor has reported that 'According to the information and explanation given to us and based on our examination, we report that no fraud by the company or on the company by its officers or employees has been noticed or reported during the year'. As the company has reported about the fraud by the company or on the company by its officers or employees only and no reporting regarding the frauds by the company or on the company by any third party has been done. This has rendered the Independent Auditor's Report deficient to that extent.	*As such, the statutory auditors have noted for future compliance that with respect to reporting on fraud as per of Companies (Auditor's Report) Order, 2020, the reporting with respect to fraud by third parties is also to be mentioned which erroneously missed out in their audit report. However, in the auditors subsequent replies to provisional comments issued by CAG, they have confirmed that no fraud has been reported by third parties on company during the period under audit.*

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एआई एअरपोर्ट सर्विसेज लि.
AI AIRPORT SERVICES LTD.
Welcome
We're Glad and Honoured to Serve You


एआई एअरपोर्ट सर्विसेज लि.
AI AIRPORT SERVICES LTD.
Vijayawada International Airport
Congratulations
on your Hajj May the Joy of this Holy event
Change your Spirit with Grace and
Excitement for the rest of your Life
Hajj Mubarak
SpiceJet

INDEPENDENT AUDITORS' REPORT

To
The Members of AI AIRPORT SERVICES LIMITED
(Formerly known as Air India Air Transport Services Limited)
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of AI AIRPORT SERVICES LIMITED ("The Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

1. We draw attention to Note 53 to the financial statements, During the year 2022-23, Air India Limited and Alliance Air Aviation Limited has raised an invoice for an amount of Rs. 121.41 million and Rs. 1.61 million respectively towards penalty. However, the same has not been provided in the books of accounts of the company.

2. We draw attention to Note 37 to the financial statements, the Company is charging interest at the rate of 9% p.a. on overdue balances of receivables in respect of group companies, namely, Air India Engineering Services Limited and Alliance Air Aviation Limited. During the audit period, interest on overdue payments amounting to Rs.116.67 million has been booked as other income. We have relied on the management contention that such amount will be fully recovered and hence, no further adjustments are required for the current audit period.

3. We draw attention to Note 7 to the financial statements, the Company has inventories consisting of stores and spares gross amounting to Rs. 56.11 million (Provision of Rs. 33.14 million has been made for obsolescence of such inventories). These inventories are transferred from Air India Limited and Air India Engineering Services Limited, which are not used for more than three years. We have relied on the management contention that such inventories have value in use and is at-least equal to the carrying value in the books based on the confirmation received from the user (technical) department of the Company and hence, no further adjustments are required for the audit period.

4. We draw attention to Note 54 to the financial statements, the Company has entered into leases for various commercial premises (with option to purchase/renew but title of the same may or may not eventually be transferred) which are scattered at various locations/stations/regions, there is a foreclosure clause in the contract wherein it is cancellable by providing notice period of 90 days by either side. In view of the management, considering it as cancellable lease, the same does not qualify for recognition under Ind AS 116 Lease Accounting.

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

5. We draw attention to Note 47 to the financial statements, the Company has provided interest amounting to Rs. 35.69 million at the rate of 9% p.a. to AIAHL on average of outstanding balance payable.

6. We draw attention to Note 33 to the financial statements, amounts receivables from and payables to the various parties are subject to confirmation and reconciliation.

7. We draw attention to Note 43 to the financial statements, Go Airlines India Limited has submitted their application to NCLT for insolvency resolution process and accordingly NCLT has accepted the application and initiated the insolvency process vide order dated May 10th, 2023 and now company has filed its claim amounting Rs 220.35 million as on March 31st, 2023 (including interest amounting Rs 11.27 million and accordingly company has made the 100% provision of the receivables excluding interest in ECL).

Our opinion is not modified in respect of these matters.

Information Other than the Financial Statements and Auditors' Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and analysis, Board's Report including Annexures to Board's Report but does not include the financial statements and our auditor's report thereon.

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

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

When we read the other information comprising the above documents, if we conclude that there is a material misstatement therein, we are required to report the fact. We have nothing to report in this regard.

Management's Responsibility for the 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 of these financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors of the company is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

A. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in **"Annexure-A"** a statement on the matters specified in paragraphs 3 and 4 of the Order.

B. As required by Section 143(3) of the Act, based on our audit we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company 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 changes in equity and the statement of cash flows dealt with by this report are in agreement with the books of account.

   (d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   (e) In pursuance to the Notification No. G.S.R 463 (E) dated 05-06-2015 issued by the Ministry of Corporate Affairs, sub-section (2) of section 164 of the Act pertaining to disqualification of the directors, is not applicable to the Company.

(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**".

(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.

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i) The Company has disclosed the impact of pending litigations on its financial position in its financial statement.

   ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Company does not have any derivative contracts.

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

iv) a. The Management has represented that, to the best of it's knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

   b. The Management has represented, that, to the best of it's knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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

v) The company has not declared or paid any dividend during the financial year.

vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the

Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

C. As required by Section 143(5) of the Act and as per directions issued by comptroller and Auditor General of India, the actions taken thereon and its impact on the accounts and financial statements of the Company, refer to our separate report in "**Annexure C**".

For S. Mann & Co
Chartered Accountants
Firm Registration No. 000075N

Sd/-
(Subhash Chander Mann)
Partner
Membership No. 080500
UDIN : 23080500BGXRAU5748

Place: New Delhi
Date: 19.07.2023

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in "Paragraph-A" under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of AI AIRPORT SERVICES LIMITED of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we report that:

i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:

(a) (A) The Company has not maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment. The quantitative details shown for various assets (ref. to Asset Number) in the Fixed Asset Register does not correspond to the physical records of fixed assets maintained as provided by the Company.

(B) The Company does not have any intangible assets. Therefore, paragraph 3 (i)(a)(B) of the said order is not applicable to the company.

(b) The Property, Plant and Equipment were physically verified during the year by the management in accordance with a regular programme of verification which, in our opinion, provide for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanations given to us, material discrepancies were noticed on such verification and dealt with in the books of accounts.

(c) The Company does not own any immovable properties, therefore paragraph 3 (i) (c) of the said order is not applicable to the company.

(d) The company has not revalued its' Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year therefore paragraph 3 (i) (d) of the said order is not applicable to the company.

(e) The company does not hold any benami property, further no proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

ii. (a) As explained to us, inventory has been physically verified by management during the year, the frequency of which in our opinion is reasonable. The Company is not maintaining proper records of inventory. In our opinion, having regard to the size, nature and location of inventory, the coverage and procedure of such verification by the management is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed on such verification conducted by the Company.

(b) The company has not been sanctioned working capital limit in excess of 5 Crores, in aggregate from banks and financial institutions on the basis of security of current assets, therefore paragraph 3 (ii) (b) of the said order is not applicable to the company.

iii. With respect to investments made, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties:

(a) During the year the company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability

Partnerships or any other parties and hence reporting under paragraph 3 (iii)(a) and (c) to (f) of the Order is not applicable to that extent.

(b) In our opinion, the investments made during the year are, prima facie, not prejudicial to the Company's interest.

(c) During the year the company has not provided loans to any companies, Therefore, paragraph 3 (iii)(c) of the said order is not applicable to the company.

(d) During the year the company has not provided loans to any companies, Therefore, paragraph 3 (iii)(d) of the said order is not applicable to the company

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

(f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) is not applicable

The Company has not provided any guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties

iv. According to the information and explanations given to us and on the basis of our examination of the records, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 of the Companies Act, 2013 and the Company has not made any investments or provided any guarantee or security as specified under Section 186 of the Companies Act, 2013. Therefore, paragraph 3 (iv) of the said order is not applicable to the company.

v. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 regarding the deposits accepted from the public are not applicable.

vi. The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. (a) According to information and explanations given to us and our examination of the books of account, and records, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Goods and Service Tax, Duty of Customs, Cess and any other statutory dues applicable to it. According to the information and explanations given to us, the undisputed amounts payable in respect of the above were in arrears as at March 31, 2023 for a period of more than six months from the date on which they become payable, are as follows:

Name of statute	Nature of dues	in Million	Period to which amount relates	Date of payment
Provident Fund Act, 1952	PF	7.33	FY 2022-23	Not paid
Employee State Ins, 1948	ESIC	0.82	FY 2022-23	Not paid
Professional Tax	PT	4.78	Earlier years and FY 2022-23	Not paid

(b) According to the records of the Company, there are no dues referred to in sub-clause (a) above as at 31st March 2023, which have not been deposited with the appropriate authorities on account of any dispute, except as mentioned below:

Name of the statute	Nature of Dues	in Million	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax and interest	19.18	AY 2013-14	CIT (Appeals)
Income Tax Act, 1961	Income tax	6.60	AY 2017-18	CIT (Appeals)
Income Tax Act, 1961	Income tax	5.40	AY 2017-18	NFAC
Income Tax Act, 1961	Income tax	80.76	AY 2018-19	NFAC
Income Tax Act, 1961	Income tax and Interest	200.25*	AY 2020-21	NFAC
Goods and Service Tax Act, 2017	Goods and Service Tax and Interest	659.40	FY 2017-2020	Departmental Authorities
Goods and Service Tax Act, 2017	Goods and Service Tax and Interest	78.17	FY 2017-2020	Departmental Authorities
Goods and Service Tax Act, 2017	Goods and Service Tax and Interest	9.77	FY 2017-2018	Assistant Commissioner (Central GST)
Goods and Service Tax Act, 2017	Penalty	5.71	FY 2018-2019	Additional Commissioner (GST)
Provident Fund Act, 1952	Damages and Interest	60.06	FY 2020-2022	Regional Provident Fund Commissioner

* ₹ 82.65 million amount has been deposited as self-assessment tax on October 16, 2021.

viii. There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

ix. (a)The Company has not defaulted in the repayment of loans and borrowing to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.

(b) In our opinion and according to the information and explanations given to us, the Company has not been declared willful defaulter by any bank or financial institution or other lender. Hence, reporting under paragraph 3 (ix) (b) is not applicable.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not taken any term loans during the period, from banks and financial institutions, therefore paragraph 3 (ix) (iii) of the said order is not applicable to the company.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not raised funds on short term basis during the period, therefore paragraph 3 (ix) (iv) of the said order is not applicable to the company.

(e) In our opinion and according to the information and explanations given to us, 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 during the period.

(f) In our opinion and according to the information and explanations given to us, the company has not raised any loans on the pledge of securities held in its subsidiaries, associates, or joint ventures during the period.

x. (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.

(b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.

xi. (a) According to the information and explanation given to us and based on our examination, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(b) To the best of our knowledge and belief, no report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle-blower complaints received during the year by the Company, therefore paragraph 3 (xi) (c) of the said order is not applicable to the company and hence not commented upon.

xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

xiv. a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

b) We have considered the internal audit reports for the year under audit, issued to the Company till date for the period under audit, in determining the nature, timing and extent of our audit procedures.

xv. In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the company.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3 (xvi)(a), (b) and (c) of the Order is not applicable.

The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. According to the information and explanations given to us, the Group has no CIC as a part of the group.

xvii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not incurred any cash losses during the financial year covered by our audit and in the previous financial year.

xviii. In our opinion and according to the information and explanations given to us, there has been no resignation of the statutory auditors during the year.

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

xx. The provisions of Section 135 with respect to Corporate Social Responsibility (CSR) of the Companies Act, 2013 are not applicable to the Company. Hence, reporting under clause 3(xx)(a) and (b) of the Order is not applicable.

For S. Mann & Co
Chartered Accountants
Firm Registration No. 000075N

Sd/-
(Subhash Chander Mann)
Partner
Membership No: 080500
UDIN : 23080500BGXRAU5748

Place: New Delhi
Date: 19.07.2023

ANNEXURE – 'B' TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF AI AIRPORT SERVICES LIMITED

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

We have audited the internal financial controls over financial reporting of **AI AIRPORT SERVICES LIMITED** ("the Company") as of March 31, 2023, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on audit of Internal financial controls over financial reporting (the "Guidance Note") and the standards on auditing as specified under Section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by Institute of Chartered Accountants of India. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with Reference to these Financial Statements

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the Company; (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Qualified Opinion

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

(a) Deficiencies in the design of internal control over the preparation of the financial statements being audited:

   (i) Detailed documented Standard Operating Procedures as required by the Guidance Note on 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) Galaxy software to account cargo handling and APEDA and SAP are not integrated.

(e) Due to bugs in MBS software, full billing is not captured in SAP. The Company does the reconciliation manually to account the billing which was not interfaced in SAP from MBS software.

(f) While creating new customer ledger, KYC Documents shared with the department are incomplete.

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

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

In our opinion, based on the effect of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has not maintained adequate and effective internal financial controls over financial reporting as of March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For S. Mann & Co
Chartered Accountants
Firm Registration No. 000075N

Sd/-
(Subhash Chander Mann)
Partner
Membership No.080500
UDIN : 23080500BGXRAU5748

Place: New Delhi
Date: 19.07.2023

ANNEXURE-C TO THE INDEPENDENT AUDITOR'S REPORT

We have examined the books of Accounts of AI AIRPORT SERVICES LIMITED, for the year ended 31st March, 2023 and we are submitting our comments based on direction issued by Comptroller and Audit General of India, according to best our information and explanation given to us by management and as appears from the examination of books of accounts and records maintained, as under.

Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of AI AIRPORT SERVICES LIMITED for the year 2022-23 issued by the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013

S. No.	Directions	Auditor's Remark
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the Integrity of the accounts along with the financial implications, if any, may be stated.	The Company has system for accounting transactions through IT system. However, it has been observed that adequacy of design of information technology (IT) general and application controls that prevent the information system from providing complete and accurate information consistent with financial reporting objectives needs to be strengthened. We refer our remarks given in our separate Report in "Annexure B" - Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of sub-section (3) of Section 143 of the Act for further details.
2.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/ interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? .(In case, lender is a Government Company then this direction is also applicable for statutory auditor of lender company)	There is no restructuring of 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.
3.	Whether funds (grants/subsidy etc.) received/ receivable for specific schemes from Central/State Government or its agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	The funds received/ receivable for specific schemes from central/state agencies were properly accounted for/ utilized as per its term and conditions.

For S. Mann & Co
Chartered Accountants
Firm Registration No. 000075N

Sd/-
(Subhash Chander Mann)
Partner
Membership No. 080500
UDIN : 23080500BGXRAU5748

Place: New Delhi
Date: 19.07.2023

MANAGEMENT REPLIES TO THE AUDITOR'S REPORT ON THE FINANCIAL STATEMENT OF AI AIRPORT SERVICES LIMITED FOR THE FINANCIAL YEAR 2022-23

STATUTORY AUDITOR'S REPORT

Sr. No.	Point of Qualification	Management Reply
Emphasis of Matter		
1	We draw attention to Note 53 to the financial statements, during the year 2022-23, Air India Limited and Alliance Air Aviation Limited has raised an invoice for an amount of Rs.121.41 million and Rs.1.61 million respectively towards penalty. However, the same has not been provided in the books of accounts of the company.	As per MSA between Air India and AI Airport Services Ltd. the service standard and performance targets have been set and based on the performance. Non-adherence to service standards, Air India raises an ERF form. As per Clause 36.2 of MSA (Page No- 66) entered between AI and AIASL wherein it is mentioned that Air India to prepare and provide the handling report for certification by the authorized representative after each shift. The Handling Exception Report Format (ERF) shall be jointly signed by AI and AIASL. Further as per clause 2.7, the delays will be jointly reviewed and only be attributable if they are within the AIASL responsibility and control. During the year 2022-23, Air India has raised an invoice for an amount of Rs.121.41 million towards penalty. However, AIASL has been contesting the penalties raised as there is no ERF forms provided along with the Invoice. In such cases as per escalation matrix, Air India should escalate the matter to Hub Control Centre/Airport Manager then to Regional General Manager and then to Regional Director. It is observed that inspite of AIASL protesting the levy of penalty, Air India has not escalated the matter and neither has responded to our correspondence. AIASL is of the strong opinion that the penalties imposed by Air India are unilateral and without the consent of AIASL.

Sr. No.	Point of Qualification	Management Reply
		Inspite of AIASL contesting it, Air India has neither reverted nor escalated the matter which has made our assumption stronger that the penalties levied are not in norms with the Service Level Agreement. The above reasoning holds good even for penalties imposed by Alliance Air.
2	We draw attention to Note 37 to the financial statements, the Company is charging interest at the rate of 9% p.a. on overdue balances of receivables in respect of group companies, namely, Air India Limited (considered related party till January 13, 2022), Air India Express, Air India Engineering Services Limited and Alliance Airlines Private Limited. During the audit period, interest on overdue payments amounting to ₹ 116.67 million has been booked as other income. We have relied on the management contention that such amount will be fully recovered and hence, no further adjustments are required for the current audit period.	The interest recoverable from Air India, Air India Express, AI Engineering Services Limited and alliance Airlines Pvt. Ltd. on overdue balance is in terms of the MSA and has already been recovered from said Companies for past years and is fully recoverable for the year under audit as well.
3	We draw attention to Note 7 to the financial statements, the Company has inventories consisting of stores and spares amounting to ₹ 56.11 million(Provision of Rs.33.14 million has been made for obsolescence of such inventories). These inventories are transferred from Air India Limited and Air India Engineering Limited, which are not used for more than three years. We have relied on the management contention that such inventories have value in use and is at-least equal to the carrying value in the books based on the confirmation received from the user (technical) department of the Company and hence, no further adjustments are required for the audit period.	Our Technical team has confirmed that there is no diminishing in the value of stores and spares inventory which has been lying with us for over 3 years and hence inventory is being carried in the books at which it was transferred to us from AI. Further we have made a provision for the obsolescence of such inventories.
4	We draw attention to Note 54 to the financial statements, the Company has entered into leases for various commercial premises (with option to purchase/renew but title of the same may or may not eventually be transferred) which are scattered at various locations/stations/regions. Based on evaluation of the lease agreement by the Company, the agreement shall be foreclosed in the event of disinvestment of Air India and its subsidiaries.	The Company has provided the necessary information as per Ind AS 116 in respect of the vehicles taken on Lease and accounted for the same. The Company has made the necessary compliance under Ind AS 116 for vehicles, by capitalizing the lease rentals as Right of use Assets.

Sr. No.	Point of Qualification	Management Reply
	In view of the management, considering it as cancellable lease, the same does not qualify for recognition under Ind AS 116 Lease Accounting. Pending evaluation, these leases have not been considered as right-of-use asset under Ind AS 116 and rent of the same has been charged systematically to the statement of profit & loss for the current year. We have relied on the management contention that the impact of the same will not be material.	As regards the premises we have considered these as short term lease since the agreement have an option to terminate the same at short notice of 90 days by either parties. So, it was interpreted that in respect of cancellable leases applicability of Ind AS 116 was not considered. However, the expense on account of rental had been charged to the P/L and suitable disclosure to this effect has been made in Notes to Accounts.
5	We draw attention to Note 47 to the financial statement's, the Company has provided interest amounting to Rs.35.69 million at the rate of 9% p.a. to AIAHL on average of outstanding balance payable.	The interest has been provided in line with the MSA we have with other Group Companies.
6	We draw attention to Note 33 to the 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 to as on 31.03.2023, however, except for few, none of the Airlines confirmed the balances. We have obtained balance confirmation from AI Express, AI Engineering Services, Alliance Air and AI AHL.
7	We draw attention to Note 43 to the financial statements. Go Airlines India Limited has submitted their application to NCLT for insolvency resolution process and accordingly NCLT has accepted the application and initiated the insolvency process vide order dated May 10th, 2023 (including interest amounting to Rs.11.27 million and accordingly company has made the 100% provision of the receivables excluding interest in ECL).	This is a statement of fact.
	Annexure A- CARO	
(i) (a) (A)	The Company has not maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment. The quantitative details shown for various assets (refer to Asset Number) in the Fixed Asset Register does not correspond to the physical records of fixed assets maintained as provided by the company.	During the year all Stations were instructed for maintaining a Fixed Assets Register. The reconciliation of Fixed Assets maintained at Station and that with the books is under reconciliation and the impact if any, will be analysed and impact of the same shall be taken after obtaining approval from the BoD.

Sr. No.	Point of Qualification	Management Reply
	Annexure B - IFC	
(a)	Deficiencies in the design of internal control over the preparation of the financial statements being audited:	
(i)	Detailed documented Standard Operating Procedures as required by the guidance note on Internal Financial Controls over Financial Reporting for critical processes are not in place.	The company is in process of development of new SOPs along with implementation of new accounting software/ERP.
(ii)	Authorisation controls such as maker/checker controls in accounting software needs further strengthening.	The Company is dependent on AI and IBM for any implementation of controls in the existing ERP. A new software named Oddo has been implemented effective 1st April 2023 in which adequate measures of maker/checker control is implemented.
(iii)	Optimum utilization of information technology (IT) general and application controls should be ensured, to provide complete information consistent with financial reporting objectives and current needs.	The Company was dependent on AI and IBM for any implementation of controls in the existing ERP. In the new ERP implemented effective 1.4.2023, the control measures has been taken care.
(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 joinees and resigned employees, payment of statutory dues, etc. are not fully automated and maintained manually.	The Company has already implemented the new ERP named Zeta HRMS and we are in the process of automation of all HR and payroll related matter.
(b)	The controls for reconciliation of physical inventory and fixed assets with the books of account can be further strengthened.	This is noted for compliance
(c)	Timely reconciliations of certain significant accounts such as accounts receivables, accounts payables, statutory dues with returns and payroll balances are not reconciled in an accurate manner.	The reconciliation of all ledgers has been done and shared to the auditor as on the Balance Sheet date.
(d)	Galaxy software to account cargo handling and APEDA and SAP are not integrated.	The cargo invoices are recorded in SAP at the end of the month from the data extracted from the Galaxy software. However, effective measures are taken care every month to ensure accuracy. Integration of both the software shall be done in the new ERP.

Sr. No.	Point of Qualification	Management Reply
(e)	Due to bugs in MBS software, full billing is not captured in SAP. The Company does the reconciliation manually to account the billing which were not interfaced in SAP from MBS software.	Due to some error in customer coding and GL coding, the invoices are stuck for being recorded in SAP. The invoices which are not flown in SAP from MBS are reconciled and flown at regular intervals, and accuracy is maintained.
(f)	While creating new customer ledger KYC not called/ shared with the department.	The customer code is created by accounts department wherein the customer is asked to fill up all the details in a format provided. KYC details such as GST certificate, etc. are called for to ensure correctness of details filled by the customer.
(g)	No scrap register is maintained w.r.t property, plant and equipment (Ramp Equipment & Others)	Scrap Register is maintained, however, will need an upgradation.
(h)	Records of procurement of material by MMD are not fully automated and maintained manually.	It is a fact that procurement of material by MMD are done manually, however, the process of automation is on and will be implemented shortly.
(i)	Record of Ramp Assistant 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.	In the new ERP, there is a provision for digitalization of RA Forms wherein all the RA forms data will captured digitally and will be flown in to ERP automatically to generate invoice. This is being done in the second phase of implementation of ERP.

VT-UDB
Connecting India


भारत INDIA

Balance Sheet as at March 31, 2023

(₹ in Millions)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022# Restated	As at April 01, 2021# Restated
Assets				
1. Non-current assets				
(a) Property, plant and equipment	2 (a)	2,934.47	3,168.65	3,369.42
(b) Intangible assets under development	2 (b)	2.15	-	-
(c) Right of use assets	2 (c)	-	-	31.76
(d) Financial assets				
(i) Other financial assets	3	1,299.16	9.17	12.71
(e) Income tax assets (net)	4	487.68	450.12	49.89
(f) Deferred tax assets (net)	5	1,130.35	1,084.41	964.11
(g) Other non-current assets	6	23.74	19.77	29.85
Total non-current assets		**5,877.56**	**4,732.12**	**4,457.74**
2. Current Assets				
(a) Inventories	7	22.97	59.14	62.27
(b) Financial assets				
(i) Trade receivables	8	4,071.44	3,499.33	3,730.34
(ii) Cash and cash equivalents	9	520.43	776.18	43.46
(iii) Bank balances other than cash and cash equivalents (ii) above	10	1.73	61.66	1.59
(iv) Other financial assets	11	100.96	1.13	95.74
(c) Other current assets	12	144.75	38.57	35.76
Total current assets		**4,862.28**	**4,436.01**	**3,969.16**
Total assets		**10,739.84**	**9,168.13**	**8,426.90**
Equity and liabilities				
1. Equity				
(a) Equity share capital	13	1,384.24	1,384.24	1,384.24
(b) Other equity	14	2,846.46	2,067.16	1,778.29
Total equity		**4,230.70**	**3,451.40**	**3,162.53**
Liabilities				
2. Non-current liabilities				
(a) Financial liabilities				
(i) Lease liabilities	15	-	-	-
(ii) Other financial liabilities	16	72.48	64.51	52.17
(b) Provisions	17	2,413.54	2,429.09	2,625.43
Total non-current liabilities		**2,486.02**	**2,493.60**	**2,677.60**
3. Current liabilities				
(a) Financial liabilities				
(i) Lease liabilities	15	-	-	35.19
(ii) Trade payables				
Total outstanding dues of micro enterprises and small enterprises	21	2.30	0.14	4.51
Total outstanding dues of creditors other than micro enterprises and small enterprises	21	1,619.33	1,458.10	978.97
(iii) Other financial liabilities	18	1,185.56	990.53	897.70
(b) Provisions	19	859.04	478.54	312.29
(c) Other current liabilities	20	356.89	295.82	358.11
Total current liabilities		**4,023.12**	**3,223.13**	**2,586.77**
Total liabilities		**6,509.15**	**5,716.73**	**5,264.37**
Total equity and liabilities		**10,739.84**	**9,168.13**	**8,426.90**

Significant accounting policies, key accounting estimates and judgements 1

See accompanying notes to the financials statements

Refer note 31 for details regarding the restatement as a result of error or omission

As per our report of even date attached

For S. Mann & Co
Chartered Accountants
Firm Registration No: 000075N

For and on behalf of the Board of Directors

Sd/-
Subhash Chander Mann
Partner
Membership No: 080500
UDIN: 23080500BGXRAU5748

Sd/-
Satyendra Kumar Mishra
Chairman
DIN: 07728790

Sd/-
Padam Lal Negi
Director
DIN: 10041387

Sd/-
Sandeep Malhotra
Chief Financial Officer

Sd/-
Rambabu Ch.
Chief Executive Officer

Sd/-
Smt. Shashi Bhadoola
Company Secretary

Place: New Delhi
Date : July 19, 2023

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

(₹ in Millions, except EPS)

Particulars	Note No.	Year Ended March 31, 2023	Year Ended March 31, 2022# Restated
1 Income			
Revenue from operations	22	8,944.73	6,988.51
Other income	23	378.25	232.05
Total income		**9,322.98**	**7,220.56**
2 Expenses			
Employee benefits expense	24	5,161.82	4,821.47
Finance costs	25	149.21	373.53
Depreciation and amortization expenses	26	283.79	407.86
Other expenses	27	2,755.19	1,730.43
Total expenses		**8,350.01**	**7,333.29**
3 Profit/ (Loss) before tax (1-2)		**972.97**	**(112.73)**
4 Tax expenses	44		
(i) Current tax		235.77	-
(ii) Short provision for tax relating to previous years		-	24.62
(iii) Deferred tax		(45.94)	(197.30)
Total tax expenses		**189.83**	**(172.68)**
5 Profit/(loss) after tax for the year (3-4)		**783.14**	**59.96**
6 Other comprehensive income			
Items that will not be reclassified to profit or loss (net of tax)			
- Remeasurement of employee benefits obligations		(3.92)	228.92
Total other comprehensive income		**(3.92)**	**228.92**
7 Total comprehensive income/(loss) for the year (5+6)		**779.22**	**288.88**
8 Earnings/(loss) per equity share (of ₹ 10/- each)			
(i) Basic	28	5.66	0.43
(ii) Diluted	28	5.66	0.43

Significant accounting policies, key accounting estimates and judgements 1

See accompanying notes to the financials statements

Refer note 31 for details regarding the restatement as a result of error or omission

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Firm Registration No: 000075N

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Subhash Chander Mann
Partner
Membership No: 080500
UDIN: 23080500BGXRAU5748

For and on behalf of the Board of Directors

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Satyendra Kumar Mishra
Chairman
DIN: 07728790

Sd/-
Padam Lal Negi
Director
DIN: 10041387

Sd/-
Sandeep Malhotra
Chief Financial Officer

Sd/-
Rambabu Ch.
Chief Executive Officer

Sd/-
Smt. Shashi Bhadoola
Company Secretary

Place: New Delhi
Date : July 19, 2023

Statement of Changes in Equity For the Year ended March 31, 2023

(₹ in Millions)

A Equity share capital

Balance as at April 1, 2022	Changes in equity share capital due to prior period errors	Restated balance as at April 1, 2022	Changes in equity share capital during the period	Balance as at March 31, 2023
1,384.24	-	1,384.24	-	1,384.24

Balance as at April 1, 2021	Changes in equity share capital due to prior period errors	Restated balance as at April 1, 2021	Changes in equity share capital during the year	Balance as at March 31, 2022
1,384.24	-	1,384.24	-	1,384.24

Balance as at April 1, 2020	Changes in equity share capital due to prior period errors	Restated balance as at April 1, 2020	Changes in equity share capital during the year	Balance as at March 31, 2021
1,384.24		1,384.24	-	1,384.24

B Other equity

(₹ in Millions)

Particulars	Reserves & surplus Retained earnings	Other comprehensive income	Total
Balance as at April 1, 2020	3,752.31	(6.44)	3,745.87
Loss for the year	(1,885.33)	-	(1,885.33)
Correction of error/omission	(86.78)	-	(86.78)
Remeasurement of employee benefits obligations	-	4.53	4.53
Balance as at March 31, 2021	**1,780.20**	**(1.91)**	**1,778.29**
Balance as at April 1, 2021	**1,780.20**	**(1.91)**	**1,778.29**
Loss for the year	59.96	-	59.96
Remeasurement of employee benefits obligations	-	228.92	228.92
Balance as at March 31, 2022	**1,840.16**	**227.01**	**2,067.16**
Balance as at April 1, 2022	**1,840.16**	**227.01**	**2,067.16**
Profit/ (Loss) for the period	783.14	-	783.14
Rounding off difference	0.07	-	0.07
Remeasurement of employee benefits obligations	-	(3.92)	(3.92)
Balance as at March 31, 2023	**2,623.37**	**223.09**	**2,846.46**

As per our report of even date attached

For S. Mann & Co
Chartered Accountants
Firm Registration No: 000075N

Sd/-
Subhash Chander Mann
Partner
Membership No: 080500
UDIN: 23080500BGXRAU5748

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DIN: 07728790

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Sandeep Malhotra
Chief Financial Officer

Sd/-
Rambabu Ch.
Chief Executive Officer

Sd/-
Smt. Shashi Bhadoola
Company Secretary

Place: New Delhi
Date : July 19, 2023

Statement of Cash Flows for the year ended March 31, 2023

(₹ in Millions)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
A. Cash flow from operating activities :		
Profit before tax	972.97	(112.73)
Adjustments for		
Depreciation and amortisation expenses	283.79	407.86
Interest income on fixed deposits	(47.48)	(1.44)
Interest income on income tax refund	-	-
Finance costs	149.21	373.53
Bad debts written off	-	110.00
Rounding off difference	0.07	-
Sundry balances written off	-	106.31
Provision for expected credit loss	750.06	231.72
Loss on sale of duty credit entitlement under SEIS	-	4.30
Assets Written off	14.46	-
Provision for duty credit entitlement under SEIS	-	66.79
Provision for doubtful advances	5.54	9.74
Remeasurement of employee benefits obligations	(3.92)	228.92
Net unrealised exchange loss	(25.16)	449.61
Operating profit/(loss) before working capital changes	**2,099.54**	**1,874.61**
Adjustments for		
(Increase) / decrease in inventory	36.17	3.13
(Increase) / decrease in trade receivables	(1,297.00)	(328.60)
(Increase) / decrease in other current financial assets	(68.20)	(313.40)
(Increase) / decrease in other non-current financial assets	-	3.54
(Increase) / decrease in other current assets	(111.72)	(12.67)
(Increase) / decrease in other non-current assets	(3.97)	10.08
Increase / (decrease) in short term provision	380.50	(87.98)
Increase / (decrease) in long term provision	(15.55)	(196.34)
Increase / (decrease) in trade payables	163.40	450.14
Increase / (decrease) in financial liabilities	203.00	105.16
Increase / (decrease) in other liabilities	61.07	(62.29)
Cash generated from operations	**1,447.24**	**1,445.39**
Income taxes (paid)/refunded	(273.34)	(323.23)
Net cash generated from operating activities (A)	**1,173.90**	**1,122.16**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
B. Cash flow from investing activities :		
Purchase of property, plant & equipment	(66.22)	(175.33)
Interest income on fixed deposits	15.85	0.33
Investments in bank deposits	(1,230.07)	(60.07)
Net cash used in investing activities (B)	**(1,280.44)**	**(235.07)**
C. Cash flow from financing activities :		
Repayment of lease liabilities	-	(35.19)
Finance costs	(149.21)	(119.30)
Net cash used in financing activities (C)	**(149.21)**	**(154.49)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(255.75)**	**732.60**
Cash and cash equivalents at the beginning of year	776.18	43.58
Cash and cash equivalents at the end of year (refer note 9)	**520.43**	**776.18**

Significant accounting policies, key accounting estimates and judgements	1	
See accompanying notes to the financials statements		

Notes to Cash Flow Statement:

1. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS 7 "Statement of Cash Flows".
2. Previous years figures have been regrouped wherever necessary.

As per our report of even date attached

For S. Mann & Co
Chartered Accountants
Firm Registration No: 000075N

Sd/-
Subhash Chander Mann
Partner
Membership No: 080500
UDIN: 23080500BGXRAU5748

For and on behalf of the Board of Directors

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DIN: 07728790

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DIN: 10041387

Sd/-
Sandeep Malhotra
Chief Financial Officer

Sd/-
Rambabu Ch.
Chief Executive Officer

Sd/-
Smt. Shashi Bhadoola
Company Secretary

Place: New Delhi
Date : July 19, 2023

Notes forming part of the audited financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

A. Corporate Information

AI Airport Services Limited (a wholly owned subsidiary of AI Asset Holding Limited a Government of India Company) is a public limited company incorporated in India under the provisions of the Companies Act applicable in India with a CIN: U63090DL2003PLC120790. The company has changed its name from Air India Transport Services Limited to AI Airport Services Limited. The company mainly provides services of Ground Handling at Indian Airports to Airlines Operators.

The registered office of the company is situated at: 2nd Floor, GSD Building, Air India Complex, Terminal-2, IGI Airport, New Delhi - 110037.

B Significant Accounting Policies

The company has prepared these Financial Statements which comprise the Balance Sheet as at March 31, 2023, Statement of Profit and Loss and the Statement of Changes in Equity for the year ended as on that date, and accounting policies and other explanatory information (together hereinafter referred to as “Financial Statements”).

i) Basis of Preparation & Presentation

The Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention except for certain financial instruments measured at fair values at the end of each reporting period, as explained in the accounting policies below.

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

Fair value for measurement and/or disclosure purposes in these Financial Statements within the scope of Ind AS 116, Financial Statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 1116, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

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

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

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

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

ii) Functional Currency

Currency of the primary economic environment in which the Company operates ("the Functional Currency") is Indian Rupee (₹) in which the Company primarily generates and expends cash. Accordingly, the Management has assessed its functional currency to be Indian Rupee (₹) The Financial Statements are presented in Indian Rupee (₹) which is Company's Presentation and Functional currency and all amounts disclosed in the Financial Statements and Notes have been rounded off to the nearest Million (up to one decimal), unless otherwise stated.

iii) Current and Non-Current Classification

The Company presents assets and liabilities in the Balance Sheet based on current / non-current classification.

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realized in the Company's normal operating cycle. it is held primarily for the purpose of providing services;
- it is expected to be realized within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as non-current.

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of providing services;
- it is due to be settled within 12 months after the reporting date; or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current only.

The Company being in service sector, there is no specific operating cycle; however, 12 months period has been adopted as "The Operating Cycle" in-terms of the provisions of Schedule III to the Companies Act 2013. Accordingly, current liabilities and current assets include the current portion of non-current financial liabilities and assets.

C. Recent Pronouncements

Ministry of Corporate Affairs (MCA) notified Companies (Indian Accounting Standards) Amendment Rules, 2022 vide Notification dated 23 March 2022. Following amendments and annual improvements to Ind AS are applicable from 1 April 2022.

Ind AS - 103 Business Combination

The amendment specifies that for identified assets and liabilities to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired, and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date.

Ind AS - 16 Property Plant and Equipment

The amendment clarifies that sale proceeds of items produced in the process of making PPE available for its intended use cannot be deducted from the cost of PPE. Instead, such proceeds shall be recognized in the statement of profit or loss.

Ind AS - 37 Provisions

The amendment clarifies that that the ‘costs to fulfil’ a contract include both incremental costs (direct labour and material) and an allocation of other direct costs (e.g: depreciation charge for an item of PPE used in fulfilling the contract).

Annual improvements to Ind AS 109 - Financial instruments

The amendment clarifies while performing the ’10 percent test’ for derecognition of financial liabilities, borrower includes only fees paid or received between borrower and lender directly or on behalf of the other’s behalf. The Company does not expect the above amendments / improvements to have any significant impact on its standalone financial statements.

D. Use of Estimates & Judgements

Inherent in the application of many of the accounting policies used in preparing the IND AS Financial Statements is the need for Management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual outcomes could differ from the estimates and assumptions used.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key source of judgments, assumptions and estimation uncertainty in the preparation of the Financial Statements which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are mainly in respect useful lives of property, plant and equipment, depreciation/amortization, impairments, employee benefit obligations, provisions, provision for income tax, measurement of deferred tax assets, contingent assets and contingent liabilities etc.

E Property, Plant & Equipments (PPE):

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

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

Property, plant and equipment except freehold land held for use in the providing services, supply or administrative purposes, are stated in the Balance Sheet at cost less accumulated depreciation and accumulated impairment losses, if any.

The Company had elected to continue with the carrying value for all of its property, plant and equipment as recognised in the Financial Statements on transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. PPE of small value not exceeding INR 10,000, in each case, are fully provided for in the year of Purchase. The company has changed its capitalisation policy for PPE which is an accounting estimate of small value not exceeding INR 10,000 from current financial year, which has NIL financial impact in current financial year.

(in years)

Asset	**Useful life as per Companies Act, 2013**
Office equipment	5
Ramp equipments	15
Furniture & fixtures	10
Electrical fittings	10
Computers	3
Workshop equipments & instruments	10
Plant & machinery	15
Vehicles	8

b) Physical Verification of PPE is done on a rotational basis so that every asset is verified in every two years and the discrepancies observed in the course of the verification are adjusted in the year in which report is submitted.

c) Impairment of Property, plant and equipment

At the end of each reporting year, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash- generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

F. Inventories

Inventories consist of various stores and spares which are valued at lower of cost and Net Realizable Value (‘NRV’). Costs of inventories are determined on weighted average cost basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

G. Revenue Recognition

Ind AS 115 addresses the recognition of revenue from customer contracts and impacts on the amounts and timing of the recognition of such revenue. The standard introduced a five-step approach to revenue recognition:

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

On transition to Ind AS 115 the company has adopted the modified retrospective approach, and therefore has not restated the prior year comparative within this year's Financial Statements. On transition to Ind AS 115 an impact assessment was performed.

Rendering of Services

The Company recognizes revenue when control over the promised services is rendered to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

The Company recognises revenue generally at the point in time when the services are rendered to customer

a) Ground handling services are recognized when the services are provided. Un-billed services at the end of each financial year, based on available data, are estimated and are recognized as revenue.

b) Income from interest is recognized on a time proportion basis.

c) Other operating revenue is recognized when services rendered during the period.

In revenue arrangements with multiple performance obligations, the Company accounts for individual services separately if they are distinct – i.e. if a service is separately identifiable from other items in the arrangement and if a customer can benefit from it. The consideration is allocated between separate services in the arrangement based on their stand- alone selling prices.

Contract balances

i) Contract assets

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

ii) Contract liabilities

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

iii) Refund liabilities

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

H. Foreign Currency Transactions

The functional currency of the company is determined on the basis of the primary economic environment in which it operates. The functional currency of the Company is Indian National Rupee (INR).

The transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the following rates

a) Interline settlement on account of IATA Clearing House (ICH) bills settlement is carried out at the exchange rate published by International Air Transport Association (IATA) for respective month.

b) At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at exchange rate circulated by Foreign Exchange Dealers Association of India (FEDAI) and the gains / losses arising out of fluctuations in exchange rates are recognized in the Statement of Profit and Loss.

c) Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

I. Leases

The Company has adopted Ind AS 116 Leases from 1st April, 2019. Ind AS 116 "Leases" introduced a single, Balance Sheet accounting model for lessees. As a result, the company, as a lessee, has recognised right-to-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Lease working has been done till 30th June' 2021 as on that date, there is a expiration of contract and, after that contract extends for short term period only and Ind AS 116 not applicable on short term leases.

The following is the summary of practical expedients elected on initial application:

a) Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date

b) Apply the exemption not to recognize right-to-use assets and liabilities for leases with less than 12 month of lease term, low value asset 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 on the date of initial recognition.

c) Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The Company as a Lessee:

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

(i) the contract involves the use of an identified asset

(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Company has the right to direct the use of the asset.

For the short-term, low-value leases and the lease contracts in which the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

J. Government Grant

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in the Statement of Profit and Loss on a systematic basis over the period in which the Company recognises as expenses the related costs for which the grants are intended to compensate or when performance obligations are met.

Government Grants related to assets are presented in the Balance Sheet as deferred income and are recognized in profit or loss on a systematic basis over the expected useful life of the related assets.

K. Employee Benefits

Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions. The retirement benefits to the employees comprise of defined contribution plans and defined benefit plans.

a) Defined contribution plans

Defined contribution plan consists of contribution to Employees Provident Fund. The Company has Employees Provident Fund Trusts under the Provident Fund Act, 1925 for Permanent employees till 1st December' 2021. After that, trust has been dissolved and amount had been transferred to EPFO under Employees' Provident Fund Scheme, 1952. As regards Fixed Term Contract (FTC) employees, Provident Fund (PF) dues are deposited with the office of Employees' Provident Fund Organization (EPFO) by the Company. There had been a Supreme Court (SC) judgement dated February 28, 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the EPF Act. There are interpretative aspects related to the Judgement including the effective date of application. In the view of the management, the contribution for PF is to be calculated as per Employee's Provident Funds and Miscellaneous Provisions Act, 1952. Employees' State Insurance Corporation (ESIC) dues are regularly deposited with government authorities. The company's payment to defined contribution plans are recognized as an expense during the period in which the employees perform the services that the payment covers.

b) Defined benefit plans

The Company's defined benefit plans, which are not funded, consist of Gratuity, Post-Retirement Medical Benefits and other benefits. For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting year.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations. Re-measurements gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in Other Comprehensive Income. They are included in "Other Equity" in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from settlement or curtailments are recognized immediately in Statement of Profit and Loss as past service cost.

Other Long-Term Employee Benefits

In the form of Leave Encashment are accounted as other long-term employee benefits. The Company's net obligation in respect of Leave Encashment is the amount of benefits to be settled in future, that employees have earned in return for their service in the current and previous years. The benefit is discounted to determine its present value. The obligation is measured on the basis of an actuarial valuation using the Projected Unit Credit Method. Re-measurements are recognized in Statement of Profit and Loss in the period in which they arise.

Short Term Benefits

Short Term Employee Benefits are accounted for in the period during which the services have been rendered.

Short-term and other long-term employee benefit

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the year the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

L. Taxes on Income

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

Current Tax

Current tax is the amount of expected tax payable based on the taxable profit for the period as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961

Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as a deferred tax asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

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

The Deferred tax assets are recognized and carried forward to the extent that there is a virtual certainty based on operational and financial restructuring, revenue generation and cost reduction program of the company that the assets will be realized in the future.

Current and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they are relating to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

M. Provisions, Contingent Liabilities / Capital Commitments & Contingent Assets

a) Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation (legal or constructive) as a result of past events and it is probable that there will be an outflow of resources. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. The expense relating to a provision is presented in the Statement of Profit and Loss

b) The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the Balance Sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, it carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

c) When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

d) Contingent liabilities are disclosed by way of a note in respect of possible obligations that may arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

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

f) Onerous Contracts

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

N. Cash and Cash Equivalents

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalent consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

O. Earning Per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for treasury shares, bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares including the treasury shares held by the Company to satisfy the exercise of the share options by the employees.

P. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognized immediately in Statement of Profit and Loss.

i) Financial Assets

a) Classification of Financial Assets

On initial recognition, a financial asset is measured at amortized cost, fair value through other comprehensive income (FVTOCI) or FVTPL on the basis of the objective of its business model, applied for managing the financial assets and characteristics of the contractual cash flows.

b) Recognition and initial measurement

A financial asset is initially recognized at fair value and, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. Purchases and sales of financial assets are recognized on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. In case financial assets are not recorded at fair value through Statement of Profit and Loss, transaction costs are attributed to the acquisition of the financial asset.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces and accounting mismatch that would otherwise arise.

c) Subsequent measurement

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains and losses arising on remeasurement recognized in statement of profit or loss. The net gain or loss recognized in statement of profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income' line item. Dividend on financial assets at FVTPL is recognized when:

- The Company's right to receive the dividends is established,
- It is probable that the economic benefits associated with the dividends will flow to the entity,
- The dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

d) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

e) Impairment of other financial assets

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous year, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous year, the Company again measures the loss allowance based on 12-month expected credit losses.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognized in other comprehensive income and is not reduced from the carrying amount in the Balance Sheet.

f) Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter year, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in statement of profit or loss and is included in the 'Other income' line item.

g) Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

ii) Financial Liabilities

a) Classification

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'

b) Initial recognition and measurement

All financial liabilities are recognized initially at fair value. The Company's financial liabilities include trade and other payables

c) Subsequent measurement

Other financial liabilities:

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

d) De-recognition

The Company de-recognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the Statement of Profit and Loss.

e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to sell on a net basis, to realize the assets and sell the liabilities simultaneously

Q. Key sources of estimation uncertainty

Useful lives of property, plant and equipment:

Management reviews the useful lives of property, plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. This reassessment may result in change in depreciation and amortization expected in future periods

Contingencies:

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystalizing or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognized. The cases which have been determined as remote by the Company are not disclosed.

Contingent assets are neither recognized nor disclosed in the Financial Statements unless when an inflow of economic benefits is probable.

Fair value measurements:

When the fair values of financial assets or financial liabilities recorded or disclosed in the Financial Statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility.

Taxes:

Pursuant to the announcement of the changes in the corporate tax regime, the Companies have an option to either opt for the new tax regime or continue to pay taxes as per the old applicable tax structure together with the other benefits available to the Companies including utilization of the MAT credit available. This requires significant estimation in determining in which year the company would migrate to the new tax regime basis future year taxable profits is including the impact of ongoing expansion plans of the Company and consequential utilization of available MAT credit. Accordingly, in accordance with IND AS 12 – Income Taxes, deferred tax assets and liabilities are required to be measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

2 (a). Property, plant and equipment

(₹ in Millions)

Particulars	Office equipments	Ramp equipments	Furniture & fixture	Electrical fittings	Computers	Workshop equipment & instruments	Plant & machinery	Vehicles	Total
Year ended March 31, 2021									
Gross carrying amount									
Cost as at April 1, 2020	2.03	5,934.60	1.17	10.86	8.54	2.07	0.07	25.95	5,985.29
Additions	0.06	164.32	-	-	0.16	-	-	-	164.54
Disposals	-	-	-	-	-	-	-	-	-
Closing gross carrying amount	**2.09**	**6,098.92**	**1.17**	**10.86**	**8.70**	**2.07**	**0.07**	**25.95**	**6,149.83**
Accumulated depreciation									
Balance as at April 1, 2020	1.59	2,397.29	0.39	4.14	7.09	0.68	0.07	9.50	2,420.75
Additions	0.21	354.50	0.12	1.02	0.52	0.21	-	3.08	359.66
Disposals	-	-	-	-	-	-	-	-	-
Closing accumulated depreciation	**1.81**	**2,751.79**	**0.51**	**5.16**	**7.61**	**0.88**	**0.07**	**12.58**	**2,780.41**
Net carrying amount as at March 31, 2021	**0.28**	**3,347.13**	**0.66**	**5.70**	**1.08**	**1.19**	**0.01**	**13.37**	**3,369.42**
Year ended March 31, 2022									
Gross carrying amount									
Cost as at April 1, 2021	2.09	6,098.92	1.17	10.86	8.70	2.07	0.07	25.95	6,149.83
Additions	0.25	166.99	0.01	-	2.22	-	-	5.85	175.33
Disposals	-	-	-	-	-	-	-	-	-
Closing gross carrying amount	**2.34**	**6,265.92**	**1.18**	**10.86**	**10.92**	**2.07**	**0.07**	**31.80**	**6,325.15**
Accumulated Depreciation									
Balance as at April 1, 2021	1.81	2,751.79	0.51	5.16	7.61	0.88	0.07	12.58	2,780.41
Additions	0.19	370.33	0.12	1.02	0.64	0.21	0.00	3.59	376.09
Disposals	-	-	-	-	-	-	-	-	-
Closing accumulated depreciation	**2.00**	**3,122.12**	**0.63**	**6.18**	**8.25**	**1.09**	**0.07**	**16.17**	**3,156.50**
Net carrying amount as at March 31, 2022*	**0.33**	**3,143.80**	**0.55**	**4.68**	**2.67**	**0.98**	**0.00**	**15.63**	**3,168.65**
Period ended March 31, 2023									
Gross carrying amount									
Cost as at April 1, 2022	2.34	6,265.92	1.18	10.86	10.92	2.07	0.07	31.80	6,325.15
Additions	5.84	51.72	-	-	4.75	-	-	1.75	64.07
Disposals	-	(270.61)	-	-	-	-	-	-	(270.61)
Closing gross carrying amount	**8.18**	**6,047.02**	**1.18**	**10.86**	**15.67**	**2.07**	**0.07**	**33.56**	**6,118.61**
Accumulated Depreciation									
Balance as at April 1, 2022	2.00	3,122.12	0.63	6.18	8.25	1.09	0.07	16.17	3,156.50
Additions	0.33	276.82	0.12	1.02	1.52	0.21	-	3.78	283.79
Disposals	-	(256.15)	-	-	-	-	-	-	(256.15)
Closing accumulated depreciation	**2.33**	**3,142.78**	**0.74**	**7.20**	**9.76**	**1.29**	**0.07**	**19.96**	**3,184.14**
Net carrying amount as at March 31, 2023*	**5.84**	**2,904.24**	**0.43**	**3.66**	**5.91**	**0.78**	**0.00**	**13.60**	**2,934.47**


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2 (b) Intangible assets under development

(₹ in Millions)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Intangible assets under development*	2.15	-	-
	2.15	**-**	**-**

* New ERP is under implementation and accodingly proportionate cost paid has been capitalized in Intangible assets under development

Intangible assets under development aging schedule as on 31st March, 2023

(₹ in Millions)

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in Progress	2.15	-	-	-	2.15
Projects temporarily suspended	-	-	-	-	-

Intangible assets under development aging schedule as on 31st March, 2022

(₹ in Millions)

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in Progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Intangible assets under development aging schedule as on 1st April, 2021

(₹ in Millions)

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in Progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

2 (c) Right to use of assets

(₹ in Millions)

Particulars	Lease of buses
Year ended March 31, 2021	
Gross carrying amount	
Balance as at April, 1, 2020	252.74
Additions	-
Disposals	-
Balance as at March 31, 2021	**252.74**
Accumulated depreciation	
Balance as at April 1, 2020	92.37
Additions	128.61
Disposals	-
Balance as at March 31, 2021	**220.98**
Net carrying amount as at March 31, 2021	**31.76**
Year ended March 31, 2022	
Gross carrying amount	
Balance as at April 1, 2021	252.74
Additions	-
Disposals	-
Balance as at March 31, 2022	**252.74**
Accumulated depreciation	
Balance as at April, 1, 2021	**220.98**
Additions	**31.76**
Disposals	-
Balance as at March 31, 2022	**252.74**
Net carrying amount as at March 31, 2022	**-**
Year ended March 31, 2023	
Gross carrying amount	
Balance as at April 1, 2022	-
Additions	-
Disposals	-
Balance as at March 31, 2023	**-**
Accumulated depreciation	
Balance as at April, 1, 2022	-
Additions	-
Disposals	-
Balance as at March 31, 2023	**-**

3. Other non-current financial assets

(₹ in Millions)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Security deposits	8.50	8.50	8.50
Fixed Deposits >12 months	1,290.00	-	
Recoverables from staff	0.66	0.67	4.21
	1,299.16	**9.17**	**12.71**

4. Income tax assets (net)

(₹ in Millions)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Advance tax and TDS [net of provisions ₹ 1,985.84 Millions]	487.68	450.12	49.89
	487.68	**450.12**	**49.89**

5. Deferred tax assets (net)

(₹ in Millions)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Deferred tax liabilities on account of (DTL)			
Depreciation	(189.84)	(166.59)	(151.69)
Total deferred tax liability	**(189.84)**	**(166.59)**	**(151.69)**
Deferred tax asset on account of (DTA)			
Unabsorbed depreciation & losses	163.72	278.00	-
Other tax disallowances	1,156.47	973.00	1,115.80
Total deferred tax asset	**1,320.19**	**1,251.00**	**1,115.80**
Net deferred tax asset	**1,130.35**	**1,084.41**	**964.11**

6. Other non-current assets

(₹ in Millions)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Recoverables from staff	23.74	19.77	29.48
	23.74	**19.77**	**29.85**

7. Inventories

(Valued at lower of cost or net realisable value)

(₹ in Millions)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Stores & spares (at cost)	56.11	59.14	62.27
Less: Provisions	(33.14)	-	-
	22.97	**59.14**	**62.27**

8. Trade receivables

(₹ in Millions)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Unsecured			
Considered good*	2,662.98	1,757.25	1,053.25
Undisputed having significant increase in credit risk	1,759.42	1,009.37	958.75
	4,422.40	**2,766.62**	**2,012.00**
Less: Allowance for expected credit loss	1,759.42	1,009.37	958.75
	2,662.98	1,757.25	1,053.25
Dues from group companies**	1,408.46	1,742.08	2,677.09
	4,071.44	**3,499.33**	**3,730.34**

*Company has reclassified advances from trade receivables and has shown separately as gross.

** Dues from group companies and payables to group companies has been shown separately.

Trade receivable ageing schedule (₹ in Millions)

As at March 31, 2023	Outstanding for the following period from due date of payment						Total
Particulars	**Unbilled Dues**	**Less than 6 month**	**6 month - 1 year**	**1 -2 years**	**2-3 years**	**More than 3 years**	
Undisputed trade receivable - considered good	1,103.62	1,679.01	677.54	424.75	186.51	-	4,071.43
Undisputed trade receivable - which have significant increase in credit risk	-	223.50	139.80	99.16	43.54	1,253.43	1,759.42
Undisputed trade receivable - credit impaired	-	-	-	-	-	-	-
Disputed trade receivable - considered good	-	-	-	-	-	-	-
Disputed trade receivable - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivable - credit impaired	-	-	-	-	-	-	-
Less: Allowance for expected credit loss (refer note 46 (B)(i))	-	-	-	-	-	-	(1,759.42)
Net trade receivables	**1,103.62**	**1,902.50**	**817.34**	**523.91**	**230.06**	**1,253.43**	**4,071.44**

(₹ in Millions)

As at March 31, 2022	Outstanding for the following period from due date of payment						Total
Particulars	**Unbilled Dues**	**Less than 6 month**	**6 month - 1 year**	**1 -2 years**	**2-3 years**	**More than 3 years**	
Undisputed trade receivable - considered good	1,160.32	1,106.12	407.69	370.33	454.87	-	3,499.33
Undisputed trade receivable - which have significant increase in credit risk	-	38.17	29.75	58.30	118.46	764.69	1,009.37
Undisputed trade receivable - credit impaired	-	-	-	-	-	-	-
Disputed trade receivable - considered good	-	-	-	-	-	-	-

(₹ in Millions)

As at March 31, 2022	Outstanding for the following period from due date of payment						Total
Particulars	**Unbilled Dues**	**Less than 6 month**	**6 month - 1 year**	**1 -2 years**	**2-3 years**	**More than 3 years**	
Disputed trade receivable - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivable - credit impaired	-	-	-	-	-	-	-
Less: Allowance for expected credit loss (refer note 46 (B)(i))	-	-	-	-	-	-	(1,009.37)
Net trade receivables	**1,160.32**	**1,144.29**	**437.44**	**428.63**	**573.33**	**764.69**	**3,499.33**

(₹ in Millions)

As at April 1, 2021	Outstanding for the following period from due date of payment						Total
Particulars	**Unbilled Dues**	**Less than 6 month**	**6 month - 1 year**	**1 -2 years**	**2-3 years**	**More than 3 years**	
Undisputed trade receivable - considered good	183.55	725.16	2.67	851.47	768.29	1,199.20	3,730.34
Undisputed trade receivable - which have significant increase in credit risk	-	-	-	46.85	47.08	864.82	958.75
Undisputed trade receivable - credit impaired	-	-	-	-	-	-	-
Disputed trade receivable - considered good	-	-	-	-	-	-	-
Disputed trade receivable - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivable - credit impaired	-	-	-	-	-	-	-
Less: Allowance for expected credit loss (refer note 46 (B)(i))	-	-	-	-	-	-	(958.75)
Net trade receivables	**183.55**	**725.16**	**2.67**	**898.32**	**815.37**	**2,064.02**	**3,730.34**

The credit period on sales of services ranges from 30 to 60 days with or without security.

Before accepting any new customer, the company uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed once a year.

The company does not generally hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the company to the counterparty.

Credit risk management regarding trade receivables has been described in note 48 (B)(i).

Trade receivables from related parties' details has been described in note 47.

Trade receivables does not include any receivables from directors and officers of the company.

Trade receivables does not include any amount of receivables from struck off companies.

9. Cash and cash equivalents

(₹ in Millions)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Balances with banks			
-In current account	520.23	592.06	43.27
Cash on hand	-	-	-
Fixed deposits with banks with original maturity of less than three months*	0.20	184.12	0.19
	520.43	**776.18**	**43.46**

(₹ in Millions)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
* Earmarked balance represents fixed deposits with Dy. Commissioner (sales tax)	0.20	0.20	0.19

10. Bank balances other than cash and cash equivalents

(₹ in Millions)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Fixed deposits with banks with original maturity more than 3 months but less than 12 months*	1.73	61.66	1.59
	1.73	**61.66**	**1.59**

(₹ in Millions)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
* Earmarked balance represents fixed deposits with Dy. Commissioner (goods and service tax)	1.73	1.66	1.59

11. Other current financial assets

Unsecured, considered good

(₹ in Millions)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Other receivables	32.75	1.13	0.94
Entitlement of “Service Export from India Scheme”	90.25	22.05	94.80
Less: Allowance for duty credit entitlement under SEIS	(22.05)	(22.05)	-
	100.96	**1.13**	**95.74**

12. Other current assets

(₹ in Millions)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Advance to suppliers*	79.98	44.14	35.64
Less: Allowance for doubtful advances	(15.28)	(9.74)	-
	64.70	**34.40**	**35.64**
Prepaid expenses	79.84	4.13	-
Advance to staff	0.21	0.04	0.12
	144.75	**38.57**	**35.76**

** During the year 22-23 and 21-22, company has reclassified advances from customers and has shown separately, however for the year 20-21, advance from customers are shown net.

13. Equity share capital

a. Details of authorised, issued and subscribed and paid up share capital **(₹ in Millions)**

Particulars	No. in millions	As at March 31, 2023	No. in millions	As at March 31, 2022	No. in millions	As at April 1, 2021
Authorised capital						
Equity shares of ₹ 10/- each	1,000	10,000.00	1,000	10,000.00	1,000	10,000.00
Issued capital, subscribed and fully paid up						
Equity shares of ₹ 10/- each	138.42	1,384.24	138.42	1,384.24	138.42	1,384.24
		1,384.24		**1,384.24**		**1,384.24**

b. Reconciliation of number of shares **(₹ in Millions)**

Particulars	As at March 31, 2023		As at March 31, 2022		As at April 1, 2021	
	Number	₹ in Millions	Number	₹ in Millions	Number	₹ in Millions
Shares outstanding at the beginning of the year	138.42	1,384.24	138.42	1,384.24	138.42	1,384.24
Shares Issued during the year	-	-	-	-	-	-
Shares outstanding at the end of the year	**138.42**	**1,384.24**	**138.42**	**1,384.24**	**138.42**	**1,384.24**

c. Terms and conditions

The company has only one class of equity shares having a face value of ₹10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

d. Shareholders having more than 5% shareholding

Name of shareholder	As at March 31, 2023		As at March 31, 2022		As at April 1, 2021	
	Number	Percentage	Number	Percentage	Number	Percentage
Air India Limited	-	-	-	-	138.42	100%
AI Assets Holding Limited	138.42	100.00%	138.42	100.00%	-	-

e. Equity shares held by the holding company: **(₹ in Millions)**

Name of the shareholder	Relationship	As at March 31, 2023		As at March 31, 2022		As at April 1, 2021	
		Number	₹ in Millions	Number	₹ in Millions	Number	₹ in Millions
Air India Limited#	Holding Company	-	-	-	-	138.42	1,384.24
AI Assets Holding Limited##	Holding Company	138.42	1,384.24	138.42	1,384.24	-	-
Total		**138.42**	**1,384.24**	**138.42**	**1,384.24**	**138.42**	**1,384.24**

upto January 13, 2022

from January 13,2022

f. Shareholding of promoters **(₹ in Millions)**

Name of the promoter	As at March 31, 2023			As at March 31, 2022			As at April 1, 2021		
	Number	Percentage	Percentage change during the period	Number	Percentage	Percentage change during the period	Number	Percentage	Percentage change during the period
Air India Limited	-	-	-	-	-	-	138.42	100.00%	-
AI Assets Holding Limited	138.42	100.00%	-	138.42	100.00%	-	-	-	-

Note

The number of shares held and percentage of holding represents the shares held in the individual capacity.

Promoter here means promoter as defined in the Companies Act, 2013, as amended.

g. Shares issued other than Cash

There were no bonus shares issued and there is an instance of shares being issued for consideration other than cash and no shares have been bought back by the company during the period of five years immediately preceding the date of Balance Sheet.

14. Other equity

(₹ in Millions)

Particulars	Reserves & surplus Retained earnings	Other comprehensive income	Total
Balance as at April 1, 2020	**3,752.31**	**(6.44)**	**3,745.87**
Loss for the year	(1,885.33)	-	(1,885.33)
Correction of error/ omission (refer note 31)	(86.78)	-	(86.78)
Remeasurement of employee benefits obligations	-	4.53	4.53
Balance as at March 31, 2021	**1,780.20**	**(1.91)**	**1,778.29**
Balance as at April 1, 2021	**1,780.20**	**(1.91)**	**1,778.29**
Profit/ (Loss) for the year	59.96	-	59.96
Remeasurement of employee benefits obligations	-	228.92	228.92
Balance as at March 31, 2022	**1,840.16**	**227.01**	**2,067.16**
Balance as at April 1, 2022	**1,840.16**	**227.01**	**2,067.16**
Profit/ (Loss) for the period	783.14	-	783.14
Rounding off difference	0.07	-	0.07
Remeasurement of employee benefits obligations	-	(3.92)	(3.92)
Balance as at March 31, 2023	**2,623.37**	**223.09**	**2,846.46**

Nature and purpose of reserves

Retained earnings

Retained earnings represents surplus/accumulated earnings of the Company and are available for distribution to shareholders

Other comprehensive income

Other comprehensive income consists of remeasurement gains/ (loss) on defined employee benefit obligations.

15. Lease liabilities

(₹ in Millions)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Lease liabilities on initial recognition as on 1st April			
Additions	-	-	-
Interest accrued	-	0.52	9.55
Lease principal payments	-	35.19	131.05
Lease interest payments	-	0.52	9.55
At 31st March			
Current	-	-	35.19
Non-current	-	-	-

16. Other financial liabilities

(₹ in Millions)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Security deposits from customers	38.05	28.99	21.50
Security deposits from vendors	34.43	34.29	30.56
Payable to employees	-	1.23	0.11
	72.48	**64.51**	**52.17**

17. Provisions

(₹ in Millions)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Provision for employee benefits:			
Leave entitlement	300.21	301.74	307.41
Gratuity	701.88	780.53	818.83
Medical	1,411.45	1,346.82	1,499.18
	2,413.54	**2,429.09**	**2,625.43**

18. Other current financial liabilities

(₹ in Millions)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Payable to employees	1,185.56	990.53	897.70
	1,185.56	**990.53**	**897.70**

19. Provisions

(₹ in Millions)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Provision for employee benefits			
Leave entitlement	67.61	75.61	74.44
Gratuity	159.28	172.67	183.63
Medical	-	64.63	54.23
Other provisions			
Provision for other statutory dues	632.04	141.01	-
Provision for demand notice under SEIS	-	24.58	-
Provision for interest on MSME vendors	0.10	0.04	-
	859.04	**478.54**	**312.29**

20. Other current liabilities

(₹ in Millions)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Statutory liabilities	72.56	8.19	357.54
Advance from customers *	284.33	287.63	0.57
	356.89	**295.82**	**358.11**

** During the year 22-23 and 21-22, company has reclassified advances from customers and has shown separately, however for the year 20-21, advance from customers are shown net.

21. Trade payables

(₹ in Millions)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Total outstanding dues of micro enterprises and small enterprises	2.30	0.14	4.51
Total outstanding dues of creditors other than micro enterprises and small enterprises*	1,619.33	1,458.10	978.97
	1,621.64	**1,458.24**	**983.48**

* Company has reclassified advances to trade payables and has shown separately.
* Dues from group companies and payables to group companies has shown separately.
Interest paid / payable by the Company on the aforesaid principal amount has been waived by the concerned supplier.

Trade payables Ageing of Schedule

As at March 31, 2023 (₹ in Millions)

Particulars	Outstanding for following periods from due date of payment					Accrued expenses	Total
	Not due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years		
(i) MSME	-	2.30	-	-	-	-	2.30
(ii) Others	-	700.15	557.45	9.53	60.09	292.12	1,619.33
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - others	-	-	-	-	-	-	-
Total	**-**	**702.45**	**557.45**	**9.53**	**60.09**	**292.12**	**1,621.64**

As at March 31, 2022 (₹ in Millions)

Particulars	Outstanding for following periods from due date of payment					Accrued expenses	Total
	Not due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years		
(i) MSME	-	0.10	-	-	0.04	-	0.14
(ii) Others	-	899.97	28.38	63.84	107.16	358.75	1,458.10
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - others	-	-	-	-	-	-	-
Total	**-**	**900.07**	**28.38**	**63.84**	**107.20**	**358.75**	**1,458.24**

As at April 1, 2021 (₹ in Millions)

Particulars	Outstanding for following periods from due date of payment					Accrued expenses	Total
	Not due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years		
(i) MSME	-	-	-		4.51	-	4.51
(ii) Others	-	428.06	393.60	97.68	10.55	49.08	978.97
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - others	-	-	-	-	-	-	-
Total	**-**	**428.06**	**393.60**	**97.68**	**15.06**	**49.08**	**983.48**

Trade payables does not include the amount payable to struck off companies.

Trade payable are normally settled within 30 to 60 days

Trade payable to related parties has been disclosed in note 47

22. Revenue from operations

(₹ in Millions)

Particulars	Period ended March 31, 2023	Year ended March 31, 2022
A. Revenue from handling services		
Revenue from Air India	2,708.50	3,235.40
Revenue from group companies	485.69	697.33
Revenue from 3rd party handling	4,417.59	2,450.97
Revenue from government parties	158.38	29.57
Revenue from casual handling	371.84	321.52
	8,142.00	**6,734.79**
Less: Revenue sharing with holding company	-	356.53
Total (A)	**8,142.00**	**6,378.26**
B. Cargo handling revenue		
APEDA revenue	29.93	25.51
Others	581.43	445.29
Total (B)	**611.36**	**470.80**
C. Equipment loaning		
Other	191.37	139.45
Total (C)	**191.37**	**139.45**
Total revenue from operations (A+B+C)	**8,944.73**	**6,988.51**

Timing of revenue recognition

(₹ in Millions)

Particulars	Period ended March 31, 2023	Year ended March 31, 2022
Services transfered at a point in time	8,944.73	6,988.51
Total revenue from contacts with customers	**8,944.73**	**6,988.51**

23. Other income

(₹ in Millions)

Particulars	Period ended March 31, 2023	Year ended March 31, 2022
Recruitment application money	5.37	0.26
Interest on overdue payments on group companies	116.67	172.24
Interest on overdue payments on other than group companies	29.72	1.67
Interest income on fixed deposit	47.48	1.44
Foreign Exchange Gain (Net)	25.16	-
Profit sharing of HAL-JWG (refer note 32)	13.70	8.35
Miscellaneous income	140.75	48.09
Total	**378.25**	**232.05**

24. Employee benefits expense

(₹ in Millions)

Particulars	Period ended March 31, 2023	Year ended March 31, 2022
Salaries and bonus	4,604.70	4,216.54
Contribution to provident and other funds	395.48	416.96
Staff welfare expenses	7.60	25.52
Gratuity	59.20	69.90
Leave encashment	53.56	55.94
Medical benefit expenses	41.29	36.61
Total	**5,161.82**	**4,821.47**

25. Finance costs

(₹ in Millions)

Particulars	Period ended March 31, 2023	Year ended March 31, 2022
Interest expense on lease liability	-	0.52
Interest on delayed payment of statutory dues	13.43	121.99
Other interest costs	135.78	251.02
Total	**149.21**	**373.53**

26. Depreciation and amortization expense

(₹ in Millions)

Particulars	Period ended March 31, 2023	Year ended March 31, 2022
Depreciation on property, plant and equipment	283.79	376.10
Depreciation on right-of-use assets	-	31.76
Total	**283.79**	**407.86**

27. Other expenses

(₹ in Millions)

Particulars	Period ended March 31, 2023	Year ended March 31, 2022
Handling charges	265.01	36.35
Insurance	23.44	57.68
Repairs & maintenance - others	83.12	81.16
Electricity, heating & fuel	332.54	210.34
Water charges	5.58	1.99
SESF Handling Charges	22.99	0.75
Stores & spares consumption	136.13	71.59
Hire of transport & equipments	23.23	14.41
Loss on sale of duty credit entitlement under SEIS	-	4.30
Write off of assets	14.46	-
Sundry balances written off	-	106.31
Allowance for duty credit entitlement under SEIS (refer note 40)	-	66.79
Allowance for doubtful advances	5.54	9.74
Allowance for Inventories	33.14	-
Printing & stationary	9.95	4.05
General office expenses	16.70	14.27
Bad debts written off (net)	-	110.00
Expected credit loss allowance	750.06	231.72
Rent expenses	442.70	190.25
Rates and taxes	474.80	14.11
Travelling and conveyance expenses	60.22	19.70
Legal and professional expenses	4.78	8.15
Foreign exchange loss (net)	-	449.61
Corporate social responsibility	-	4.98
Remuneration to statutory auditor		
- Audit fees	1.00	1.00
- Out of pocket expenses	0.10	0.10
Miscellaneous expenses	49.70	21.08
Total	**2,755.19**	**1,730.43**

28. Earnings/(loss) per equity share:

Particulars	Period ended March 31, 2023	Year ended March 31, 2022
Basic/diluted earnings per Share		
Profit/(loss) attributable to equity shareholders (₹ in millions)	**783.14**	**59.96**
Weighted average number of equity shares (in millions)	138.42	138.42
Basic and diluted earnings per share (in ₹)	5.66	0.43
Face value per Share (in ₹)	10	10

29. Contingent liabilities, assets & commitments

a) Contingent liabilities

(₹ in Millions)

Particulars	Period ended March 31, 2023	Year ended March 31, 2022
Claims against the company not acknowledged as debts:		
- Income tax demands against which the company is in appeals (including interest upto date of order)#	312.19	218.34
- Interest on GST demands ##	296.22	-
- Others ###	14.91	23.76
Total	**623.32**	**242.10**

#Income tax demand notices received by the Company which are under appeal **(₹ in Millions)**

Particulars	AY	Appeal status	Amount
The income tax outstanding demand order raised on March 04, 2016 u/s 143(3)	2013-14	CIT(A) on April 07, 2016	19.18
The income tax outstanding demand order raised on December 27, 2019 u/s 143(3)	2017-18	CIT(A) on January 21, 2020	6.60
The income tax outstanding demand order raised on March 24, 2021 u/s 143(1)	2017-18	Response to IT Dept on June 09, 2022	5.40
The income tax outstanding demand order raised on May 25, 2021 u/s 143(3)	2018-19	CIT(A) on October 04, 2021	80.76
The income tax outstanding demand order raised on December 23, 2021 u/s 143(1). In this, ₹ 82.65 million amount of tax has already been paid on October 16, 2021	2020-21	CIT(A) on October 29, 2022	200.25
Total			**312.19**

Interest on GST demand notices received by the Company **(₹ in Millions)**

Particulars	FY	Notice Status	Amount
Maharashtra State	2017-2020	Interim Notice	262.16
Goa State	2017-18	Show Cause Notice	4.63
Rajasthan State	2017-2020	GST Summon	29.43
			296.22

Explanatory statement in respect of other contingent liabilities:

Other claims on account of staff/civil/arbitration cases pending in courts **(₹ in Millions)**

Description	Name of parties	Case no.	Amount
It is against the punishment of removal from services for misconduct relating to loss of business to the company. The party has asked for re-instatement with back wages in services till the date of normal retirement, i.e., December 31, 2016.	M L Shetty	CGIT 2/12-2016 Pending for hearing	0.21
The workman is challenging the order dated March 01, 2016 regarding his removal from the services for misconduct relating to defamation of AIATSL Executives. He is demanding continuity in services with full back wages.	ST Katkar	CGIT 2/13 of 2016 Pending for hearing	2.30

(₹ in Millions)

Description	Name of parties	Case no.	Amount
It is against the punshiment of removal from the services relating to willful insubordination or disobedience of any lawful and reasonable order of his superior and neglect of work. The party is asking for re-insistatment in service with full back wages and other benefits.	PN Powar	CGIT 2/3 of 2017 Pending for hearing	2.30
This reference is against the termination of contract for misconduct. The party has claimed re-instatement with full back wages w.e.f October 17, 2017, i.e., date of termination of contract.	SB Adhav	CGIT 2/15 of 2017 Pending for hearing	0.20
The Party had raised a demand of ₹ 9.90 millions (including penal interest and GST thereon) for providing baggage, cargo handling and miscellaneous services at Jaipur Airport.The Company has reviewed all their outstanding bills and found that the bills raised by the vendor were not correct and even for a single service, billing for double services has been raised. Hence, the claim has not been acknowledged as debt and has been shown as contingent liability.	Neha Aviation Management Pvt. Ltd.	NA	9.90
Total			**14.91**

b. Capital and other long-term commitments:

Capital contract commitments and long-term commitments is ₹ 119.50 millions as on March 31, 2023 (previous year ₹ Nil). Summary of Capital commitments are as below:

Particulars	(₹ in Millions)
Intangible assets	66.08
Ramp equipments	29.65
Computers	4.48
Vehicles	17.85
Furniture and fixtures	0.35
Workshop equipment & instruments	0.31
Office equipments	0.79
Total	**119.50**

30. Disinvestment Status:

Air India Limited has been disinvested on 27th January 2022. AI Airport Services Limited shares were transferred on 13th January 2022 to AI Asset Holding Limited. By virtue of the above, AI Airport Services became a wholly owned subsidiary of AI Asset Holding Limited w.e.f. 13th January 2022.

AIAHL, a Special Purpose Vehicle (SPV) was created for warehousing accumulated working capital loans not backed by any asset along with four subsidiaries AAAL, AIASL, AIESL, HCI, non-core assets paintings and artificats and other non-operational assets of Air India.

Further in this regard the Preliminary Information Memorandum (PIM) for the invitation of the bids of Expression of Interest (EOI) for the disinvestment of AIASL has already been issued and the details of which are as under. AIAHL had issued PIM on 12th February 2019 for inviting Expression of Interest for the proposed strategic sale of Air India Air Transport Services Limited followed by 12 corrigendum extending the dates with the last date being 27th December 2019. However, it was informed that the strategic sale of AI ASL stood cancelled and AIAHL will reinitiate the process of proposed strategic sale of AI ASL in due course.

31. Correction of prior period errors in accordance with Ind AS 8 "Accounting policies, changes in accounting estimates and errors"

During the year, the company undertook a detailed review of Opening Balances and discovered that the below mentioned Line items of financial statements had been incorrectly accounted/disclosed in the prior year. These errors have now been corrected by restating each of the affected financial statements line items for the prior year.

(₹ in Millions)

Particulars	**As at March 31, 2022**			**As at April 1, 2021**		
Balance sheet (extract)	**As previously reported**	**Increase/ (decrease)**	**Restated**	**As previously reported**	**Increase/ (decrease)**	**Restated**
Property, Plant and Equipments	3,161.54	7.11	3,168.65	3,369.42	-	3,369.42
Other non-current financial assets	1,563.47	-	1,563.47	1,088.32	-	1,088.32
Other non-current assets	-	-	-	-	-	-
Total non-current assets	**4,725.01**	**7.11**	**4,732.12**	**4,457.74**	**-**	**4,457.74**
Trade receivables	3,492.60	6.73	3,499.33	3,715.39	14.95	3,730.34
Other current financial assets	838.97	-	838.97	140.79	-	140.79
Other current assets	97.71	-	97.71	98.03	-	98.03
Total current assets	**4,429.28**	**6.73**	**4,436.01**	**3,954.21**	**14.95**	**3,969.16**
Total assets	**9,154.29**	**13.84**	**9,168.13**	**8,411.95**	**14.95**	**8,426.90**
Equity share capital	1,384.24	**-**	1,384.24	1,384.24	**-**	1,384.24
Retained earnings	2,160.48	(93.32)	2,067.16	1,850.12	(71.83)	1,778.29
Total Equity	**3,544.72**	**(93.32)**	**3,451.40**	**3,234.36**	**(71.83)**	**3,162.53**
Other non-current financial liabilities	-	-	-	-	-	-
Other non-current liabilities	2,493.60	-	2,493.60	2,677.60	-	2,677.60
Total non-current liabilities	**2,493.60**	**-**	**2,493.60**	**2,677.60**	**-**	**2,677.60**
Trade payables - Total outstanding dues of creditors other than micro enterprises and small enterprises	1,457.88	0.36	1,458.24	983.48	-	983.48
Other current financial liabilities	883.73	106.80	990.53	846.11	86.78	932.89
Other current liabilities	774.36	-	774.36	670.40	-	670.40
Total current liabilities	**3,115.97**	**107.16**	**3,223.13**	**2,499.99**	**86.78**	**2,586.77**
Total equity and liabilities	**9,154.29**	**13.84**	**9,168.13**	**8,411.95**	**14.95**	**8,426.90**
Statement of Profit and loss (extract)#						
Revenue from operations	6,981.78	6.73	6,988.51	-	-	-
Other income	219.84	12.21	232.05	-	-	-
Total revenue	**7,201.62**	**18.94**	**7,220.56**	-	-	-
Employee benefits expense	4,714.67	106.80	4,821.47	-	-	-

Particulars	As at March 31, 2022			As at April 1, 2021		
Finance costs	373.53	-	373.53	-	-	-
Depreciation	402.40	5.46	407.86	-	-	-
Other expenses	1,730.43	-	1,730.43	-	-	-
Total expenses	**7,221.03**	**112.25**	**7,333.29**	-	-	-
Loss before tax	(19.41)	(93.32)	(112.73)	-	-	-
Loss after tax	153.27	(93.32)	59.96	-	-	-
Total comprehensive loss for the year	382.19	(93.32)	288.88	-	-	-

32. Disclosure with regard to joint working group

HAL Bangalore airport belongs to Hindustan Aeronautics Limited (HAL) and Ground Handling Services were provided by HAL. However, Company entered into an arrangement vide agreement dated April 29, 2016 with HAL 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 to provide the Ground Handling Services at that airport and in terms of the same net profit of HAL, after tax, shall be shared equally between HAL and the company. Accordingly, 50% share of net profit of HAL for the current year amounting to ₹ 13.70 millions has been accounted for as Other Income.

(₹ in Millions)

Name of the joint working Group	AIASL joint working group	
	As at March 31, 2023	As at March 31, 2022
Share of company / ownership interest	50%	50%
Income - company's share	62.50	44.10
Expediture - company's share	35.10	27.40
Profit - company's share	27.40	16.70
Share of income of joint working groups of the company with HAL	13.70	8.35
Contingent liability	-	-

33. Reconciliation/Confirmation

(a) The Company has sought for the confirmation of balances for all the 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 private parties, further reconciliation has been completed and balance confirmations have been sent. In case of trade payables some parties have responded and wherever the party's balances are not in agreement with the books, the reconciliation of the differences is in progress. Impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt with in the year of completion of the reconciliation and approvals from appropriate authority.

(b) 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 approvals from appropriate authority.

(c) Goods & Service Tax (GST) and other statutory dues have been reconciled with the returns filed and statutory records maintained by the company. Necessary adjustments have been made.

34. Property, plant and equipment (PPE)

As per the policy of the company physical verification of the major assets of the company will be done on rotational basis so that every asset will be verified every two years. Accordingly, the company has conducted the physical verification of the assets in house and company is verifying the discrepancies observed in the course of the verification and the same will be adjusted in the year in which final reconciliation is completed, after taking approval from the concerned authority. 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.

35. Inventories

Physical Verification of Inventories carried out internally at four locations where inventories are stored has been carried out by officer of the company and duly certified. Physical verification has been carried out on March 31, 2023. 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%

36. Cash and bank balances

The process of year end Bank balances have been fully reconciled and confirmations from banks have been obtained in respect of all bank accounts. Further, company has not maintaining any cash, therefore there is no cash in hand at the end of the year.

37. Interest on overdue payments on group companies

The interest has been charged at the rate of 9% on average balance method in respect of Air India Engineering Services Limited, Alliance Air Aviation Limited as per past practice.

The interest charged for the group companies is as under:

(₹ in Millions)

Particulars	Amount
Air India Engineering Services Limited	21.87
Alliance Air Aviation Limited	94.80
Total	**116.67**

38. Income on supply of manpower

Company is supplying manpower to group companies including few third parties after charging cost plus 10% and accordingly company has shown the 10% markup in other income and cost recovery was reduced from Manpower cost till FY 21-22. However, from current FY 22-23, company has shown complete cost recovery with 10% mark up in Revenue from operations and accordingly company has reclassified the figures in statement of Profit and Loss for FY 21-22.

39. Internal control

The company has appointed independent firm of Chartered Accountants for conducting the internal audit to provide suggestions for the improvement in the system required if any. The scope of the internal auditor is reviewed by the management from time to time so as to ensure implementation of the effective internal controls at stations, regional offices and user departments and system for uniform and timely accounting entries of transactions in SAP.

40. Entitlement of "Service Export from India Scheme" (SEIS)

The company is entitled for credit under the "Service Export from India Scheme" on the basis of the foreign exchange earned by the company through export of services. The said benefit, in the form of license /scrips, is provided by the Director General of Foreign Trade (DGFT). The company is in the process of submitting of claim for the 2019-20. Pending submission of claim, no export entitlement has been recognized for such financial years in the current year.

During the year, the company had received a license amounting Rs 69.69 millions for FY 2018-19 from Directorate General of Foreign Trade (DGFT) dated March 15, 2023, The company has recognized this license as assets after crediting to other income. Further, company has observed that company has claimed Rs 1.49 millions inadvertently on higher side and accordingly company has paid the same by way of Demand Draft dated 27.04.2023.

During the year, 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.

41. Valuation of unclaimed/uncleared Cargo lying at International Cargo Warehouse, Mumbai

In the FY 22-23, Company has conducted the valuation of uncleared/ unclaimed cargo for the year 2012 to 2020 through a govenrment approved valuer appointed through a tender process. The company has sent the 2 notices via speed post to the consignee's wherever the records of consignee are available and also displayed public notices at various locations and on various websites, intimating disposal/ auction of uncleared/unclaimed cargo lying at Cargo Warehouse, Mumbai.

Valuer has valued Rs 9.16 million the value of unclaimed/uncleared cargo lying at cargo warehouse and accordingly company has intimated the same to Customs Disposal Task force. The Customs task force will undertake 100% examination of all the consignments. After examination of the same, it will be auctioned through M/s MSTC Limited or destucted in presence of Custom officials, after obtaining clearance from regulatory agencies. Expected cost involved in destruction would be Rs 0.5 millions. At this stage, we are unable to quantify the realizable value of unclaimed/ uncleared cargo to recognize the same in books of accounts.

42. Claims from Jet Airways (India) Ltd.

The Company has submitted its claims of ₹ 250.18 millions (including interest) from M/s Jet Airways (India) Ltd to the Interim Resolution Professional / Resolution Professional of M/s Jet Airways (India) Ltd out of which claims of ₹ 166.10 millions has been admitted. Further, with reference to regulation 39 (5A) of the Insolvency and Bankruptcy Board of India Regulations 2016, principle or formulae proposed to Operational creditors (other than Workmen & employees and Ticket Refund) under the Approved Resolution Plan (Jet Airways (I) Limited) by Hon'ble NCLT on 25th June 2021 vide order dated 22nd June 2021, payment of a fixed sum of ₹ 15000/-(irrespective of the claim amount) to each Relevant Creditor was awarded. The company has submitted that the payment of a fixed sum of ₹ 15,000/- was not acceptable. However, 100% provision of the receivables from M/s Jet Airways (India) Ltd is considered in ECL.

43. Claims from Go Airlines India Ltd.

The Go Airlines India Limited has submitted their application to NCLT for insolvency resolution process and accordingly NCLT has accepted the application and initiated the insolvency process vide order dated May 10th, 2023 and allow company has filed its claim amounting Rs 220.35 millions as on March 31st, 2023 (including interest amounting Rs 11.27 millions and accordingly company has made the 100% provision of the receivables excluding interest in ECL.

44. The Micro and Small Enterprises Development Act, 2006:

The accounting system (SAP) 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 SSI vendors, such as certificate no., issuing agency, validity, etc. 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 and hence, no interest is payable on delayed payments. In other cases, necessary compliance/disclosure will be ensured in due course.

(₹ in Millions)

Particulars	**As at March 31, 2023**	**As at March 31, 2022**
The principal amount remaining unpaid to any supplier as at the end of accounting year;	2.30	0.14
Principal amount overdue more than 45 days	2.30	0.14
The interest due and remaining unpaid to any supplier as at the end of accounting year;	0.10	0.04
The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed date during each accounting year;	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed date during the year) but without adding the interest specified under the MSMED Act, 2006;The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid);	-	-
The amount of interest accrued and remaining unpaid at the end of accounting year; and	0.10	0.04
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act, 2006.	-	-

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

45. Employees benefit plan

(A) Defined contribution plan

Employees provident fund: The company has employees provident fund trusts under the Provident Fund Act, 1925 for permanent employees. Also, the company subscribes to EPFO under Employees' Provident Fund Scheme, 1952 which governs the provident fund plans in respect on employees on contract. The company as well as the employees contributes at applicable rates to the provident fund out of which provident fund is paid to the employees. Company's contribution to provident fund recognized in the Statement of profit and loss is ₹ 327.79 million (previous year: ₹ 363.50 million)

There is a Supreme Court (SC) judgement dated February 28, 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the EPF Act. There are interpretative aspects related to the Judgement including the effective date of application. In the view of the management, the contribution for PF is to be calculated as per Employee's Provident Funds and Miscellaneous Provisions Act, 1952.

(B) Defined benefit plans:

a) Gratuity: Gratuity is payable to all the eligible employees of the company on superannuation, death, or permanent disablement, in terms of the provisions of the Payment of Gratuity Act. The company has a defined benefit gratuity plan in India (unfunded). gratuity is paid from the company as and when it becomes due and is paid as per the company scheme for Gratuity.

i) Disclosure statement as per Ind AS of gratuity

Particulars	As at March 31, 2023	As at March 31, 2022
Type of benefit	Gratuity	Gratuity
Country	India	India
Reporting currency	INR	INR
Reporting standard	Indian Accounting Standard 19 (Ind AS 19)	Indian Accounting Standard 19 (Ind AS 19)
Funding status	Unfunded	Unfunded
Starting period	April 01,2022	April 01,2021
Date of reporting	March 31,2023	March 31,2022
Period of reporting	12 months	12 months

a) Assumptions (previous period)

Particulars	As at March 31, 2022	As at March 31, 2021
Expected return on plan assets	N.A.	N.A.
Rate of discounting	6.84%	6.57%
Rate of salary increase	5.50%	5.50%
Rate of employee turnover	10% & 2% as Applicable	10% & 2% as Applicable
Mortality rate during employment	ndian Assured Lives Mortality 2012-14 (Urban	Indian Assured Lives Mortality (2006-08) Ultimate
Mortality rate after employment	N.A.	N.A.

b) Assumptions (Current Period)

(₹ in Millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Expected return on plan assets	N.A.	N.A.
Rate of discounting	7.41%	6.84%
Rate of salary increase	5.50%	5.50%
Rate of employee turnover	10% & 2% as Applicable	10% & 2% as Applicable
Mortality rate during employment	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality (2006-08) Ultimate
Mortality rate after employment	N.A.	N.A.
Present value of benefit obligation at the beginning of the period	953.19	1002.45
Interest cost	63.35	63.04

Particulars	As at March 31, 2023	As at March 31, 2022
Current service cost	59.2	68.45
Past service cost	-	-
(Benefit paid directly by the employer)	(218.50)	(136.42)
Actuarial (gains)/losses on obligations - due to change in demographic assumptions		(0.14)
Actuarial (gains)/losses on obligations - due to change in financial assumptions	(20.16)	(38.50)
Actuarial (gains)/losses on obligations- due to Experience	24.08	(5.69)
Present value of benefit obligation at the end of the period	**861.16**	**953.19**

c) Amount recognized in the balance sheet

(₹ in Millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of benefit obligation at the end of the period	(861.16)	953.19
Funded status (surplus/ (deficit))	(861.16)	953.19
Net (liability)/asset recognized in the balance sheet	**(861.16)**	**(953.19)**

d) Net interest cost for current period

(₹ in Millions)

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Present value of benefit obligation at the beginning of the period	953.19	1,002.46
Net liability/(asset) at the beginning	953.2	1002.46
Interest cost	63.35	63.04
Net interest cost for current period	**63.35**	**63.04**

e) Expenses recognized in the statement of profit or loss for current period

(₹ in Millions)

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Current service cost	59.2	68.45
Net interest cost	63.35	63.04
Past service cost	-	-
(Expected contributions by the employees)	-	-
(Gains)/losses on curtailments and settlements	-	-
Net effect of changes in foreign exchange rates	-	-
Expenses recognized	**122.55**	**131.49**

f) Expenses recognized in the other comprehensive income (OCI) for current period

(₹ in Millions)

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Actuarial (gains)/losses on obligation for the period	3.92	(44.33)
Return on plan assets, excluding interest income	-	-
Change in asset ceiling	-	-
Net (income) / expense for the period recognized in OCI	**3.92**	**(44.33)**

g) Balance Sheet reconciliation

(₹ in Millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening net liability	953.19	1,002.44
Expenses recognized in statement of profit or loss	122.54	131.49
Expenses recognized in OCI	3.92	(44.33)
Net liability / (asset) transfer in	0	-
Net liability / (asset) transfer out	0	-
(Benefit paid directly by the employer)	(218.50)	(136.42)
(Employer's contribution)		-
Net liability/(asset) recognized in the balance sheet	**861.16**	**953.19**

h) Other Details

(₹ in Millions)

Particulars	As at March 31, 2023	As at March 31, 2022
No of members in service	16440	11,369
Per month salary for members in service	182.42	135.61
Weighted average duration of the defined benefit obligation	6	6
Average expected future service	8	7
Defined benefit obligation (DBO) - total	861.16	953.20
Defined benefit obligation (DBO) - due but not paid	**41.78**	**27.05**

i) Net interest cost for next year

(₹ in Millions)

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Present value of benefit obligation at the end of the period	861.16	953.20
(Fair value of plan assets at the end of the period)	0	-
Net liability / (asset) at the end of the period	861.16	953.20
Interest cost	60.72	63.35
(Interest Income)	0	-
Net interest cost for next year	**60.72**	**63.35**

j) Expenses recognized in the statement of profit or loss for next year

(₹ in Millions)

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Current service cost	68.75	59.20
Net interest cost	60.72	63.35
(Expected contributions by the employees)	-	-
Expenses recognized	**129.47**	**122.54**

k) Maturity analysis of the benefit payments

Projected benefits payable in future years from the date of reporting **(₹ in Millions)**

Particulars	As at March 31, 2023	As at March 31, 2022
1st following year	159.28	199.72
2nd following year	95.61	80.33
3rd following year	128.78	133.63
4th following year	137.06	127.17
5th following year	116.13	138.03
Sum of years 6 to10	335.76	405.87

l) Sensitivity analysis:increase/(decrease)

(₹ in Millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Defined benefit obligation on current assumptions	**861.16**	**953.20**
Delta effect of +1% change in rate of discounting	(32.87)	(39.86)
Delta effect of -1% change in rate of discounting	36.11	44.00
Delta effect of +1% change in rate of salary increase	34.81	43.11
Delta effect of -1% change in rate of salary increase	(32.77)	(40.02)
Delta effect of +1% change in rate of employee turnover	2.60	2.52
Delta effect of -1% change in rate of employee turnover	(2.95)	(2.84)

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.The sensitivity analysis presented above may not be representative of the actual change in the Defined Benefit Obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the Defined Benefit Obligation as recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Notes:

Gratuity is payable as per company's scheme as detailed in the report. Actuarial gains/losses are recognized in the period of occurrence under Other Comprehensive Income (OCI).All above reported figures of OCI are gross of taxation. Salary escalation & attrition rate are considered as advised by the entity; they appear to be in line with the industry practice considering promotion and demand & supply of the employees. Maturity Analysis of Benefit payments is undiscounted cash flows considering future salary, attrition & death in respective year for members as mentioned above for forseeable future of next 10 years. Average Expected Future Service represents Estimated Term of Post - Employment Benefit Obligation. Weighted Average Duration of the Defined Benefit Obligation is the weighted average of cash flow timing, where weights are derived from the present value of each cash flow to the total present value. Any benefit payment and contribution to plan assets is considered to occur end of the year to depict liability and fund movement in the disclosures.

ii) Post-retirement medical benefits:The company has a post-retirement medical benefit scheme under which medical benefits are provided to retired employees and their spouse.

Disclosure statement as per Ind AS of post-retirement medical benefits

Particulars	**As at March 31, 2023**	**As at March 31, 2022**
Type of benefit	Medical	Medical
Country	India	India
Reporting currency	INR	INR
Reporting standard	Indian Accounting Standard 19 (Ind AS 19)	Indian Accounting Standard 19 (Ind AS 19)
Funding status	Unfunded	Unfunded
Starting period	April 01,2022	April 01,2021
Date of reporting	March 31,2023	March 31,2022
Period of reporting	12 Months	12 Months

a) Assumptions (previous year)

Particulars	**As at March 31, 2022**	**As at March 31, 2021**
Expected return on plan assets	N.A.	N.A.
Rate of discounting	6.91%	6.91%
Medical cost inflation	4.00%	4.00%
Rate of employee curnover	2.00%	2.00%
Mortality rate during employment	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Mortality rate after employment	Indian Individual AMT (2012-15)	Indian Individual AMT (2012-15)

b) Assumptions (current year)

Particulars	**As at March 31, 2023**	**As at March 31, 2022**
Expected return on plan assets	N.A.	N.A.
Rate of discounting	7.40%	6.91%
Medical cost inflation	4.00%	4.00%
Rate of employee turnover	2.00%	2.00%
Mortality rate during employment	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)
Mortality rate after employment	Indian Individual AMT (2012-15)	Indian Individual AMT (2012-15)

c) Change in the present value of defined benefit obligation

(₹ in Millions)

Particulars	**As at March 31, 2023**	**As at March 31, 2022**
Present value of benefit obligation at the beginning of the period	1,411.45	1553.51
Interest cost	-	107.35
Current service cost	-	12.18
Past service cost	-	-
Liability transferred in/acquisitions	-	-

Particulars	As at March 31, 2023	As at March 31, 2022
(Liability transferred out/divestments)	-	-
(Gains) / losses on curtailment	-	-
(Liabilities extinguished on settlement)	-	-
(Benefit paid directly by the employer)	-	-
(Benefit paid from the fund)	-	-
The effect of changes in foreign exchange rates	-	-
Actuarial(gains)/losses on obligations - due to change in demographic assumptions	-	(0.15)
Actuarial(gains)/losses on obligations - due to change in financial assumptions	-	(78.45)
Actuarial (gains) / losses on obligations - due to experience	-	(182.99)
Present value of benefit obligation at the end of the period	**1411.45**	**1411.45**

d) Change in the fair value of plan assets

Particulars	As at March 31, 2023	As at March 31, 2022
Fair value of plan assets at the beginning of the period	-	-
Interest income	-	-
Contributions by the employer	-	-
Expected contributions by the employees	-	-
Assets transferred	-	-
(Assets transferred out/divestments)	-	-
(Benefit paid from the fund)	-	-
(Assets distributed on settlements)	-	-
Effects of asset ceiling	-	-
The effect of changes in foreign exchange rates	-	-
Return on plan assets, excluding	-	-

e) Amount recognized in the balance sheet

(₹ in Millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of benefit obligation at the beginning of the period	(1411.45)	(1411.45)
Fair value of plan assets at the end of the period	-	-
Net (liability) / asset recognized in the balance sheet	(1411.45)	(1411.45)

f) Net interest cost for current year

(₹ in Millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of benefit obligation at the beginning of the period	1,411.45	1553.51
Fair value of plan assets at the end of the period	-	-
Net liability / (asset) at the beginning	1,411.45	1553.51
Interest cost	-	107.35
(Interest income)	-	-
Net interest cost for current period	-	107.35

g) Expenses recognized in the statement of profit or loss for current year

(₹ in Millions)

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Current service cost	-	12.17
Net interest cost	-	107.35
Past service cost	-	-
(Expected contributions by the employees)	-	-
(Gains) / losses on curtailments and settlements	-	-
Net effect of changes in foreign exchange rates	-	-
Expenses recognized	-	**119.52**

h) Expenses recognized in the other comprehensive income (OCI) for current

(₹ in Millions)

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Actuarial (gains) / losses on obligation for the period	-	(261.59)
Return on plan assets, excluding interest income	-	-
Change in asset ceiling	-	-
Net (income) / expense for the period recognized in OCI	-	(261.59)

i) Balance sheet reconciliation

(₹ in Millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening net liability	1,411.45	1553.52
Expenses recognized in statement of profit or loss	-	119.52
Expenses recognized in OCI	-	(261.59)
Net liability / (asset) transfer in	-	-
Net (liability) /asset transfer out	-	-
(Benefit paid directly by the employer)	-	-
(Employer's contribution)	-	-
Net liability / (asset) recognized in the balance sheet	**1411.45**	**1411.45**

j) Other details

(₹ in Millions)

Particulars	As at March 31, 2023	As at March 31, 2022
No of active members	-	869
No.of retired employees	-	1303
Weighted average duration of the projected benefit obligation	-	12
Average future term	-	30
Projected benefit obligation	1411.45	1411.45
Prescribed contribution for next year (12 Months)	-	-

k) Maturity analysis of the benefit payments: from the employer

(₹ in Millions)

Particulars	**As at March 31, 2023**	**As at March 31, 2022**
Projected benefits payable in future years from the date of reporting		
1st following year	64.63	64.63
2nd following year	64.54	64.54
3rd following year	71.59	71.59
4th following year	79.09	79.09
5th following year	88.26	88.26
Sum of years 6 to 10	431.80	431.80

Sensitivity analysis: increase / (decrease)

(₹ in Millions)

Particulars	**As at March 31, 2023**	**As at March 31, 2022**
Projected benefit obligation on current assumptions	1411.45	1411.45
Delta effect of + 1% change in rate of discounting	-	(138.99)
Delta effect of - 1 % change in rate of discounting	-	168.66
Delta effect of +1 % change in medical cost inflation	-	172.90
Delta Effect of - 1% Change in Medical Cost inflation	-	144.38

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognized in the balance sheet.There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Notes

The company was providing the medical expenses payable to retired employees of Air India on the basis of Acturial valuation made by the Acturial Valuer, however after the disinvestment of Air India, it was decided by AIAHL being a holding company of the AIASL that all retired employees will contribute the amount to CGHS and accordingly they will avail the medical benefits directly from CGHS and therefore company has not done the acturial valuation during the year.

Actuarial gains/losses are recognized in the period of occurrence under Other Comprehensive Income (OCI). All above reported figures of OCI are gross of taxation.

Salary escalation & attrition rate are considered as advised by the entity; they appear to be in line with the industry practice considering promotion and demand & supply of the employees.

Maturity Analysis of Benefit Payments is undiscounted cashflows considering future salary, attrition & death in respective year for members as mentioned above for forseeable future of next 10 years.

Average Future Term represents Estimated Term of Post - Employment Benefit Obligation.

Weighted Average Duration of the Defined Benefit Obligation is the weighted average of cash flow timing, where weights are derived from the present value of each cash flow to the total present value.

Any benefit payment and contribution to plan assets is considered to occur end of the year to depict liability and fund movement in the disclosures.

There was curtailment in the scheme where in liability of the majority of the employees were taken over by the government resulting in curtailment.
The payments made doesn't commensurate witht the scheme valued at the start of the year.

(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.

46. Income taxes

(a) Income tax recognised in Statement of Profit and loss **(₹ in Millions)**

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Current tax expense (A)		
Current year	235.77	-
Short/(excess) provision of earlier years (B)		
Short provision for tax for earlier years	-	24.62
Deferred tax expense (C)		
Origination and reversal of temporary differences	45.94	(197.30)
Tax expense recognised in the income statement (A+B+C)	**281.71**	**(172.68)**

(b) Income tax recognised in other comprehensive income **(₹ in Millions)**

Particulars	Year Ended March 31, 2023			Year Ended March 31, 2022		
	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	(3.92)	-	(3.92)	305.92	77.00	228.92
	(3.92)	**-**	**(3.92)**	**305.92**	**77.00**	**228.92**

(c) Reconcilation of income tax expense applicable to accounting profit before tax at the statutory income tax rate to recognised income tax expense for the year indicated are as follows

(₹ in Millions)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Profit before tax	972.97	(112.73)
Enacted tax rate in India	25.168%	25.168%
Expected income tax expense at statutory rate (A)	235.77	-
Tax effect of		

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Expenses not deductible in determining taxable profits	-	-
Excess provision of tax for earlier years	-	24.62
Income tax recognized in the statement of profit and loss	235.77	24.62
Impact of deferred tax	45.94	(197.30)
Income tax recognized in the statement of profit and loss (including deferred tax)	**281.71**	**(172.68)**

(d) Deferred tax assets/(liabilities)

The following is the analysis of deferred tax assets / (liabilities) balances presented in the balance sheet:

(₹ in Millions)

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax liabilities	(189.84)	(166.59)
Deferred tax assets	1,320.19	1,251.00
Total	**1,130.35**	**1,084.41**

Significant component of deferred tax assets / (liabilities) and movement during the year are as under:

(₹ in Millions)

Particulars	As at March 31, 2022	For the year ended March 31, 2022		As at March 31, 2023
		Recognized through P&L	Recognized through OCI	
Deferred tax balance in relation to				
Deferred tax asset of earlier years	-	-	-	-
Property, plant & equipment	(166.59)	(23.25)	-	(189.84)
Provision for employee benefits	710.96	(11.19)	-	699.77
Provision for inventories	-	8.34	-	8.34
Expected credit loss	262.04	186.32	-	448.36
Disallowance under section 43B and 40(a)(ia) of Income tax Act, 1961	-	-	-	-
Lease balances	-	-	-	-
Unabsorbed losses	278.00	(114.29)	-	163.72
Total	**1,084.41**	**45.94**	**-**	**1,130.35**

(₹ in Millions)

Particulars	As at April 1, 2021	For the year ended March 31, 2022		As at March 31, 2022
		Recognized through P&L	Recognized through OCI	
Deferred tax balance in relation to				
Deferred tax asset of earlier years	939.37	(939.37)	-	-
Property, plant & equipment	(151.69)	(14.90)	-	(166.59)
Provision for employee benefits	(193.29)	981.25	(77.00)	710.96
Expected credit loss	241.30	20.74	-	262.04
Disallowance under section 43B and 40(a)(ia) of Income tax Act, 1961	127.56	(127.56)	-	-
Lease balances	0.86	(0.86)	-	-
Unabsorbed losses	-	278.00	-	278.00
Total	**964.11**	**197.30**	**(77.00)**	**1,084.41**

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.

47. 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 2022-23:

A. List of related parties : (As identified by the management), unless otherwise stated

i. In terms of Ind AS 24, following are related parties which are government related entities i.e. significantly controlled and influenced entities (Government of India) :

Sr. No.	Name of the company	Relationship
1	AI Assets Holding Limited (w.e.f. January 13, 2022)	Holding company

ii. List of Fellow Subsidiary Companies

Sr. No.	Name of Company	Relationship
1	Hotel Corporation of India Limited (HCI)	Fellow subsidiary company
2	Air India Engineering Services limited (AIESL)	Fellow subsidiary company
3	Alliance Air Aviation Limited (AAAL)	Fellow subsidiary company

B. Key Managerial Personnel

Sr. No.	Name of key managerial personnel	Designation
1	Shri. Vikram Dev Dutt	Chairman (ceased as CMD effective February 28, 2023
2	Shri. Satyendra Kumar Mishra	Chairman (appointed as CMD effective March 01, 2023
3	Shri. Rambabu Ch.	Chief Executive Officer
4	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 (Appointed as CFO w.e.f. December 28, 2022 & KMP w.e.f. on February 09, 2023)
6	Smt.Shashi Bhadoola	Company Secretary

C. Transaction during the year ended and balance outstanding with related parties are as follows -

i. No loans or credit transactions were outstanding with directors or officers of the company or their relatives at the end of the year.

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

(i) Disclosure in respect of transaction with related parties: **(₹ in Millions)**

Particulars	Nature of transaction	Year ended March 31, 2023	Year ended March 31, 2022
Air India Engineering Services Limited	**Revenue from operations**		
	Manpower services/ cabin cleaning	204.08	238.16
	Interest on outstanding recoverable	21.87	68.33
	Expenditure		
	Headset services	12.42	0.06

(₹ in Millions)

Particulars	Nature of transaction	Year ended March 31, 2023	Year ended March 31, 2022
Airline Allied Service Limited (Alliance Air)	**Revenue from operations**		
	Ground handling revenue	281.49	191.05
	Supply of manpower services	0.59	0.24
	Interest on outstanding recoverable	94.80	70.18
	Expenditure		
	Staff on duty expenditure	1.25	0.77
Hotel Corporation of India Limited (HCIL-Centaur)	**Expenditure**		
	Staff hotel expenses	7.52	2.19
	Festive expenses	2.27	-
	Event expenses	1.93	-
AI Assets holding Limited (AIAHL)	**Revenue from operations**		
	Manpower services	1.52	-
	Expenditure		
	Reimbursement of cost	6.38	
	Interest on outstanding payable	35.69	6.09

(ii) Outstanding balances (₹ in Millions)

Name of the party	Receivable/payable	As at March 31, 2023	As at March 31, 2022
AI Assets Holding Limited	Payable	(434.86)	(392.65)
Air India Engineering Services Limited	Payable	(6.62)	514.54
Alliance Air Aviation Limited	Receivable	1,290.47	911.13
Hotel Corporation of India Limited (HCIL-Centaur)	Payable	(5.58)	(2.61)

D. Compensation to key management personnel: (₹ in Millions)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Short-term employee benefits	7.48	6.19
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Total compensation to key management personnel	**7.48**	**6.19**

As the future liability for post-employment, other long-term and termination benefits are provided on actuarial basis for the company as a whole, the amount pertaining to individual is not ascertainable and therefore not included above.

48. Financial instruments – Fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(₹ in Millions)

Financial assets and liabilities as at March 31, 2023	Note no.	Non-current	Current	Total	Routed through profit & loss				Routed through OCI				Carried at amortised cost	Total amount
					Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
Financial assets														
Trade receivables	8	-	4,071.44	**4,071.44**	-	-	-	-	-	-	-	-	**4,071.44**	**4,071.44**
Other financial assets	3 & 11	1,299.16	100.96	**1,400.12**	-	-	-	-	-	-	-	-	**1,400.12**	**1,400.12**
Cash and cash equivalents	9	-	520.43	**520.43**	-	-	-	-	-	-	-	-	**520.43**	**520.43**
Bank balances other than cash and cash equivalents	10	-	1.73	**1.73**	-	-	-	-	-	-	-	-	**1.73**	**1.73**
Total financial assets		**1,299.16**	**4,694.56**	**5,993.72**									**5,993.72**	**5,993.72**
Financial liabilities														
Lease liabilities	15	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade payables	22	-	1,621.64	**1,621.64**	-	-	-	-	-	-	-	-	**1,621.64**	**1,621.64**
Other financial liabilities	16 & 19	72.48	1,185.56	**1,258.04**	-	-	-	-	-	-	-	-	**1,258.04**	**1,258.04**
Total financial liabilities		**72.48**	**2,807.20**	**2,879.68**	-	-	-	-	-	-	-	-	**2,879.68**	**2,879.68**

Financial assets and liabilities as at March 31, 2022	Note no.	Non-current	Current	Total	Routed through profit & loss				Routed through OCI				Carried at amortised cost	Total amount
					Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
Financial assets														
Trade receivables	8	-	3,499.33	3,499.33	-	-	-	-	-	-	-	-	3,499.33	3,499.33
Other financial assets	3 & 11	9.17	1.13	10.30	-	-	-	-	-	-	-	-	10.30	10.30
Cash and cash equivalents	9	-	776.18	776.18	-	-	-	-	-	-	-	-	776.18	776.18
Bank balances other than cash and cash equivalents	10	-	61.66	61.66	-	-	-	-	-	-	-	-	61.66	61.66
Total financial assets		**9.17**	**4,338.30**	**4,347.47**	-	-	-	-	-	-	-	-	**4,347.47**	**4,347.47**
Financial liabilities														
Lease liabilities	15	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade payables	22	-	1,458.24	1,458.24	-	-	-	-	-	-	-	-	1,458.24	1,458.24
Other financial liabilities	16 & 19	64.51	990.53	1,055.04	-	-	-	-	-	-	-	-	1,055.04	1,055.04
Total financial liabilities		**64.51**	**2,448.77**	**2,513.28**	-	-	-	-	-	-	-	-	**2,513.28**	**2,513.28**

Financial assets and liabilities as at April 1, 2021	Note no.	Non-current	Current	Total	Routed through profit & loss				Routed through OCI				Carried at amortised cost	Total amount
					Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
Financial assets														
Trade receivables	8	-	3,730.34	3,730.34	-	-	-	-	-	-	-	-	3,730.34	3,730.34
Other financial assets	3 & 11	12.71	95.74	108.45	-	-	-	-	-	-	-	-	108.45	108.45
Cash and cash equivalents	9	-	43.46	43.46	-	-	-	-	-	-	-	-	43.46	43.46
Bank balances other than cash and cash equivalents	10	-	1.59	1.59	-	-	-	-	-	-	-	-	1.59	1.59
Total financial assets		**12.71**	**3,871.13**	**3,883.84**	-	-	-	-	-	-	-	-	**3,883.84**	**3,883.84**
Financial liabilities														
Lease liabilities	15	-	35.19	35.19	-	-	-	-	-	-	-	-	35.19	35.19
Trade payables	22	-	983.48	983.48	-	-	-	-	-	-	-	-	983.48	983.48
Other financial liabilities	16 & 19	52.17	897.70	949.87	-	-	-	-	-	-	-	-	949.87	949.87
Total financial liabilities		**52.17**	**1,916.37**	**1,968.54**	-	-	-	-	-	-	-	-	**1,968.54**	**1,968.54**

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.

B. Financial risk management objective and policies:

The company has exposure to following risks arising from financial instruments:

i. Credit risk

ii. Liquidity risk

iii. Market risk – a. Foreign currency and b. Interest rate

The company's principal financial liabilities comprise of trade and other payables. The main purpose of these financial liabilities is to finance receivable, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's senior management oversees the management of these risks. A board of directors reviews and agrees policies for managing each of these risks, which summarized below:

(i) Credit risk management

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. Customer credit risk is managed centrally by the Company and subject to established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an individual credit limits defined in accordance with the assessment.

The maximum exposure to the credit at the reporting date is primarily from trade receivables. Trade receivables are typically unsecured and are derived from revenue earned from customers. The company does monitor the economic environment in which it operates. The company manages its credit risk through credit approvals, establishing credit limits and continuously monitoring credit worthiness of customers to which the Company brands credit terms in the normal course of the business.

Trade receivables consist of number of customers from the same aviation industry. Significant of outstanding is from its group Companies (i.e. 60%) and for which the management expects no credit risk. Accordingly, no expected credit loss has been considered on receivables from group companies. Further, receivables from government companies is also considered as fully recoverable and hence, no provisioning considered on such receivables.

Apart from group company and government receivables, in respect of other parties there is no significant concentration of credit risk. No single customer accounted for 10% or more of revenue in any of the years indicated. The outstanding trade receivables are regularly monitored, and appropriate action is taken for collection of overdue receivables.

As per simplified approach, the company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk. Our historical experience of collecting receivables indicate a low credit risk. Hence, trade receivables are considered to be a single class of financial assets.

As per policy receivables are classified into different buckets based on the overdue period ranging from 6 months – one year to more than one year and one to two years.

Based on the business environment in which the company operates, management considers that the trade receivable are in default (credit impaired) if the payments are past due. There provisioning norms computed based on the proportion computed by taking ratio of outstanding receivables for more than 36 months. According ECL is provide using following rates:

Bucket	**As at March 31, 2023**	**As at March 31, 2022**	**As at April 1, 2021**
All parties including government company and group company			
(a) Past due not exceeding 6 months	4.73%	3.40%	NA
(b) Past due exceeding 6 months but not exceeding 1 year	9.46%	6.80%	NA
(c) Past due exceeding 1 year but not exceeding 3 years	18.93%	13.60%	NA
(d) Past due exceeding 3 years	100%	100%	NA

Government company	NA	NA	27.19%
Group company	NA	NA	0.00%
Other parties past due upto three years	NA	NA	27.19%
Other parties past due more than three years	NA	NA	100.00%
Specific credit risk impairment on individual basis	100%	100%	100.00%

The movement in allowance for Expected credit loss is as follows:

(₹ in Millions)

Particulars	**As at March 31, 2023**	**As at March 31, 2022**	**As at April 1, 2021**
Balance at the beginning of the year	1,009.37	958.75	521.93
Add :Allowance for trade receivable which have significant increase in credit risk	750.06	231.72	436.82
Less :Specific credit risk impairment on individual basis	-	(181.10)	-
Balance as at the end of the year	**1,759.43**	**1,009.37**	**958.75**

The company has not provided for impairments of financial assets (trade and other contractual receivables) using provision matrix in accordance with the requirements of Ind AS – 109 "Financial Instruments". During the year, the company has computed cumulative effect of expected credit loss as on March 31, 2023 applying simplified approach for trade and other contractual receivables from the parties amounting to ₹ 1,759.43 million (previous year ₹ 1009.37 million).

48. Financial instruments – Fair values and risk management (continued..)

(ii) Liquidity risk management

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligation associated with its Financial liabilities that are settled by delivering cash or another Financial assets.

The company's approach to manage Liquidity is to have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Company's reputation.

The company believes that its liquidity position, including total cash (including bank deposit lien and excluding interest accrued but not due) anticipated future internally generated funds from operations, and its fully available, revolving undrawn credit facility of ₹ Nil (March 31, 2022: Nil; April 1, 2021: Nil) will enable it to meet its future known obligation in the ordinary course of business. However, if a liquidity needs were to arise, the company believes it has access to financing arrangement, value of unencumbered assets, which should enable it to meet its ongoing capital, operating, and liquidity requirement.

The company's liquidity management process as monitored by management includes the following:

- Day to day funding, managed by monitoring future cash flows to ensure that requirement can be met.
- Maintaining rolling forecast of the Company's liquidity position on the basis of expected cash flows.
- Maintaining diversified credit lines.

The following are the remaining contractual maturities of financial liabilities at the reporting data. The contractual maturity is based on the earliest date on which the company may be required to pay:

Exposure to liquidity risk

As at March 31, 2023

(₹ in Millions)

Particulars	Carrying amount	Contractual cash flows			
		Upto 1 year	1-5 years	More than 5 years	Total
Financial assets					
Non-current					
Other financial assets	1,299.16	1,299.16	-	-	1,299.16
Current					
Trade receivable	4,071.44	4,071.44	-	-	4,071.44
Cash & cash equivalents and other bank balances	522.17	522.17	-	-	522.17
Other financial assets	100.96	100.96	-	-	100.96

As at March 31, 2022

(₹ in Millions)

Particulars	Carrying amount	Contractual cash flows			
		Upto 1 year	1-5 years	More than 5 years	Total
Financial assets					
Non-current					
Other financial assets	9.17	9.17	-	-	9.17
Current					
Trade receivable	3,499.33	3,499.33	-	-	3,499.33
Cash & cash equivalents and other bank balances	837.84	837.84	-	-	837.84
Other financial assets	1.13	1.13	-	-	1.13

As at April 1, 2021

(₹ in Millions)

Particulars	Carrying amount	Contractual cash flows			
		Upto 1 year	1-5 years	More than 5 years	Total
Financial assets					
Non-current					
Other financial assets	12.71	12.71	-	-	12.71
Current					
Trade receivable	3,730.34	3,730.34	-	-	3,730.34
Cash & cash equivalents and other bank balances	45.05	45.05	-	-	45.05
Other financial assets	0.14	95.74	-	-	95.74
Financial liabilities					
Non-current					
Lease liabilities	-	-	-	-	-
Other financial liabilities	52.17	52.17	-	-	52.17
Current					
Lease liabilities	35.19	35.19	-	-	35.19
Trade payables	983.48	983.48	-	-	983.48
Other financial liabilities	897.70	897.70	-	-	897.70

48. Financial instruments – Fair values and risk management (continued..)

(iii) Market risk

Market risk is that the fair value and future cash flows of financial instrument will fluctuate because of changes in market prices. Market risk comprises two type of risk namely: currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

(a) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is not exposed to any borrowings.

(b) Currency risk

Currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is exposed to the effects of fluctuation in the prevailing foreign currency rates on its financial position and cash flows. Exposure arises primarily due to exchange rate fluctuation between the functional currency and other currencies from the company's operating, investing and financing activities.

Exposure to foreign currency risk

The summary of quantitative data about the company's exposure to currency risk, as expressed in Indian Rupees, as at March 31,2023; as at March 31, 2022; are as below:

(USD and ₹ in Millions)

Particulars	As at March 31, 2023		As at March 31, 2022		As at April 1, 2021	
	USD	INR	USD	INR	USD	INR
Financial assets						
Current						
Trade receivable	3.94	323.50	1.65	125.37	6.23	455.25
Cash & cash equivalents and bank balances		0.00	-	0.01	0.17	12.59
Total financial assets	**3.94**	**323.50**	**1.65**	**125.38**	**6.40**	**467.84**
Financial liabilities						
Current						
Trade payables	0.02	1.84	0.02	1.71	-	-
Other financial liabilities	-	-	-	-	0.61	44.70
Total financial liabilities	**0.02**	**1.84**	**0.02**	**1.71**	**0.61**	**44.70**

Sensitivity analysis

The following table details the company's sensitivity to a 5% increase and decrease in the INR against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where INR depreciates 5% against the relevant currency. For a 5% weakening of INR against the relevant currency, there would be a comparable impact on profit or equity, and the balances below would be negative.

(₹ in Millions)

Particulars	Increase			(Decrease)		
	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Receivable						
USD/INR	16.17	6.27	23.39	(16.17)	(6.27)	(23.39)
Payable						
USD/INR	(0.09)	(0.09)	(2.24)	0.09	0.09	2.24

49. Ratios

Current ratio **(₹ in Millions)**

Particular	**As at MArch 31, 2023**	**As at March 31, 2022**
Total current assets	4,862.28	4,436.01
Total current liabilities	4,023.12	3,223.13
Ratio	1.21	1.38
% change	**-12.19%**	**-14.91%**

Debt equity ratio **(₹ in Millions)**

Particular	**As at MArch 31, 2023**	**As at March 31, 2022**
Total debt	-	-
Shareholder's equity	4,230.70	3,451.40
Ratio	-	-
% change	**-**	**-**

Debt service coverage ratio **(₹ in Millions)**

Particular	**As at MArch 31, 2023**	**As at March 31, 2022**
EBIT	-	-
Total debt	-	-
Ratio	-	-
% change	-	-

Return on equity ratio **(₹ in Millions)**

Particular	**As at MArch 31, 2023**	**As at March 31, 2022**
Net profit for the year	783.14	59.96
Average stakeholders' equity	4,230.70	3,451.40
Ratio	18.51%	1.74%
% change	**965.61%**	**-102.79%**
Reason	**Due to net profit earned during the year as compared to net loss during the previous year**	

Inventory turnover ratio **(₹ in Millions)**

Particular	**As at MArch 31, 2023**	**As at March 31, 2022**
Cost of goods sold	172.29	74.72
Average inventory	41.06	60.71
Ratio	419.66	123.09
% change	**240.94%**	**94.73%**
Reason	**Due to increase in consumption of spares of during the year as compared to previous year**	

Trade receivable turnover ratio (₹ in Millions)

Particular	As at MArch 31, 2023	As at March 31, 2022
Revenue from operations	8,944.73	6,988.51
Average trade receivables	3,785.38	3,614.83
Ratio	2.36	1.93
% change	**22.23%**	**213.93%**

Net capital turnover ratio (₹ in Millions)

Particular	As at MArch 31, 2023	As at March 31, 2022
Revenue from operations	8,944.73	6,988.51
Working capital	839.16	1,212.88
Ratio	10.66	5.76
% change	**85.00%**	**197.18%**
Reason	**Due to increase in revenue as compared to previous year**	

Net profit ratio (₹ in Millions)

Particular	As at MArch 31, 2023	As at March 31, 2022
Profit for the year	783.14	59.96
Revenue from operation	8,944.73	6,988.51
Ratio	8.76%	0.86%
% change	**920.54%**	**-101.27%**
Reason	**Due to increase in profit earned as compared to previous year**	

Return on capital employed (₹ in Millions)

Particular	As at MArch 31, 2023	As at March 31, 2022
Profit before exceptional item, finance cost & tax	1,122.18	260.80
Capital employed	6,716.72	5,945.00
Ratio	16.71%	4.39%
% change	**280.85%**	**-112.09%**
Reason	**Due to increase in profit earned as compared to previous year**	

Return on investment (₹ in Millions)

Particular	As at MArch 31, 2023	As at March 31, 2022
Income from investment	Nil	Nil
Closing balance of investment	Nil	Nil
Ratio	Nil	Nil
% change	**Nil**	**Nil**
Reason	**No investment made by company**	

1. **Total debt** = Non-current borrowings + Current borrowings
2. **Earnings before interest & tax (EBIT)** = Profit before exceptional item & tax + Finance costs
3. **Cost of goods sold** = Cost of materials consumed + Purchases of stock-in-trade + Changes In inventories of finished goods and work-in-progress
4. **Working capital** = Total current assets - Total current liabilities
5. **Capital employed** = Total equity + Total non current liabilities
6. **Total equity** = Total equity excluding non controlling Interest (less) / add (deferred tax assets) / deferred tax liability (net)

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

(₹ in Millions)

Particulars	**For the year ended March 31, 2023**	**For the year ended March 31, 2022**
Foreign exchange earnings	1,960.48	1,023.57
Foreign exchange expended (for import payments)	(3.03)	(156.64)
Net foreign exchange earnings	**1,957.45**	**866.93**

51. Corporate social responsibility

Pursuant to the requirement of Section 135 of the Companies Act, 2013, CSR committee has been formed by the Company. The primary function of the CSR Committee is to assist the Board of Directors in formulating a CSR Policy and review the implementation and progress of the same from time to time. The CSR Policy focuses on making positive contribution to the society through high impact, sustainable programmes.

(₹ in Millions)

Particulars	**Year ended March 31, 2023**	**Year ended March 31, 2022**
Amount required to be spent by the company during the year	-	-
Amount of expenditure incurred	-	23.66
Nature of CSR activities		
a) Construction / acquisition of any assets	-	-
b) On purpose other than 1 above	-	23.66
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		

52. Segment reporting

The Chairman of the company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. The CODM evaluates the company's performance and allocates resources based on an analysis of various performance indicators, however the company is primarily engaged in only one segment viz., "Ground handling services" and that all of the operations are in India. Hence the company does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments".

Disclosure of customer with more than 10% of revenue:

(₹ in Millions)

Particular	For the year ended March 31, 2023	For the year ended March 31, 2022
Air India Limited	2,845.63	1,696.43

53. Penalties under Dispute

During the year 2022-23, M/s Air India Limited (AI) and M/s Alliance Air Aviation Limited (AAAL) has raised an invoice for an amount of Rs.121.41 million and Rs 1.61 million respectively towards penalty. However, AIASL is of the strong opinion that the penalties imposed by Air India and Alliance Air are unilateral as they have not provided jointly signed Exception Report Format (ERF) in terms of Clause 36.2 of Master Service Agreement entered with AI and AAAL. Hence, the same has not been provided in Books of accounts.

54. IND AS 116 clarificatory note on not considering airport spaces for lease liability

Following the recognition exemption available under Ind AS 116, regarding short term leases, low value assets and those assets which were not covered under the previous Ind AS 17, the company has availed the same exemptions for the implementation of the new Ind AS 116.

In respect of other leases for various commercial premises, (with option to purchase/renew but title of the same may or may not eventually be transferred) which are scattered at various locations/stations/regions, there is a foreclosure clause in the contract wherein it is cancellable by providing notice period of 90 days by either side.

Pending evaluation these the company has not considered as ROU under Ind AS 116 , regarding short term leases, low value assets and those assets which were not covered under the previous Ind AS 17, the company has availed the same exemptions for the implementation of the new Ind AS 116.

55. Additional regulatory information required by Schedule III

(i) Details of benami property held

No proceedings have been initiated on or are pending against the company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(ii) Wilful defaulter

The company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(iii) Compliance with number of layers of companies

The company is in compliance with number of layers of companies.

(iv) Compliance with approved scheme(s) of arrangements

The company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

(v) Utilisation of borrowed funds and share premium

(1) The company has not advanced or loaned or invested funds to any other persons or entities, including foreign entities (intermediaries) with the understanding that the intermediary shall:
   a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or
   b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

(2) The company has not received any fund from any persons or entities, including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the company shall:
   a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or
   b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

(vi) Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(vii) Details of crypto currency or virtual currency

The company has not traded or invested in crypto currency or virtual currency during the current or previous year.

(viii) Title deeds of immovable properties not held in name of the company

Company does not have any immovable property.

(ix) Transactions with stuck off companies

There are no transactions with the stuck off companies

56. Code on social security, 2020

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

57. Previous years figures

Previous year figures have been regrouped/reclassified where necessary, to conform with current period's presentation for the purpose of comparability.

As per our report of even date attached

For S. Mann & Co **Chartered Accountants** Firm Registration No: 000075N	**For and on behalf of the Board of Directors**		
Sd/- **Subhash Chander Mann** **Partner** Membership No: 080500 UDIN: 23080500BGXRAU5748	Sd/- **Satyendra Kumar Mishra** Chairman DIN: 07728790	Sd/- **Padam Lal Negi** Director DIN: 10041387	
	Sd/- **Sandeep Malhotra** Chief Financial Officer	Sd/- **Rambabu Ch.** Chief Executive Officer	Sd/- **Smt. Shashi Bhadoola** Company Secretary

Place: New Delhi
Date : July 19, 2023

AI ENGINEERING SERVICES LIMITED

CONTENTS

VISION

To provide best in class, timely quality services to the customers by maintaining the highest standards of regulatory and safety compliances.

MISSION

CUSTOMER

- Maintaining aircraft of customers in a continuous state of airworthiness by a system of preventive and corrective maintenance to secure high levels of safety.
- Provide a “One Stop” solution to the customer.
- Faster Turn Around Time.
- To capture maximum market from Indian and foreign airlines.
- To synergize with the defense sector.

PROCESS

- To get DGCA approval under CAR 145 and 147.
- To obtain FAA and EASA approval for all establishments and facilities.
- Aggressive Marketing policy for enhanced market share.
- Continuous monitoring of Quality & Safety through regular audits.
- Constant endeavour to upgrade services, delivering highest customer satisfaction in terms of Quality, Service and Cost effectiveness and ensuring long term strategic relationships.
- All-out effort to be a world class MRO without compromising on quality standards.
- Updating and enhancing capability through training of personnel and acquiring the latest equipment.
- All round development of skilled personnel to enhance productivity.
- Optimizing operational costs.

BOARD OF DIRECTORS

Shri Asangba Chuba Ao
Chairman & Nominee Director

Shri Padam Lal Negi
Nominee Director

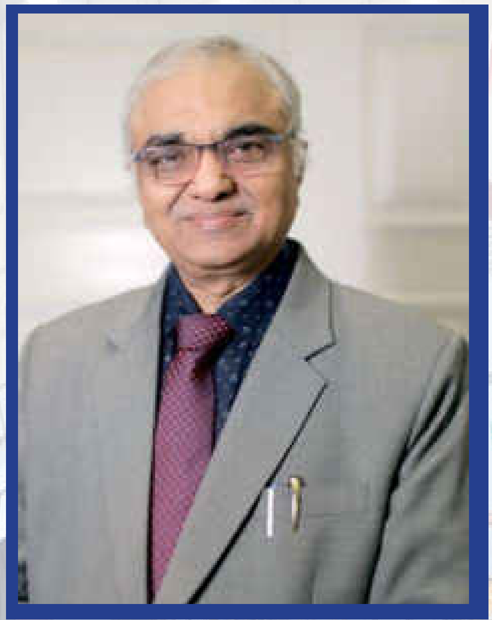
Shri Rahul Jain
Nominee Director

Smt. Nayonika Dutta
Nominee Director

KEY MANAGERIAL PERSONNEL (KMPs)

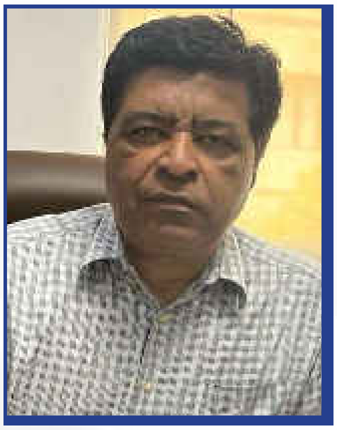
Shri Sharad Agarwal
Chief Executive Officer

Ms. Sakshi Mehta
Company Secretary



Shri Rakesh Kumar Jain
Chief Financial Officer

SENIOR MANAGEMENT



Shri Anil Kumar Kapoor
Executive Director
(Engg.)- NB

Shri Sachin Hadaye
Executive Director
(Engg.)- HQRS.

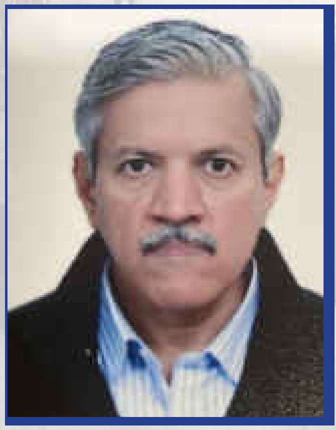
Shri Satyavira K S
Executive Director
(Engg.)- WB

Shri Nitin Asthana
Chief HR Officer

Shri R S Thakur
GM (Quality)- HQRS.

Shri V P Prajapati
GM- HQRS.

Shri Alok Agarwal
GM (PPMM)- HQRS.



Shri Manoj Sharma
GM (LM)- HQRS

Shri D K Talwar
GM- WR (WB)

SENIOR MANAGEMENT

Shri Shaikh Faiyaz
GM- WR (WB)

Shri Prashant Gosavi
GM- Trivandrum

Shri Sanjay Dwivedi
GM- Nagpur

Shri Jena B
GM- WR (WB)

Shri Sanjay Manohar Vaze
GM- WR (WB)

Shri Rahul Chadha
GM- WR (NEC)

Shri Vikas Khawle
GM-WR (WB)

Shri Rajesh Kumar Patidar
GM (SS)- NR

Shri B Azhagappa
GM- NR

Shri Ravi Shankar Pucha
GM- HYD.

Shri Kaushik Bose
GM- ER

CHAIRMAN'S SPEECH

Dear Shareholders,

It gives me immense pleasure to present the Nineteenth Annual Report of the Company for the year 2022-23. 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:

PERFORMANCE OF THE COMPANY

The financial performance of your company during FY 2022-23 was as under:

- The operating revenue has increased from Rs. 1881.91 crores in the previous year to Rs. 1953.40 crores in the current year and the total revenue increased from Rs. 1906.52 crores to Rs. 2029.86 crores during the period i.e., an increase of approx. Rs. 123.34 crores (6.47%).
- As against this, the total expenditure of the company has increased from Rs. 1345.96 crores (restated) to Rs. 1418.81 crores in the same period with an increase of approx. Rs. 72.85 crores (5.41%).
- The company has earned a net profit of Rs.629.51 crores in FY 2022-23 as compared to net profit of Rs.829.26 crores (restated) in FY 2021-22.

As regards non-financial performance, in FY 2022-23, the Company handled around 450 aircraft. AIESL provided Line Maintenance Services to AIL Fleet along with various international operators namely, Jazeera Airways, OMAN Airways, Malaysian Airlines, Kuwait Airways, Tiger Scoot, China Airlines, MA Indo Airlines, Egypt Air etc. and Indian operators including Air Asia India, Go Air, SpiceJet, Fly Big, TATA Vistara.

The Company is providing MRO services to Defense as well private sector operators, wherever AIESL is having the capability. Your company carried out base maintenance work for Domestic operators namely – Air Asia India, TATA SIA Airlines, SpiceJet, GoAir, Indigo Airlines in 2022-23. In addition, AIESL carried out major maintenance work for Aviation Research Centre (ARC), Indian Air Force, Indian Navy, Indian Coast Guard and HAL. In 2022-23, AIESL undertook maintenance of private party's aircraft like – Reliance RCDL, Taj Air Charters, Zoom Air, Club one Air and Blue dart Aircraft. In addition to this, AIESL inked an agreement with DRDO for maintenance of their A319 & A320 aircraft. As a part of Atmanirbhar Campaign, AIESL has collaborated with Boeing Defense for the Maintenance, Repair & Overhaul on key Boeing defense platforms in India including the P8I operated by Indian Navy & the 777 VIP aircraft operated by the Indian Air force.

Your company had approval from 13 foreign Civil Aviation authorities namely EASA, FAA, Qatar, Kuwait, GACA (UAE), CAA Singapore, CAA Sri Lanka, CAA Nepal, CAA Thailand, CAA Malaysia, CAA of Bangladesh and PACA Oman. AIESL has applied for approval of CAA of EGYPT.

In the Northern Region of AIESL, approval was granted by DGCA to conduct maintenance checks of B737 Aircraft in hangars of Delhi, and C-check of SpiceJet aircraft were conducted. Also, AIESL NR has undertaken capability enhancement for CFM LEAP1A aircraft checks and is looking forward to future demands. Similarly, in the Western Region of AIESL, agreement for Phase1 Check of Pratt & Whitney engines was completed for PW1100 engines of Airbus NEO aircraft. In Nagpur MRO, Engine Test Cell has acquired approvals from EASA & FAA for testing of GEnx & GE90 engines. The GEnx engines require a QT (Quick Turn) maintenance check, at Nagpur MRO, we have carried out 4 QT checks.

In other Regions like Southern Region and Eastern Region capability enhancement has been undertaken considering the future demands of ATRs and NEO aircraft which would be operated by Airlines in future.

STRENGTHS

Strengths of AIESL:

- Biggest player in Indian MRO in terms of Revenue, Infrastructure and Professional Manpower.
- One stop shop for end-to-end solutions for airlines.
- Presence in niche market of Engine Overhaul shop of CFM 56-5B / 7B, GE & P&W.
- Presence in Base Maintenance across major bases.
- Presence in LM over 100 stations at domestic and international locations.
- Presence in Components Repair and Overhaul.
- Presence in niche services like Modification/Structure Repair, NDT, Lease Rentals, Spare Support, CAMO Services, Training, etc.

Support for attracting investment

India needs to position itself strategically to attract investment from OEMs and large MRO service providers across the globe. Countries such as Singapore and Malaysia were quick in creating attractive investment policies and offering significant tax credits to OEMs. For instance, these countries offered tax credits on reinvestment, which effectively meant that an OEM already generating revenues in Singapore or Malaysia could re-invest in these countries and enjoy significant tax credits on 50−60 per cent of these investments. This policy has been the primary reason for OEMs to invest in a close cluster of countries. India can consider the following steps to provide a fillip to the MRO industry and attract private investment into the sector:

- Introduction of weighted deduction for capital expenditure incurred by MRO service providers in relation to set-up/ operations of a facility in India.
- Extension of a concessional corporate tax rate of 15 per cent, recently introduced for new manufacturing companies, to MRO businesses as well; the extension to place India as a competitive investment destination amongst its Asian peers for global MRO players.
- Introduction of an income-tax holiday for a specified period for MRO business, similar to the tax break recently provided to aircraft leasing business operating in the International Financial Services Centre (IFSC).

Resolution of issues in the tax structure

To boost domestic MRO in India, the government has been trying to liberalize its tax and regulatory policies. Rationalizing the GST rate on MRO services to 5 per cent has been a welcome measure. However, the following uncertainties in tax structures still need attention:

- For supply of MRO services to domestic customers, refund of GST on inputs (goods) would be available given the inverted duty structure (i.e., a higher rate of GST on input than the output). However, refund of GST on input services is not available under the inverted duty structure scenario. Accordingly, accumulation of credit on this account would continue to be an area of concern.
- Refund of GST for MRO services (on account of export to offshore customers and inverted duty structure in a domestic scenario) involves a notable time and effort cost. This has an adverse impact on working capital requirements.

FUTURE PLANS

The company is planning to improve revenue generation by way of providing MRO services pertaining to Existing Capabilities to third parties (through aggressive marketing) and acquiring new Capabilities. AIESL plans to acquire EASA Base Maintenance Capability to capture Aircraft Redelivery Business. It intends to expand on its MRO Services to the Defense sector such as DRDO/IAF/Indian Navy. AIESL has already signed a Maintenance Agreement with DRDO for their fleet of A319 aircraft. To acquire EASA certifications for our Landing Gear Overhaul Capability and CFM 56-5B Engine Overhaul Capability, and also to upgrade ATEC Shop to service various components of A320 NEO Family Aircraft.

CORPORATE SOCIAL RESPONSIBILITY (CSR) FOR FY 2022-23

The Board has constituted a CSR Committee in compliance with the provisions of the Companies Act, 2013, and laid down the CSR Policy with the objective of making a positive contribution to society.

As per the CSR provisions stipulated in the Companies Act, 2013, AIESL contributed Rs.40.94 million as CSR expenditure in the Prime Minister’s National Relief Fund during FY 2022-23.

CORPORATE GOVERNANCE

AIESL followed the guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE), wherever applicable during the year. The Company, based on self-evaluation, falls under an ‘Excellent’ grade for the compliance of DPE Corporate Governance Guidelines for the past three financial years 2020-21, 2021-2022 and 2022-2023. The DPE has also awarded ‘Excellent’ grading to AIESL for compliance of DPE Corporate Governance Guidelines during FYs 2020-21 and 2021-22.

ACKNOWLEDGEMENT

I, on behalf of Board of Directors, express my heartfelt thanks for the valuable assistance and co-operation extended to the Company by the Ministry of Civil Aviation, AI Assets Holding Limited (holding company), major customers like IAF, DRDO, Air India Limited, Air India Express Limited, Alliance Air Aviation Limited etc., Auditors and vendors for their unstinted support. I also acknowledge the support extended by all other authorities including Banks and regulatory agencies. I would like to thank my colleagues on the Board for their valuable guidance.

I acknowledge the efforts of all employees of the Company, who are our most valuable asset. Their dedication, intellect, hard work, and deep sense of values have been the key to taking our Company forward and making it profitable.

We look forward to your continued support in this journey, as always.

Sd/-
(Asangba Chuba Ao)
Chairman

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting their Nineteenth (19th) Annual Report on the business and operations of the Company and the Audited Financial Statements for the Financial Year ended 31st March 2023 along with Report of Statutory Auditor and Comments of CAG thereon.

1. GENERAL INFORMATION

The Board of Directors of Air India Limited, the then parent company, in the year 2010, approved the hiving off of Air India Engineering Services Limited (AIESL) as wholly owned subsidiary of Air India and a separate Profit Centre to cater the service towards Maintenance, Repair and Overhaul (MRO) activities of the captive load of Air India and its other subsidiaries besides the workload from 3rd Party Customer of domestic and international market.

Accordingly, Cabinet Approval was obtained on 06-09-2012, for operationalization of AIESL. After complying with the requirements of the various Statutory and Regulatory Authorities, final approval was obtained from DGCA to operate as an independent MRO under CAR 145, on 01-01-2015.

The name of Company was changed from "Air-India Engineering Services Ltd" to "AI Engineering Services Ltd" w.e.f. 03-08-2020.

Earlier, AIESL was the wholly owned subsidiary of Air India Limited (AI), however pursuant to the disinvestment of AI and the decision of Air India Specific Alternative Mechanism (AISAM), the entire shareholding of the AIESL was transferred from AI to AIAHL on 12-01-2022 and consequently, AIESL has become a wholly owned subsidiary of AIAHL w.e.f. 12-01-2022.

2. FINANCIAL SUMMARY AND HIGHLIGHTS

The Company's financial performance during the year is given hereunder**:**

(Rs. in crore)

Particulars	**Financial Year ended 31-03-2023**	**Financial Year ended 31-03-2022 (Re-stated)**
Total Revenue	2029.86	1906.52
Total Expenses	1418.81	1345.96
Profit (Loss) before exceptional items	611.05	560.56
Add: Exceptional Items	233.42	-
Profit (Loss) before tax	844.47	560.56
Less: Tax Expense including deferred tax	216.00	(261.84)
Profit after tax	628.47	822.40
Other Comprehensive Income	1.04	6.86
Total Comprehensive Income	629.51	829.26
Balance of profit brought forward from previous year	(1586.20)	(2415.46)
Balance carried to Balance Sheet	(956.69)	(1586.20)

3. CAPITAL STRUCTURE

The authorized Share Capital of the company during the year was Rs. 1000 crores divided into 100 crore equity shares of Rs. 10 each.

The Paid-Up Share Capital of the company during the year was Rs.166,66,65,000 divided into 16,66,66,500 equity shares of Rs. 10 each.

During the year under review, there was no change in the share capital of your Company and the entire shareholding is held by AI Assets Holding Limited (AIAHL) along with its nominees.

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

The Company has not revised its Financial Statements or Board's Report in respect of any of the three preceding financial years as mentioned in Section 131(1) of the Companies Act, 2013. However, the financial statements for FY 2020-21 and FY 2021-22 have been restated in this year's report.

5. DIVIDEND

The Board of directors does not recommend any dividend on the Equity Shares of the Company for the FY ended 31st March 2023.

6. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

Since there was no unpaid / unclaimed dividend for the past years, the provisions of section 125 of Companies Act 2013 did not apply.

7. AMOUNT WHICH THE BOARD PROPOSES TO CARRY TO RESERVES

The Board of the company has decided/proposed to carry **NIL** amounts to its reserves.

8. MAJOR EVENTS AND SIGNIFICANT ACHIEVEMENTS DURING FY 2022-23:

During the FY 2022-23, AIESL achieved the following landmarks:

i) EASA Approval for Delhi JEOC

ii) EASA Approval for Maintenance Training Facilities at BOM and TRV

iii) FAA Approval for A320 aircraft Base Checks at TRV, NAG & BOM, and successful commencement of work under the newly acquired approval.

iv) Signing of maintenance support agreement for four A321 aircraft delivered to DRDO.

v) Significant reduction in TAT for Base Checks being carried out, by optimizing the manpower resources and multiple shifts working.

The operations of the company are divided into various regions/ bases i.e., profit centers. Their performances, significant achievements during the year and future plans are as given below:

I. NAGPUR MRO:

The MRO property, located on 50 acres of land in Special Economic Zone of MIHAN, has been transferred from Air India Ltd to AIESL. Registration was completed in January 2023.

Performance and achievements of Nagpur MRO during the FY 2022-23 is as under:

A. Base Maintenance

Regulatory Approvals: DGCA approval for base maintenance of A320 family aircraft was extended to include A320NEO/LEAP-1A and scope enhanced up-to ‘12 year’ check. FAA approval was extended in February 2023 for base maintenance of A320 family aircraft and the first ‘6 year’ base check of A320 NEO was successfully completed in May 2023. With this, Nagpur base maintenance has FAA approval for Boeing 777 and Airbus A320 aircrafts and DGCA approval for Boeing 777, Airbus A320 and Boeing 737.

During FY 2022-23

- 'C' checks (B777 aircraft) carried out - 04.
- Phase checks (B777 aircraft) carried out - 08.
- Isolation & Other checks (B777 aircraft) carried out - 05.
- ‘A’ & Package checks (A320 Family) carried out - 02.

The number of checks completed during FY 2022-23 was 19 and includes one Boeing 777 aircraft which was retrieved from long term parking and successfully returned to service. A total of 153 base maintenance checks have been completed since inception.

B. Engine Shop

GEnx Engine Assembly

- Quick Turn (QT) repairs were completed on four GEnx Engines during FY. 2022-23.
- GEnx-1B repair facility was audited and approved by EASA as well as by FAA in November 2022.

Engine Test Cell

- During the year 2022-23, Engine Test Cell was made operational and brought on-stream. Two GEnx-1B engines, which were repaired in Nagpur Engine Shop, were successfully tested.

On Wing Support

- In addition to shop and test cell activities, On-Wing support is being provided to B777 aircrafts undergoing base checks at Nagpur.

C. Back Shop

(1) Component Overhaul Division (COD)

COD – Structural Group:

Nagpur MRO has DGCA C20 rating for BOEING {B777-200LR/300ER (GE90), B737-700/800/900 (CFM56), B787-8(GENX)} and AIRBUS {AIRBUS A319/ A320/ A321 (CFM56-5B), A320 (V2500 SERIES)} for various processes like composite material repair, structural repair and modification, panel – fabrication and repair, cold working of fastener holes, heat treatment of alloys and alloy steels and welding of metals.

COD structural group earned revenue of Rs. 704.15 Lakhs during FY 2022-23.

COD – Cabin Survival Safety Equipment Group:

Nagpur MRO also has DGCA C6, C15, C18 rating for B777-200LR/300ER (GE90), B737-700/800/900 (CFM56), B787-8(GENX) component servicing like sewing of aircraft seat cushion cover, aircraft curtains, aircraft sound proofing, zipper panels, carpet & insulation blanket, charging of oxygen cylinders, hydrostatic stress testing of compressed gas cylinder and weight check of fire extinguisher bottles.

(2) Standards Room:

Standards Division of Nagpur MRO has DGCA D1 rating for Ultrasonic Testing, Eddy Current Testing, Radiographic Testing, Fluorescent Particle Inspection and Magnetic Particle Inspection and provide on wing support to base maintenance.

D. Basic 147 OJT Training

MRO has earned revenue of Rs 185.56 Lakh in FY 2022-23 by providing basic OJT Training for students of CAR 147 maintenance training institutes. Currently seven institutes have signed agreements with AIESL, Nagpur.

E. Special Economic Zone Performance

During the financial year 2022-23, the Net Foreign Exchange Earning (NFE) of AIESL, Nagpur was Rs. 2,262.36 Lakhs. Cumulative NFE for the five-year period was positive at Rs. 1,197.62 lakhs.

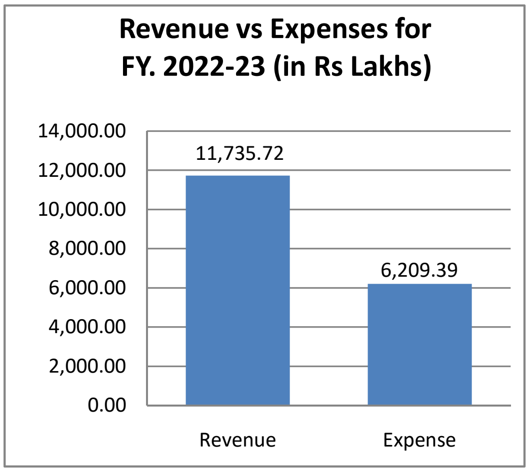
F. Future Plans

- EASA approval for base maintenance of A320 family aircraft.
- Increase capacity of CAR 147 OJT training for AME institutes
- Procurement of PRSV (Performance Restoration Shop Visit) tools for enhancing Engine Shop capability.
- Establishment of Battery/Accessories/ Electrical/Avionics/ IFE shops

G. Revenue & Expenses of MRO Nagpur for FY. 2022-2023:

Revenue	Rs. 11,735.72 Lakhs
Expenses *	Rs. 6,209.39 Lakhs

* Expenses include depreciation of building, plant & machinery, vehicles, tools & equipment, and CTC of employees



II. TRIVANDRUM (TRV) MRO

TRV MRO facility consists of Base Maintenance and Shop Maintenance. The Line Maintenance stations are also under TRV MRO. There is a total of 21 Line Stations managed by TRV MRO.

The AIESL TRV MRO facility was dedicated primarily to maintenance needs of B737 aircraft operated by Air India Express, which includes component overhaul and repair shop, Oxygen Charging, Battery Overhaul and NDT shops.

In the year 2022, AIESL TRV MRO acquired approval on A320 family aircraft to carry put major checks up to 12 years. The MRO has since then has carried out heavy checks on 12 Air India A320 CEO and NEO aircraft including six yearly checks under FAA certification.

During the year 2019-20, the MRO has done extensive work for 3rd party aircraft operated by SpiceJet and also aircraft owned by various lessors. The MRO has carried out major maintenance of 3rd party aircraft (SpiceJet) and Vistara earning a large part of the revenues in addition to revenues from AIXL.

However, during the year 2020-21, due to pandemic related slowdown in the airline industry, only 8 aircraft belonging to 3rd party i.e., Vistara and SpiceJet were carried out.

In the year 2021-22, due to the post pandemic recovery in aviation sector, AIESL TRV MRO regained the business from 3rd party (SpiceJet) and have completed major maintenance checks on SpiceJet aircraft totaling the number of aircraft serviced to 18 during the period from June 2019 till March 2022. The MRO has in total maintained 28 SpiceJet aircraft as of Aug 2023 and many are lined up. The MRO has earned substantial additional revenues without much additional increase in its cost.

The MRO has a base maintenance facility that accommodates two aircraft at any given time for major checks in twin hangers. The MRO can undertake two additional aircraft for maintenance in the open apron area of the MRO or in nose in position. One of the aircraft is generally long grounding undergoing either 12year/ 10year/ 6 year/8year check along with C1, C2 checks and other for phase checks and monthly checks.

The MRO also caters to several line maintenance aircraft requiring base maintenance facilities such as component changes, defect rectification, engine, and APU changes etc.

A. Major Achievements:

After acquiring US Regulator FAA approval for its B737NG aircraft for Base Maintenance and Shop Maintenance in the year 2020, the MRO acquired the FAA approval for A320 family aircraft for up to 10 years check.

TRV MRO is the first MRO to acquire FAA approval for B737 and A320 family aircraft. This A320 approval has culminated into timely taking up the contract of A320 NEO base maintenance job for Air India which was due for 6 yearly checks from Jan 2023.

TRV MRO Base and Shop obtained US Regulator FAA approval for its B737NG and A320 Family aircraft for Base Maintenance and Shop Maintenance in the year 2022.

With this approval, the MRO has earned credibility in the aircraft maintenance industry. MRO is now eyeing more 3rd party jobs under FAA certification to earn more revenue. The MRO has been doing extensive work on SpiceJet aircraft for major base maintenance jobs.

B. Base Maintenance (Production) Statistics: (April 2022 till March 2023)

- **Phase checks - 238**
- **Monthly checks- 167**
- **Yearly Checks- 05**
- **C Checks on AIX aircraft- 19**
- **Spice Jet 6/8/12-yearly +C1, C2 checks- 10 aircraft.**
- **6 Yearly Checks are carried out on <u>05</u> Air India A320 NEO aircraft under FAA certification.**

C. Component Overhaul Production: (April 2022 till March 2023)

Other than the base maintenance, the MRO COD shop performs wheels & brakes overhaul, Battery OVHL, Oxygen Charging etc. generating a substantial part of the revenues.

- **Wheels (main & Nose)- 1136 Quantity (OVHL and Tyre Change)**
- **Brakes - 152 Quantity (OVHL and Stack Change)**
- **Oxygen - 204 Quantity (Charging)**
- **Batteries - 116 Quantity (OVHL and Charging)**

D. Earnings for Year 2022-2023 were as under:

The facilities have earned combined revenues for BMD and COD shop of **<u>Rs.76.08</u>** Crores during April 2022-March 2023.

The overall revenue for FY 2022-23 from B737/A320 maintenance under TRV MRO administration including that of line maintenance, Mumbai Shops and 3rd party jobs was recorded revenues at **Rs.124.74** Crores against previous year's revenues at **Rs. 90.36 Crores** that includes work carried out for AI and SpiceJet aircraft owned by lessors.

The increase in the MRO revenue was attributed to extensive work on AI Express and 3rd party aircraft such as SpiceJet in the base maintenance and enhanced production in the shops. The MRO earned approx. Rs. 8.574 Cr revenues from SpiceJet and Rs. 5.9284 Cr from AI for their base maintenance checks at TRV. The total revenues include the MTO revenues of **Rs. 2.85 Cr** during the year.

The revenues for the 3rd party aircraft- 10 SpiceJet, 05 Air India A320 NEOs and one Indigo aircraft was **@Rs. 14.562 Crores** in addition to AIXL revenues.

However, again from April 2022 till date, the MRO has serviced 06 SpiceJet aircraft with the additional revenues of Rs. 5 Crores.

E. Comparative billing summary of AIXL during 2018-19, 2019-20, 2020-21 & 2021-22 were as under:

Financial Year	2018-19	2019-20	2020-21	2021-22	2022-2023
Total revenues	INR 90,23,26,688	INR 136,49,36,735	INR 62,43,44,389	INR 90,36,88,740	**INR 124,74,00,000**

F. The achievements for the TRV MRO during the year 2022-23:

- The MRO enhanced its capability to carry out major maintenance checks on A320-Family aircraft for up to 12 years checks.
- TRV MRO received FAA approval on B737NG and A320 family aircraft to cover all 03 variants and its engines i.e. A319/320/321 fitted with V2500/ CFM56-7B/LEAP-1B engines to cover up to 10 years checks.
- The MRO has successfully carried out major checks on 05 Air India A320 aircraft.
- The MRO also received B737 -700/800/900 BDF and BDSF approval from DGCA and FAA.
- The MRO has subsequently carried out major maintenance work on numerous freighter aircraft belonging to SpiceJet and earned substantial amount of revenues for AIESL.
- The MRO enhanced its capability to carry out major maintenance checks on B737-700/800/900/900 ER aircraft up to 20 years checks.
- Gained trust from the Customers-Air India, SpiceJet and Indigo for carrying out major checks within the TAT and providing the best maintenance services. Earned approx. **Rs. 14.562 Cr for 2022-23.**

G. As future operations plan the MRO intends to enhance its capabilities in the following areas:

o Inclusion of B737-8/9 MAX aircraft under DGCA and FAA approval for base and Line maintenance at TRV.

- o EASA approval for the MRO to include B737 and A320 aircraft.
- o Composite material/Structural repair-C20 approval for B737, A320 family structural group under DGCA/FAA/EASA approval.
- o Capability enhancement for COD wheels and Brakes by addition of overhaul and repair for B737- 8/9 Max and A320 NEO aircraft wheels and Brakes.
- o Cabin Repair and refurbishment/ Upholstery shop
- o Heat Exchanger Cleaning and Testing.

H. Proposed Shops in future:

- o Avionics Accessories repair shop
- o Galley Inserts (Oven, Coffee Maker, Boiler etc.) Repair shop
- o Cabin safety and survival equipment
- o The MRO has future plan to construct a NB painting hangar with annex building (with external investment) that can accommodate an aircraft painting cum maintenance hangar with annex building to accommodate ATEC and component overhaul shop in a vacant plot of approx. 2.79 Acres.

III. JEOC (JET ENGINE OVERHAUL COMPLEX)

JEOC, Delhi is an integral part of AIESL which contributes as a major part of its revenues in the company. The performance of JEOC, Delhi, during the FY **2022-23** is as under:

- Total no. of engines produced were **14** (12 for M/s Air India, 01 for M/s Go Air and 01 of M/s Air Asia)
- Revenues generated by JEOC from M/s Air India is approximately **INR 14 Crores,** which is based upon the production of 12 Engines and additional work carried out including Lease return inspections, Video BSI, Nozzle change, inventory check, etc. on LEAP1A and CFM 56-5B engines.
- Revenue generated during the year from Outside Parties, other than captive workload of M/s Air India was approximately **INR 4 Crores** (including rentals, spare sales, and labor man hours)
- Activity pertaining to warranty claims, filed by JEOC on behalf of M/s Air India is as under **(claims realized up to 10th October 2022)**:

LEAP 1A	-	INR 6.82 Crores
CFM 56-5B	-	INR 14.12 Crores
Total	**-**	**INR 20.94 Crores (Approx.)**

<u>ACHIEVEMENTS DURING THE FISCAL</u>

- JEOC got its EASA approval with rating under B1 & C07 for EASA 145.0661. This rating is to carry out:

- ➢ Overhauling of CFM 56-5B Engines and its Modules
- ➢ Onwing & Inhouse BSI for LEAP 1A & CFM56-5B engines
- ➢ Overhauling of Fwd & Aft Engine Mount assemblies

- It is anticipated that EASA approval for JEOC may result in an increase of workload from various customers across the globe. Various GTAs with various operators and lessors for Engine overhaul and testing viz. WLFC (M/s Willis) and M/s Global Aerotech etc. are in the final stage of settlement.
- JEOC has been supporting Indian Air Force for JT8D engines and DRDO for CFM56-5B engines generating additional revenues to the company.
- Efforts are being made to enhance the outside party jobs through consistently approaching them with our current capabilities.
- JEOC has taken steps to enhance its capabilities on CFM LEAP engine through liasioning and continuous discussions with M/s SAFRAN for technical knowhow, tooling, and infrastructure requirement.
- JEOC is further preparing itself for capability enhancement of LEAP Engines. A Business plan to come out with a financial viability on CFM LEAP engine has also been made by JEOC team for the review of management.

IV. MUMBAI BASE (WESTERN REGION): The performance of Western Region (WR) during the period is as under:

➢ **GROUP - A**

Highlights of performance during the year 2022-23 **(Fleet –A)** is as under:

A. Major Check activity at Base Maintenance:

➢ At Base Maintenance- BOM, the number of checks carried out on A-32O FAMILY A/c during 2022- 23 is as follows:

o A-Checks - 44

o P-Check - 87

➢ By way of providing Engg. Hangar facilities for Aircrafts to Outside parties at MUMBAI-NEC BASE, we have earned revenue of **Rs. 973.69 Lakhs** (Excluding GST) during 2022-23 as per the invoices raised by Finance AIESL, WR.

B. Line Maintenance:

➢ Certification of Airbus Flights at the base and outstations:

- Preflight Check - 23,233
- Night Halt Check - 1,755
- Layover Inspection - 1,383
- Weekly Inspection - 929
- 400FH Inspection - 100

- Certification of ATR flights at the base and outstations:
  - Transit Checks - 4,929
  - Night Halt - 137
  - Lay Over Inspection - 120
  - Weekly Inspection - 45
  - 400FH Inspection - 2
- Technical Certification provided to Client Airlines:

Engineering Certification of Client Airlines Aircraft (A320 Family A/c) of M/s TATA SIA Vistara, M/s Air Asia Ltd., M/s Qatar Airways, M/s Kuwait Airways, M/s Singapore Airlines, M/s Oman Air, M/s Star Airline, M/s Indonesian Airline, M/s Sri Lankan Airlines, M/s Spice Jet, M/s Royal Nepal Airline and VVIP Flights are provided at various Stations in Western Region Gr. A is as given below:-

Sr. No.	STATION	Name of Party	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	TOTAL
1	MUMBAI	Sri Lankan Airlines	40	52	36	35	37	28	44	37	44	45	41	44	**483**
		Kuwait	4	5	4	5	11	10	17	16	37	32	16	14	**171**
		Royal Nepal Airlines	11	13	12	9	9	7	13	13	13	5	5	7	**117**
		Thai Smile	23	27	28	19									**97**
		FLY NAS							6	12	27	47	43	48	**183**
		GO AIRLINE							1						**1**
2	AHMEDABAD	Qatar Airways	20	23	22	21	22	21	22	25	27	23	20	22	**268**
		Kuwait	13	13	13	13	13	13	14	16	19	17	16	18	**178**
		VVIP FLIGHT						2							**2**
		HAJ FLIGHT				11									**11**
		VVIP							4	2	3				**9**
		Air Asia (India) Ltd.	1												**1**
		Singapore Airline	12		21	22	21	22	22	21	23	22	20	22	**228**
3	GOA	Vistara Airbus	131	134	134	134	65								**598**
4	NAGPUR	SPICE JET										1			**1**
5	BARODA	VVIP	1												**1**
6	RAJKOT	VVIP	1												**1**
7	SURAT	Air India Express Ltd.	8	8	9	9	8	8	9	9	13	13	12		**106**
		VVIP			1				3						**4**
8	JAMNAGAR	VVIP	2						1						**3**
		RCDL										3	13	6	**22**
		AZUR AIRLINE										1			**1**
9	BHUJ	AIR ASIA						2							**2**
TOTAL			**267**	**275**	**280**	**278**	**186**	**113**	**156**	**151**	**206**	**209**	**186**	**181**	**2488**

- Revenue earned from Third Party Certification in WR: The Third-party revenue from client airlines for certification of Flights during 2022-23, is of **Rs. 366.75 Lakhs** (Excluding GST).

C. MTO Engineering Training, NEC-MUMBAI: We have earned revenue of approx. **Rs. 1,043.23 Lakhs** (Excluding GST) during the period April 2022 to March 2023 by providing training facilities at NEC, MUMBAI.

D. Revenue from AIAHL-DRDO: During the period, we have earned revenue of **Rs. 191.60 Lakhs** (Excluding GST).

E. Production of Overhaul Shops: The number of **Components Serviced** at Overhaul shops at AIESL, MUMBAI-NEC for FY 2022-2023 is as follows:

- o AF Accy OH Shop - 918
- o EM Shop - 34
- o Electrical OH Shop - 541
- o Instrument OH shop - 1173
- o Radio OH Shop - 760

F. Revenue earned from AIL: The revenue from AIL for certification and major maintenance of aircraft during 2022-23, is **Rs. 13,543.98 Lakhs** (Excluding GST) as per billing by AIESL, WR Gr.A.

G. Revenue earned from AAAL: The revenue from AAAL for certification of ATR Flights during 2022-23, is **Rs. 411.88 Lakhs** (Excluding GST) as per billing by AIESL, WR Gr.A.

H. Total Earnings of AIESL, MUMBAI-NEC for FY 2022-2023 is as under:

Earnings	Amount in Lakhs (INR)
Revenue earned from maintenance of AIL Aircraft	13,543.98
Revenue earned from maintenance of AAAL Aircraft	411.88
Third party revenue from client airlines for certification of Flights	366.75
Revenue from Engineering Training School	1,043.23
Revenue from AIAHL-DRDO	191.60
Earnings by way of providing Engineering Hangar facilities to outside party Aircraft	973.69
Total Earnings in INR	**16,531.13 Lakhs**

I. MRO CAPABILITIES of Western Region, Group A:

- Line Maintenance: Handling 20 Stations including Base for Aircraft Certification
- Major Maintenance:
  - A/C at Base: - A330, 320Family
- Base Maintenance
  - NDT Inspection/X-Ray
  - Structure Repair shop
  - Composites Repair shop
  - Machine shop
  - Painting / Tailoring
- Airframe Accessories/Composites Overhaul shops
- Avionics Shops
  - Electrical & Overhaul Shops.
  - Instrument & Overhaul Shops.

- Radio & Overhaul Shops.

- Quality Assurance and Tech Services
  - QA & TS of A321 & 330 aircraft
  - Oil and Fuel Testing Laboratory
  - LICENSING, AUTHORISATION, AUDIT, TECH. LIBRARY
- Engineering Facilities
  - Upkeep and Maintenance of all Fabrication of Trestles etc.
  - Maintenance of utilities like electricity, compressed air, Central Air conditioning
- MTO Training Center - For AMEs and Service Engineers
  - Engg. Training School (DGCA Approved)
- Production Planning and Control:
  - Provisioning for a/c spare parts
  - Route planning for major checks
  - Budgeting and control
  - Billing for outside party
  - Progress control and work order cell
  - Maintenance & Material Planning
  - Insurance/ Warranty Claim Management
- Industrial Engineering:

- Engineering Performance Monitoring
- Productivity Analysis.
- Fixation of Man-hours Norms for Maintenance Activities
- Job costing/ Engineering Manpower Planning
- Productivity Improvement Measures e.g., OT analysis/Shift systems etc.
- Manpower Contract Monitoring
- Special Studies
- Regional Helpdesk (RHD) (Handling Flight Data related to various package Consist of Pre-Flight, Night-Halt, Lay-Over, Weekly, 400 Flight Hours, Component Replacement (CR), Material Request (MR) in RAMCO System)
- Tendering Process (House Keeping, Office Assistant, RAMP Vehicles & Staff Transportation Services etc...)
- AIL & AAAL BILLING along with Revenue & Profitability for WR Gr-A.

❖ GROUP – B

The overview of checks completed by Group B during FY 2022-23 is as below:

Details of the checks done at Mumbai

- Total 'D' checks carried out – 0
- Total 'C' checks carried out – 18
- Total phase checks carried out – 37
- Total ‘A’ checks carried out – 153
- Total transit checks carried out – 1,870

A. The details on No. of engines Repaired / Overhauled in EOH (Mumbai) are as under:

Month / Year	PW4056	CFM56-7B	GE90	GENx	Total
Apr – 22 to Mar-23	-	9	4	21	34

B. Earnings from Third Party were Rs. 796 lacs. Third Party Work done during the period is as under:

- ➢ CFM56-7B Replacement of stage 1 & 4 disk and LPT Module of Spectre Cargo.
- ➢ Borescope Inspection of Jet Airways Engine.
- ➢ Maintenance of 2 Nos B777 aircraft used for VVIP operation.

V. DELHI BASE (NORTHERN REGION)

Major events at Northern Region (Narrow Body) during the Financial Year 2022-23 are as under:

- A total Number of 6856 Third Party Certifications (Parties other than AI & group companies/AAAL/IAF) of NB a/c were carried out at Delhi and its outstations.
- AIESL, Northern Region generated a total Revenue of 961.07 Cr. INR during the financial year 2022-23.

  (Revenue distribution is

  - ➢ towards AIL fleet: 645.86 Cr. (Narrow Body – 386.76 Cr., Wide Body – 259.10 Cr.)
  - ➢ towards AAAL fleet: 23.67 Cr.,
  - ➢ towards AIXL fleet: 8.16 Cr.,
  - ➢ towards SESF (total network): 246.22 Cr.,
  - ➢ towards IAF: 13.5 Cr., &
  - ➢ Parties other than AI & group companies/AAAL/IAF: 23.66 Cr.

- **Major Check activity at Base Maintenance:**

  At Base Maintenance, NR, the number of checks carried out on Airbus fleet of Air India, during 2022- 23 is as follows:

  - o 1A-Checks - 41
  - o 2A-Checks - 48
  - o 3A-Checks - 41
  - o 4A Checks - 46
  - o Packages(P1-P25) - 41(*)
  - o Engine Change Activity - 62
  - o 6 Yearly check - 1
  - o 12 Yearly Check - 1
  - o 1B Check - 9
  - o 2B Check - 4
  - o 1C Check - 6
  - o Major Structural Repair on Aircraft - 5

(*): Package task discontinued on A320 NEO Aircraft by Air India w.e.f. Sept'22 & replaced with 'B' and 'C' Checks

Major events at Northern Region (Wide Body) during the Financial Year 2022-23 are as under:

- AIESL, Northern Region generated a total Revenue of 961.07 Cr. INR during the financial year 2022-23.
  (Revenue distribution is
  - towards AIL fleet: 645.86 Cr. (Narrow Body – 386.76 Cr., Wide Body – 259.10 Cr.)
- Total Number 7893 Transit Checks were carried out on Air India's B787/B777 flights.
- **Major Check activity at Base Maintenance:**

  At Base Maintenance, NR-Wide Body, the number of checks carried out on Boeing fleet of Air India, during 2022- 23 is as follows:

  o B787 A-Checks - 93

  o B777 A-Checks - 184

VI. HYDERABAD BASE (SOUTHERN REGION):

Highlights of performance during the year 2022-23 (Fleet –A), are as under:

AIESL MRO at Hyderabad is in forefront in Aircraft Maintenance service with its state of art and youngest MRO in AIESL network. Regional Head office at Hyderabad is responsible for Engineering Services rendered to Tamil Nādu, Kerala, Karnataka, Telangana, Andhra Pradesh, Lakshadweep and for International Flights from these states. We provide best-in-class timely and quality services to the customers by maintaining highest standards of regulatory and safety compliance.

a) <u>Capability of Hyderabad Hangar</u>

A320 (IAE V2500)

Up to "8C" Check and 12 years Check, 20 years' tasks, including OOP tasks.

A319/A320/A321 (CFM56)

"A" Check and its multiple and work package up to 12 years Check, 20 years' inspection tasks including OOP tasks along with modification, structural repair and inspection.

A320 (CFM LEAP 1A)

"A" Check and its multiple and up to 144 Months/45000 FH/36000 FC inspections including OOP tasks along with modification, structural repair and inspection.

ATR 72-212A (PWC PW120)

All MPD tasks up to "4C" Check 70,000 flight landings, 46,000 flight hours, 15 years including modifications, structural inspection, repair and OOP tasks.

- Also offer specialized services like A320 Engine change, Borescope inspection of Engines, Ram Air Turbine Test, Magnetic Particle & Fluorescent Particle Inspection, Eddy current test & ultrasonic testing.

b) <u>Highlights of maintenance activity carried out in S/Region, Fleet-A</u>

➢ **Major Check activity at Shamshabad hangar, Hyderabad:**

At Base Maintenance, HYD, the number of checks carried out during 2022- 23 is as follows:

AIRBUS FLEET	ATR FLEET
A Checks - 20 P Checks (P1 to P 25)- 35 6 yearly (P14)- 1 12 Yearly (P17) - 1 Engine Change Activity – 1	A Checks – 7 400 & Above FH Checks – 9 Yearly Checks - 8

➢ **Line maintenance activity in S/Region, Fleet-A:**

A320 Fmly A/C of AIL	ATR A/c of AAAL	Client Airlines
Transit : 15297	Transit : 9235	Engineering Certification : 2500
Night Halt : 885	Night Halt : 740	Technical handling/
Lay Over Insp : 658	Lay Over Insp : 664	Headset Support Service : 348
Weekly Insp : 453	Weekly Insp : 275	
400FH Insp : 37	400FH Insp : 35	
	A Checks : 6	

c) <u>Details of revenue earned during FY 2022-23 for S/Region, Fleet-A</u>

SI No.	Description	Amount in INR (In Lakhs)
1	Revenue earned from maintenance of A320 Family A/c of AIL	8096.46
2	Revenue earned from maintenance of ATR A/c of AAAL	1950.25
3	Revenue earned from engineering certification of Third-party client flights (Qatar, Kuwait, Royal Nepal, TATA SIA, Air Asia Berhad, Scoot Tiger Air Etc.)	367.35
4	Revenue earned from maintenance of A319 Aircraft in Bengaluru for CABS(DRDO)	1586.86
5	Revenue earned from technical handling/Headset Support Service provided to clients	40 (Approx.)
6	Revenue earned Through aircraft component servicing of outside parties at Hyderabad	7.84
7	Revenue earned from AME trainees/On Job Trainees (6 months & 1 month On Job Training etc.) / CAR147 basic MTO students	28.25
8	Earnings by way of providing Engineering Hangar facilities at Chennai to outside party Aircraft	112.64
9	Miscellaneous revenue (Loaning of equipment, scrap sale, Sang rectification and AOG technical Support etc.)	32.69
	Total Revenue earned during FY 2022-23	**12222.34**

d) Major Achievements:

- Integration of manpower and facility of all overhaul shops (AF & AV shops) has ensured better utilization of manpower & reduced cost of operation.

VII. KOLKATA BASE (EASTERN REGION) Highlights of performance during the year 2022-23 (Fleet –A), were as under:

A. Line Maintenance:

- Certification of Airbus Flights (AI) at the base and outstations:
  - Preflight at CCU - 5436
  - Lay Over Inspection - 440
  - Weekly Inspection - 212
  - 400FH Inspection - 17
  - Night Halt PF - 981
  - PF at Outstations - 8537
- Certification of Wide body (AI) Aircraft at base (as per IOCC report):
  - Preflight - 54
- Certification of ATR flights at the base & outstations:
  - Transit Checks - 8226
  - Night Halt - 548
  - Lay Over Inspection - 516
  - Weekly Inspection - 211
- Technical Certification provided to Client Airlines:

Engineering Certification of Client Airlines Aircraft (A320 family A/c) of M/s Air Vistara, M/s Air Asia, M/s Biman Bangladesh & M/s Singapore Airlines are provided at various Stations & CCU in Eastern Region as given under:

No. of Third party Certifications done during 2022-2023 (Airbus Group)

Sl. No.	Station	Airlines	APR'22	MAY'22	JUN'22	JUL'22	AUG'22	SEP'22	OCT'22	NOV'22	DEC'22	JAN'23	FEB'23	MAR'23	Total
1	Bhubaneshwar	Vistara	100	93	119	130	138	138	155	-	-	-	-	-	873
2	Ranchi	Vistara	60	62	59	31	31	31	31	30	31	33	28	31	458
3	Guwahati	Vistara	120	94	92	94	89	89	93	90	60	-	-	-	821
4	Bagdogra	Vistara	29	62	57	61	61	61	61	60	62	62	58	62	696
5	Dibrugarh	Vistara	51	54	49	31	31	31	54	52	52	54	48	52	559
6	Portblair	Vistara	22	22	30	18	18	18	27	20	25	27	20	23	270
		Air Asia	4	3	-	-	-	-	-	-	-	-	-	-	7
7	Agartala	Vistara	-	-	-	-	-	-	-	-	-	-	-	-	0
8	Patna	Vistara	60	60	60	62	62	62	61	51	54	45	46	55	678
9	Kathmandu	Vistara	30	31	30	31	31	31	31	45	62	62	56	62	502
10	Kolkata	Air Asia	-	-	-	-	-	-	-	-	-	18	28	31	77
Total			**476**	**481**	**496**	**458**	**461**	**461**	**513**	**348**	**346**	**301**	**284**	**316**	**4941**

No. of Third party Certifications done during 2022-2023 (Foreign Airlines)															
Sl. No.	Station	Airlines	APR'22	MAY'22	JUN'22	JUL'22	AUG'22	SEP'22	OCT'22	NOV'22	DEC'22	JAN'23	FEB'23	MAR'23	Total
1	CCU	BIMAN BANGLADESH	34	38	38	32	31	31	30	30	33	31	29	36	**393**
2	CCU	SINGAPORE AIRLINES	30	30	30	31	31	31	31	30	31	31	28	31	**365**
Total			**64**	**68**	**68**	**63**	**62**	**62**	**61**	**60**	**64**	**62**	**57**	**67**	**758**

➢ Revenue earned from Third Party Certification: The third-party revenue from client airlines for certification of Flights during 2022-23, is Rs. 828.31 Lakhs (Excluding GST) as per the invoices raised by finance AIESL, ER.

B. Major Check activity at Base Maintenance:

➢ At Base Maintenance, CCU, the number of checks carried out on A320 Family A/c and ATR42/72 A/c during 2022- 23 is as follows:

<u>A320 Family (Major Checks) in 2022-23 at BM, ER</u>

- o A-Checks - 46
- o 2A-checks - 21
- o 4A-Checks - 12
- o Packages(P1-P31) - 68
- o P25- 12 Yrs Check - 05
- o ARC - 11
- o BSI - 26

<u>ATR 42/72 (Major Checks) in 2022-23 at BM, ER</u>

1) 1A to 10A Check - 15
2) Yearly Check - 08
3) 4000FH Check - 02
4) 5000FH Check - 05
5) 8000FH Check - 02
6) 10000FH Check - 04
7) 400FH Check - 05
8) ARC - 01
9) BSI - 16
10) Engine Change - 01

➢ By way of providing Engg. Hangar facilities for Aircrafts of outside parties at Kolkata, we have earned revenue of Rs. 117.56 Lakhs (Excluding GST) during 2022-23 as per the invoices raised by Finance AIESL, ER.

➢ A revenue of Rs. 13.30 Lakhs (Excluding GST) during 2022-23 through miscellaneous works like Loaning of equipment, Fixed charges etc.

C. Engineering Training School, Kolkata: We have earned revenue of approx. Rs.91.97 Lakhs (Excluding GST) during the period April 2022 to March 2023 by providing training facilities to outside agencies at ETS, Kolkata.

D. Revenue from IAF: During the period, we have earned revenue of Rs.120.13 Lakhs (Excluding GST) from APU servicing & components of IAF.

E. Production of Overhaul Shops: The number of components serviced at Overhaul shops AIESL, ER is as follows:

i.	AF Accy OH Shop (Including Servicing Life Jackets)	-	3706
ii.	APU & Engine OH Shop	-	82
iii.	Electrical OH Shop	-	303
iv.	Instrument OH shop (Including Calibration of Items)	-	2283
v.	Radio OH Shop	-	452

F. Revenue earned from AIL: The revenue from AIL for certification and major maintenance of aircraft (including Additional jobs/callouts) during 2022-23, is of Rs. 15570.14 Lakhs (Excluding GST) as per JBA raised by IE Bombay, AIESL.

G. Revenue earned from AAAL: The revenue from AAAL for certification of ATR Flights during 2022-23, is of Rs. 1647.77 Lakhs (Excluding GST) as per billing by AIESL, ER.

H. Total earnings of AIESL, Kolkata for FY 2022-23 were as under:

Earnings	Amount (INR)
Revenue earned from maintenance of AIL Aircraft	Rs. 15570.14 Lakhs
Revenue earned from maintenance of AAAL Aircraft	Rs 1647.77 Lakhs
Third party revenue from client airlines for certification of Flights	Rs. 828.31Lakhs
Revenue from Engineering Training School, Kolkata	Rs. 91.97 Lakhs
Revenue from IAF	Rs. 120.13 Lakhs
Earnings by way of providing Engineering Hangar facilities to outside party Aircraft	Rs. 117.56 Lakhs
Earnings by carrying out Miscellaneous works	Rs. 13.30 Lakhs
Total Earnings	**Rs. 18389.18 Lakhs**

VIII. OVERSEAS OPERATIONS:

A. KATHMANDU

AIESL through its Branch Office at Kathmandu is providing Line Maintenance Services to Air India Ltd and TATA SIA for their A320 Fleet. AIESL is already having one office in the Terminal Building and has signed agreement with M/s Buddha Air for space on the airside for smooth operation of Line Maintenance. Initially, we do have the capability for A320 and there is huge scope for catering the Line Maintenance of B737 fleet. Oman Air and Air Asia has already shown their interest in us for Line Maintenance. Presently AIESL is handling approx. 32 flights/week.

We have also hired one consultant at KTM to meet the taxation and other finance-related requirements.

B. SAIFZONE –

AIESL has set up its branch office in Sharjah (SHJ) in 2017 for providing Line Maintenance services to AI and AIX aircraft. Further, AIESL has extended its flight handling operation at Dubai and Ras-AL Khaima. The AIESL UAE operation has become profitable in its second year of operation. Further AIESL has planned of expanding its network to Abu Dhabi Airport for LM handling of AI and AIX aircraft and also in process of expanding the LM handling activity of Indian register aircraft at UAE.

But Due to Covid-19 pandemic, the further expansion was hindered and AIESL UAE branch profitability was adversely affected due to Seize in flight operation or limited operation of flight under bubble agreement/Vande Bharat Mission.

With normalization of Covid-19 Pandemic Guidelines and ease in travel ban, the flight operation is now normalized, and flight frequency has also increase. This has resulted in increase in revenue.

Now AIESL is again looking forward for expansion of its footprint in UAE and looking for expansion of its network at Abu Dhabi Airport.

Based on the potential business at MALE, AIESL is also planning to open a Branch Office at MALE (Maldives) for providing Line Maintenance Services.

9. IMPLEMENTATION OF OFFICIAL LANGUAGE

In accordance with the Guidelines issued by the Department of Official Language (OL), Ministry of Home Affairs, all efforts are being made by all the departments of the Company for implementation of the Official Language policy of Govt. of India.

Implementation of Official Language Policy is being done in AIESL.

10. IMPLEMENTATION OF RESERVATION POLICY

Reservation Policy was implemented as per relevant guidelines of the Government.

11. COMPLIANCE WITH RTI ACT, 2005

Nodal Officers/CPIO/Appellate Authorities have been appointed in all the four Regions and at Corporate Office, as per the provisions of the Act. The details of RTI applications during the year 2022-23 are as under:

- No. of RTI Applications received during the year: **51**
- No. of RTI Applications disposed off during the year: 31
- No. of RTI Applications pending as on the end of FY: **20**

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

The provisions of the act have been implemented in the company and necessary actions are being taken in line with guidelines received from time to time to prevent Sexual Harassment of Women at workplace.

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

- Number of complaints of sexual harassment received in the year: **NIL**
- Number of complaints disposed off during the year: NIL
- Number of cases pending for more than ninety days: NIL
- Number of workshops or awareness programmes carried out in connection with prevention of sexual harassment: 03
- Remedial measures taken by the company: Female Security Staff Deployed at workplaces and Time to Time Counselling are being done. Female security staffs are deployed through a third party to take care of female employees' security and M/s R.N Majumdar & Associates, solicitor, is appointed as third party in case of receiving any harassment case.

13. MSME COMPLIANCE

It always has been endeavour of AIESL to support Micro and Small Enterprises (MSEs) and local suppliers. AIESL has taken a number of steps including implementation of Public Procurement Policy issued by the Government of India to procure the items specified from MSEs. The actual procurement from MSEs during the financial year 2022-23 was Rs.897.36 lakh.

14. MANAGEMENT

14.1 DIRECTORS AND KEY MANAGERIAL PERSONNEL

The details regarding the constitution of Directors of the Company during the FY 2022-23 are as given below:

S. No.	Name	Designation	Date of appointment	Date of cessation
1.	*Shri Vikram Dev Dutt	Chairman	27-01-2022	28-02-2023
2.	***Shri Satyendra Kumar Mishra	Director *(Elected as Chairman w.e.f. 01-03-2023)*	02-02-2017	-
3.	Shri Vimlendra Anand Patwardhan	Director	20-03-2020	14-12-2022
4.	**Smt. Parama Sen	Woman Director	11-02-2022	-
5.	Shri Rajeshsingh Shrinarayan Sharma (Rajesh Singh)	Director	14-12-2022	18-01-2023
6.	Shri Padam Lal Negi	Director	18-01-2023	-

* The Ministry of Civil Aviation (MoCA) vide its order dated 28-02-2023, has assigned the additional charge for the post of Chairman and Managing Director (CMD) of AI Assets Holding

Limited (AIAHL) to Shri Satyendra Kumar Mishra, Joint Secretary, MoCA, for a period of three months w.e.f. 01-03-2023 or till the regular appointment of CMD, AIAHL, whichever is earlier, by virtue of the appointment of Shri Vikram Dev Dutt as Director General in the Directorate General of Civil Aviation (DGCA). In view of this, the following changes took place on the Board of AIESL:

Shri Vikram Dev Dutt ceased as Nominee Director and Chairman from the Board of AIESL w.e.f. 28-02-2023. Further, AIESL Board vide its Resolution by circulation having Ref. No. AIESL/HQ/CS/10/05/2022-23 dated 10-03-2023 had nominated and elected Shri Satyendra Kumar Mishra, as the Chairman on the Board of AIESL w.e.f. 01-03-2023 and passed the requisite resolution on 13-03-2023 till any further instruction from the MoCA/Holding Company.

** Further, in terms of the Office Memorandum (OM) issued by the Ministry of Civil Aviation (MoCA) vide file No. 17046/56/2019-AI dated 12-12-2023, Shri Rahul Jain, Joint Secretary (JS), DIPAM, has been nominated on the Board of AIESL vice Smt. Parama Sen w.e.f. 12-12-2023. In view of this, the following changes took place on the Board of AIESL:

Smt. Parama Sen ceased as Nominee Director from the Board of AIESL w.e.f. 12-12-2023. Further, AIESL Board vide its Resolution by circulation having Ref. No. AIESL/HQ/CS/10/02/2023-24 dated 13-12-2023 had appointed Shri Rahul Jain as the Nominee Director on the Board of AIESL w.e.f. 12-12-2023 and passed the requisite resolution on 13-12-2023.

*** Thereafter, in terms of the Office Memorandum (OM) issued by the MoCA vide file No. 17046/56/2019-AI dated 02-02-2024, Shri Asangba Chuba Ao, Joint Secretary (JS), MoCA, has been nominated on the Board of AIESL vice Shri Satyendra Kumar Mishra w.e.f. 01-01-2024. In view of this, the following changes took place on the Board of AIESL:

Shri Satyendra Kumar Mishra ceased as Nominee Director and Chairman from the Board of AIESL w.e.f. 01-01-2024. Further, AIESL Board vide its Resolution by circulation having Ref. No. AIESL/HQ/CS/10/03/2023-24 dated 07-02-2024 had nominated and elected Shri Asangba Chuba Ao, as the Chairman on the Board of AIESL w.e.f. 01-01-2024 and passed the requisite resolution on 07-02-2024 till any further instruction from the MoCA/Holding Company.

Also, in terms of the Office Memorandum (OM) issued by the MoCA vide file No. 17046/56/2019-AI dated 08-02-2024 read with order issued by MoCA dated 26-02-2024, the following changes took place on the Board of AIESL:

Smt. Nayonika Dutta, Joint Director, MoCA, has been appointed as Nominee Director on the Board of AIESL w.e.f. 12-02-2024 (i.e. from the date she obtains her Director Identification Number).

Shri Asangba Chuba Ao holds two positions on the Board of AIESL i.e., CMD, AIAHL and JS, MoCA as on the date of this report.

The Board placed on record its appreciation for the valuable services rendered by Shri Vikram Dev Dutt as Chairman, Shri Satyendra Kumar Mishra as Chairman & Nominee Director, Shri Vimlendra Anand Patwardhan as Nominee Director & Shri Rajesh Singh Shrinarayan Sharma as Nominee Director on the Board and Board Level Committees of the Company during their tenure.

KEY MANAGERIAL PERSONNEL (KMP):

S. No	Name	Designation	Date of appointment	Date of cessation
1.	Shri Jose Mathew	CEO	30-07-2021	30-04-2022
2.	Shri Sharad Agarwal	CEO	01-05-2022*	-
3.	Shri Gopal Krishan Valecha	CFO	09-11-2021	20-05-2022
4.	Shri Rakesh Kumar Jain	CFO	20-05-2022	-
5.	Ms. Sakshi Mehta	Company Secretary	09-11-2021	-

* *Shri Sharad Agarwal, the then ED (Engg.), had been assigned the charge of CEO of the Company w.e.f. 01-05-2022 as an interim arrangement till the recruitment of a regular CEO. Thereafter, Shri Sharad Agarwal has been appointed as CEO of the Company w.e.f. 01-10-2022 after the completion of recruitment process of a regular CEO.*

14.2 NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the Financial Year 2022-23, eight Board Meetings were held through video conferencing as per the provisions of the Companies Act, 2013, Companies (Meetings of Board and its Powers) Rules, 2014, DPE (Corporate Governance) Guidelines 2010 and exemption provided by the Ministry of Corporate Affairs in this regard. As per Section 173 of Companies Act, 2013, the details of Board meetings are given below:

S No.	Meeting	Date of Meeting	Board Strength	No. of Directors Present
1.	76th	06-04-2022	4	3
2.	77th	20-05-2022	4	3
3.	78th	01-07-2022	4	4
4.	79th	13-09-2022	4	4
5.	80th	20-10-2022	4	3
6.	81st	27-12-2022	4	3
7.	82nd	18-01-2023	4	2
8.	83rd	17-03-2023	3	3

14.3 BOARD COMMITTEES:

The Company has the following Committees of the Board:

a) Audit Committee

b) Corporate Social Responsibility (CSR) Committee

A. Audit Committee

As part of the Corporate Governance and in compliance with the provisions of the Companies Act, 2013 and DPE Guidelines, the Audit Committee was originally constituted in March 2016 with the approval of the Board of Directors adopting the terms of reference and reconstituted the same from time to time when there is any change in the Directors nominated by the holding company / Administrative Ministry. Further, the Ministry of Civil Aviation (MoCA), vide its several OMs issued from time to time, had reconstituted the Board of AIESL and consequentially the Board had reconstituted the Board Committees inter-alia Audit Committee from time to time. Thereafter, in pursuance to the OM dated 28-02-2023 issued by the MoCA, the Audit Committee of AIESL was again reconstituted by the Board on 13th March 2023 by passing a Resolution by circulation having Ref. No. AIESL/HQ/CS/10/05/2022-23 dated 10-03-2023.

Composition of committee:

As on 31-03-2023, 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 Satyendra Kumar Mishra CMD, AIAHL & JS, AI Division, MoCA	Member
Smt. Parama Sen JS, DIPAM	Member

B. Corporate Social Responsibility (CSR) Committee

In compliance with the requirements of Companies Act 2013, the Board originally constituted a CSR Committee on 08-11-2019. However, subsequent to the reconstitution of the Board by the Ministry of Civil Aviation (MoCA) by its various OMs issued from time to time, AIESL Board also re-constituted the Corporate Social Responsibility (CSR) Committee from time to time. Thereafter, pursuant to the OM dated 28-02-2023 issued by the MoCA, the CSR Committee of AIESL was again reconstituted by the Board on 13th March 2023 by passing a Resolution by circulation having Ref. No. AIESL/HQ/CS/10/05/2022-23 dated 10-03-2023 in compliance with the provisions of Section 135 of the Companies Act, 2013, the Rules made thereunder and the guidelines formulated by the Department of Public Enterprises (DPE).

As on 31-03-2023, the CSR Committee consisted of following members, in ex-officio capacity:

Particulars of Director	Position held in the Committee
Shri Satyendra Kumar Mishra CMD, AIAHL & JS, AI Division, MoCA	Chairman
Shri Padam Lal Negi JS&FA, MOCA	Member
Smt. Parama Sen JS, DIPAM	Member

The other details pertaining to the Audit Committee & CSR Committee are included in the Corporate Governance Report, which forms part of this report. Also, the Annual Report on CSR Activities for F.Y. 2022-23 is enclosed with this report.

14.4 COMPANY'S POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION

APPOINTMENT POLICY:

AIESL is a wholly owned subsidiary of AI Assets Holding Limited. As per Article 96 of the Articles of Association of the Company, the number of Directors of the Company shall not be less than three and not more than fifteen all of whom shall be appointed by AI Assets Holding Limited / Administrative Ministry, who will prescribe the period for which they will hold office as director and may remove them and appoint others in their places and fill in any vacancy that may occur.

REMUNERATION POLICY:

Section 197 in respect of remuneration to directors of the Company is not applicable to AIESL being a Government Company, vide Notification No.G.S.R.463(E) dated 05-06-2015, issued by the Ministry of Corporate Affairs. No remuneration is being paid to the Directors of the Company. The remuneration paid to the KMPs is disclosed in the 'Extract of Annual Return'.

14.5 PERFORMANCE EVALUATION

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

14.6 DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirm that:

(a) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.

(b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period.

(c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

(d) The Directors have prepared the Annual Accounts on a going concern basis.

(e) Company being unlisted sub clause (e) of section 134(3) is not applicable.

(f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

14.7 INTERNAL FINANCIAL CONTROLS

Adequate internal financial controls are in place for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies; the safeguarding of its assets; the prevention and detection of frauds and errors; the accuracy and completeness of the accounting records; and the timely preparation of reliable financial information, which is commensurate with the operations of the Company.

The Company has appointed an independent firm of Chartered Accountants as Internal Auditors to ensure that the Company's systems and practices are designed with adequate internal controls to match the size and nature of operations of the Company.

Further, the company is in the process of strengthening the internal control process so as to ensure the coverage of all the areas as envisaged and ensure effective internal controls at stations, regional offices, user departments.

14.8 DISCLOSURE REGARDING FRAUDS

There were no frauds reported by the Auditor to the Audit Committee or to the Board.

15. STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS U/S 149(6)

Not Applicable as the Company do not have any Independent Director during the Financial Year 2022-23.

Further, AIESL is an unlisted public company and a wholly owned subsidiary of AI Assets Holding Limited and as per the Ministry of Corporate Affairs Circular dated 5th July 2017, an exemption has been given to unlisted wholly owned subsidiary companies from appointing Independent Director.

16. **DETAILS OF MATERIAL CHANGES OR COMMITMENTS AFFECTED FROM THE DATE OF CLOSE OF THE FINANCIAL YEAR TILL THE DATE OF THIS REPORT**

No material changes or commitments were affected from the date of close of the financial year till the date of the report except change in registered office of the company. The registered office of the company has been changed from *'Airlines House, 113, Gurudwara Rakabganj Road, New Delhi – 110001' to '2nd Floor, CRA Building, Safdarjung Airport Area, New Delhi – 110003'.*

17. **DISCLOSURES RELATING TO SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Company does not have any Subsidiary, Joint venture or Associate Company.

18. **DETAILS OF DEPOSITS**

The Company has not accepted any public deposit during the year ended 31st March 2023 as covered under the provisions of Section 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

19. **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

The particulars of loans, guarantees and investment, if any, have been disclosed in the financial statements.

20. **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All contracts/arrangements/transactions entered into by the Company during the financial year with the related parties were in the ordinary course of business and on an arm's length basis.

The omnibus approval of the Audit Committee and the Board was taken for entering into transactions with AI Assets Holding Limited (AIAHL) and other Group companies (AAAL, AIASL & HCI) for providing MRO related services up to the specified limits during FY 2022-23. The details of Related Party Transactions in form AOC-2 are **attached**, which forms part of this report.

There was no material related party transaction with the Company's Directors, Management, or their relatives, which could have had a potential conflict with the interests of the company.

21. **DISCLOSURES PERTAINING TO CORPORATE SOCIAL RESPONSIBILITY**

Section 135 (1) of the Companies Act 2013 requires provision for CSR to be made applicable for a company having threshold Net Worth of ₹500 crores or Turnover of ₹1,000 crores or Net Profit of ₹5 crores or more during any of the three immediately preceding financial years. The company has spent Rs. 40.94 million as CSR activities during FY 2022-23 i.e. 2% of average net profit during the immediately preceding three financial years.

22. PARTICULARS OF EMPLOYEES & INDUSTRIAL RELATIONS

Industrial Relations were peaceful during the year:

No. of employees under various categories were as under:

- Executives : 504 (462 Permanent + 42 Contractual)
- Staff : 4324 (1639 Permanent + 2389 Contractual + 296 Retired)
- Total : 4828 (2101 Permanent + 2431 Contractual + 296 Retired
- Technical out of the above were: 3987 (1974 Permanent + 1747 Contract + 266 Retired
- Employees on deputation from other subsidiaries: 0
- Employees on deputation to other companies: 167

Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of details of employees of the Company is not applicable to AIESL being a Government Company, pursuant to Notification No. G.S.R.463(E) Dated 5th June 2015 issued by the Ministry of Corporate Affairs.

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

(A) Conservation of Energy & Technology absorption: Your Company has made all efforts wherever possible for conservation of non-renewable sources of energy and utilizing alternative sources of energy.

- AIESL has shifted to LED lighting in its hangars at Mumbai and Delhi for the purpose of conservation of non-renewable energy.
- AIESL has installed LED lighting in its Jet Engine Overhaul Complex at Delhi for the purpose of conservation of non-renewable energy.
- AIESL has installed solar panels at its MRO facility in Nagpur for the purpose of utilizing alternate sources of energy. These are used for providing clean energy for individual streetlights and warm water for washrooms.

(B) Foreign currency exchange difference earnings and Outgo

Particulars	Amount in INR
Earnings	724.4 Lacs
Outgo	352.3 Lacs

24. RISK MANAGEMENT

A comprehensive Risk Management Policy with the vision to manage and mitigate the risks pertaining to the Company was formulated and the same has been approved by the Board of Directors in its 74th meeting held on 06-01-2022 is available at the Company's website at link: https://www.aiesl.in/RiskManagementPolicy.aspx

We understand that the aviation Maintenance, Repair, and Overhaul (MRO) sector is quite challenging due to its dynamic and uncertain nature. Our primary focus is on ensuring safety, reliability, and operational excellence. We are actively engaged in managing potential risks to maintain operational safety, protect our reputation, and uphold the trust of our stakeholders.

We are dedicated in identifying, assessing, and mitigating risks to ensure our position as a trusted leader in the aviation MRO industry.

We express our gratitude to our dedicated team and stakeholders for their support in upholding the high standards of risk management.

25. MATERIAL ORDERS OF REGULATORS

No significant and material orders have been passed by the regulators or courts or Tribunals impacting the going concern status and company's operation in future during the year.

26. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM

Provisions of Section 177(9) relating to establishment of Vigil Mechanism for directors and employees, to report a genuine concern, are not applicable to the Company.

However, the Vigilance Department of holding company i.e., AI Assets Holding Limited (AIAHL) covers the Vigilance function of subsidiary companies of AIAHL including AIESL.

27. AUDITORS

STATUTORY AUDITORS

The Comptroller & Auditor General of India (CAG) had appointed M/s AAJV & Associates, Chartered Accountants, as Statutory Auditors of the Company for the FY 2022-23.

The Auditors' Report along with Management's replies thereon are **attached.**

The notes on financial statements are self-explanatory and need no further explanation.

SECRETARIAL AUDITOR

Your Company had appointed M/s J.P. Saini & Associates, Company Secretaries, as Secretarial Auditor to conduct the Secretarial Audit of the Company for FY 2022-23. The Secretarial Audit Report given by the Secretarial Auditor and management replies / comments thereon, if any, are enclosed with this report.

INTERNAL AUDITOR

M/s S.N. Kapoor & Associates, Chartered Accountants, was appointed by the Board of Directors to conduct the Internal Audit of the Company for FY 2022-23.

28. COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA (C&AG)

The NIL comments dated 23-02-2024 of the Comptroller and Auditor General of India (C&AG) under Section143(6)(b) of the Companies Act, 2013 on the financial statements of the Company for the year ended 31st March 2023 are attached.

29. COMPLIANCE WITH SECRETARIAL STANDARDS

The Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) under Section 118(10) of Companies Act, 2013, were complied with by your Company to the extent applicable.

30. DETAILS OF APPLICATION MADE OR PROCEEDING PENDING UNDER INSOLVENCY AND BANKRUPTCY CODE 2016:

During the year under review, there were no applications made or proceedings pending in the name of the Company under the Insolvency and Bankruptcy Code, 2016.

31. DETAILS OF DIFFERENCE BETWEEN VALUATION AMOUNT ON ONE TIME SETTLEMENT AND VALUATION WHILE AVAILING LOAN FROM BANKS AND FINANCIAL INSTITUTIONS

During the year under review, there has been no one-time settlement of Loans taken from Banks and Financial Institutions.

32. ANNEXURES TO THE REPORT:

The following certificate / reports etc. are annexed and forms an integral part of this report:

A. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed Management Discussion and Analysis Report is enclosed to this Report as **‘Annexure – A’.**

B. REPORT ON CORPORATE GOVERNANCE

The Report on Corporate Governance is enclosed to this Report as **‘Annexure – B’**.

C. EXTRACT OF ANNUAL RETURN

In compliance with the provisions of Section 92(3), Section 134(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in Form MGT-9 is enclosed to this Report as **‘Annexure – C’**. Further, the Annual Return is available on Company’s website at link https://www.aiesl.in/AnnualReturn.aspx

D. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

During FY 2022-23 the related party transactions were with the holding company and other group companies, and were approved in terms of the Companies Act, 2013. The details of Related Party Transactions in form AOC-2 are enclosed in this report as **'Annexure – D'**.

E. Corporate Social Responsibility (CSR):

The Annual Report on CSR Activities for the F.Y 2022-23 is enclosed as **'Annexure – E'**.

33. ACKNOWLEDGEMENTS

The Board sincerely acknowledges the support and guidance received from Air India Limited, AI Assets Holding Limited, Ministry of Civil Aviation, Comptroller and Auditor General of India, Ministry of Corporate Affairs, Statutory Auditors, Internal Auditor and Secretarial Auditor during the year and various other agencies.

Your Board of Directors take this opportunity to record their appreciation of the continuous support and contribution from all the employees of the Company. Your Board of Directors also takes this opportunity to convey their gratitude and sincere thanks for the cooperation and assistance received from the Shareholders during the period under report. The Board of Directors acknowledges your confidence and continued support and looks forward to the same in the future as well.

For and on behalf of Board of Directors
of AI Engineering Services Limited

Sd/-
Asangba Chuba Ao
Chairman
DIN: 08086220

Date: 11-03-2024
Place: New Delhi

‘ANNEXURE – A’

MANAGEMENT DISCUSSION & ANALYSIS REPORT

ANALYSIS OF FINANCIAL PERFORMANCE:

Revenue

Total revenue earned during FY 2022-23 was Rs.2029.86 crores as against Rs.1906.52 crores during FY 2021-22 i.e., an increase of approx. Rs. 123.34 crores (6.47%).

Expenditure

The total expenditure incurred during FY 2022-23 was Rs.1418.81 Crores as compared to the previous year’s figure of Rs 1345.96 Crores (restated), i.e., an increase of approx. Rs. 72.85 crores (5.41%).

INDUSTRY ANALYSIS

The Indian MRO industry is still in its nascent stages, but it is growing rapidly. The Indian government is supportive of the industry and has taken a number of steps to promote its growth, such as reducing the goods and service tax (GST) on MRO services from 18% to 5% in 2020.

The Indian MRO market is expected to grow from US$1.4 billion in 2023 to US$4.5 billion by 2033, registering a CAGR of 8.9%. This growth is being driven by a number of factors, including:

- Growing fleet size: India’s commercial aircraft fleet is expected to grow from around 700 aircraft in 2023 to over 1,300 aircraft by 2033. This growth in fleet size will drive demand for MRO services.
- Government support: The Indian government is supportive of the MRO industry and has taken a number of steps to promote its growth.
- Cost advantage: India offers a significant cost advantage over developed countries in terms of labor and other costs. This makes India an attractive destination for MRO services.

In 2016, the forecast by the International Air Transport Association (IATA) made India the third-largest market globally for civil aviation. However, India was the third largest globally by 2023, earlier than predicted, despite the pandemic crippling the aviation industry globally. The civil aviation market in India is now the fastest growing in the world; the recent orders for 500 aircraft by IndiGo and 470 by Air India are indicators of this growth trajectory.

Aircraft MRO

The Asia Pacific maintenance, repair, and operations (MRO) market is expected to witness a robust growth in the forecast period due to the growing adoption of professional services. The region is considered a manufacturing hub for spare parts that are then supplied to other countries, owing to its cost-effectiveness, thus providing a great boost to the growth of the maintenance, repair, and operations (MRO) industry. In addition, the market is expected to witness a significant demand due to standardization of equipment and services within critical manufacturing operations. Industry reports identify India as the seventh-largest civil aviation market in the world. It is set to become the world's third largest by 2026, representing a significant expansion scope for MRO facilities in India. About 90 percent MRO requirements in India are currently met through imports. India's indigenous MRO sector is in a nascent stage but carries a significant growth potential. The sector's growth will mainly be fueled by a growing aviation industry (expected to generate nearly 90,000 jobs and save about US$ 2 billion in foreign exchange). Dependence on foreign MROs is likely to continue until the domestic MRO industry catches up with its foreign counterparts in terms of size and certified breadth of services.

Market Trends

The Indian MRO industry size is expected to increase from US$ 1.7 billion in 2021 to US$ 4.0 billion by 2031, at a compound annual growth rate (CAGR) of 8.9 percent against the expected global CAGR of 5.6 percent. With more than 1,000 aircraft currently on order, the country is likely to become the third-largest buyer of commercial passenger planes in the world, only after the US and China. This translates into demand for 200–300 major maintenance checks annually. Replacing ageing aircraft in the fleets of several airlines also creates scope for MRO to meet redelivery contracts. India is also poised to become a large defence aircraft market, propelling demand for military MRO capabilities as well.

From the lens of the aviation industry, three main initiatives would contribute immensely to drive sustainable growth of the MRO sector:

Becoming MRO integrators by taking the lead in setting up MRO facilities in the country. In addition, MRO players could leverage relationships with aircraft OEMs & international airlines to establish robust MRO infrastructure.

Consider revising & streamlining workforce certification to comply with regulation of the US's Federal Aviation Authority & European Union Aviation Safety Agency. This will facilitate the entry of new people into industry & boost talent availability.

Despite the pandemic leaving a considerable dent in global aviation, the opening up of the skies in recent weeks has offered hope to the airline sector. The industry is hopeful of a steady revival.

With the sector beginning to open up, hope hinges for the global Commercial Aircraft Maintenance Repair and Overhaul (MRO) market, which was badly impacted by grounding of aircraft and airlines shelving most MRO activity.

Industry sources now indicate that the Global MRO sector is looking to record a steady expansion at a rate of 6% over the seven-year period from 2022 to 2029, globally and in India the sector is expected to grow even faster at around 8.9%.

Over the last decade, Southeast Asia has emerged as a key player in the expanding state-of-the-art aviation infrastructure, which came up in several countries like Singapore, Malaysia, and Indonesia.

MRO players from Singapore have established themselves as dominant players in the industry over the years and have managed to brace the Covid-19 impact with minimal setbacks. Following the success of Singapore in the industry, players from countries, like Indonesia, Malaysia, and Thailand are trying to replicate the success of Singaporean players and are also developing their MRO capabilities.

Currently Singapore is leading the aircraft MRO market in Southeast Asia. The aviation sector has emerged as the major contributor to the development of the Singaporean economy. Despite its relatively small size, Singapore has been one of the fastest-growing aviation markets in the region over the years, driven by the huge tourist inflow and growing business travel into the country. A lesson that India is waiting to follow with the thrust to the domestic MRO sector.

Despite Indian aviation growing steadily in the last twenty years, India lacks proper MRO facilities for various reasons, the most significant being the high taxes imposed on the provision of MRO services in India. 90% of the Indian MRO work is outsourced to countries like Singapore, UAE, Sri Lanka, and others. Indian MROs are left vying for the remaining 10%.

There are 8 major players in the Indian market viz., AIESL, Air Works, Indamer Private Limited, Deccan Charter, Taj Air, Bird ExecuJet, GMR Aero Technic Limited and Max MRO Private Limited who have the skills to carry out MRO operations on most aircrafts which operate in Indian skies. Together they have managed to ensure timely maintenance and overhaul services for their customers.

Aviation Industry reports identify India entering the Top Ten countries list only recently and India emerged as the fourth largest civil aviation market in the world in 2019. It is set to become the world’s third largest by 2024. The steady rise promises a significant expansion scope for MRO facilities in India. The sector’s growth will mainly be fueled by a growing aviation industry. Analysts say “Dependence on foreign MROs is likely to continue until the domestic MRO industry catches up with its foreign counterparts in terms of size and certified breadth of services”.

Reports say that the Indian MRO industry size estimated at USD 1.7 billion in 2021 is likely to cross USD 4 billion by 2030. With over a 1,000 aircraft currently on order, the country is likely to become the third-largest buyer of commercial passenger planes in the world, only after the US and China. The industry says that this shall create a demand for 200–300 major maintenance checks annually. Replacing ageing aircraft in the fleets of several airlines also creates scope for MRO to meet redelivery contracts.

Competitive Landscape

The Indian MRO industry is highly competitive, with players competing on factors such as price, quality, and turnaround time. The domestic players are facing increasing competition from the foreign players, who have a technological advantage and are able to offer a wider range of services.

However, the domestic players have a number of advantages over the foreign players, including:

- Better understanding of the Indian market
- Stronger relationships with Indian airlines
- Lower labor costs

The Indian government is supportive of the domestic MRO industry and has taken a number of steps to promote its growth, such as reducing the GST on MRO services from 18% to 5% in 2020.

Overall, the competitive landscape of the Indian MRO industry is dynamic and evolving. The domestic players are facing increasing competition from the foreign players, but they have several advantages that can help them to compete effectively.

At present, India outsources 90 percent MRO services to countries such as Singapore, UAE, and Sri Lanka. An MRO ecosystem in the country is needed to cater to the rising number of civil and defense aircraft and optimize turnaround time. Moreover, with many aircraft parts especially safety-related equipment falling under the Dangerous Goods (DG) category, the need to keep such product maintenance within India boosts demand for MRO services in the country. India will reap many benefits from a competitive MRO sector. Airlines will be able to save on fuel and logistic costs, and conserve foreign exchange. Indian lessors will be able to offer competitive prices on wet leases, supporting the country's efforts to develop aircraft financing and leasing. India is trying to develop this sector by notifying aircraft leasing and aircraft financing in the International Financial Services Centre (IFSC) at GIFT City. Finally, creating an MRO ecosystem will benefit the economy by creating job opportunities. There are 8 major players operating in the Indian MRO Market including AI Engineering Services Ltd, Air Works India (Engineering) Pvt. Ltd, Deccan Charters Limited, Indamer Aviation Pvt. Ltd, Max MRO Pvt Ltd, Taj Air, Bird ExecuJet and GMR Aero Technic Ltd. With these 8 players capturing a major chunk of the market and AIESL having the highest of the total revenue generated, the market nature has been concentrated. Most of these players provide line maintenance, heavy maintenance, and component overhaul. AIESL is the only player extending full-fledged engine overhaul facility in India. AIESL is the market leader, followed by Air Works which has the second highest share in the market revenue. Air Works has a global presence however provides MRO services only in India.

The prominent players in the aircraft engine MRO market are Lufthansa Technik, Rolls-Royce Holding PLC, Raytheon Technologies Corporation, General Electric Company, and Safran SA. The major engine MRO providers are entering into long-term partnerships or forming joint ventures to grow their engine MRO customers. The regional jet, which is a small aircraft with usually less than 150 seats, is observing heightened demand for short-haul flights within a certain area, country, or continent. Reportedly, regional aviation surpassed 700 billion available seat kilometers of annual air traffic globally. Regional aviation is known to have shown the strongest traffic in the last two decades. It has been speculated that regional airports and smaller passenger aircraft will be in high demand after the Covid-19 pandemic due to the rise of tier-2 & tier-3 cities, urbanization, and migration of the population away from metro cities. On account of these factors, the regional jets segment in the commercial aircraft MRO market will capture a sizeable share of around 10% by 2027.

Engine MRO:

The aircraft engine MRO market size was valued at $32.04 Billion by 2028 from $22.15 Billion in 2021; it is expected to grow at a CAGR of 5.7% during 2022-2028.

Asia-Pacific has experienced a significant growth in the total aircraft fleet over the past decade which has increased the demand for engine MRO services. This has resulted in several MRO service providers from the US and Europe establishing their maintenance facilities in this region. Also, in order to reduce the overseas maintenance cost, several airlines have partnered with engine MRO service providers to develop in-house capabilities.

The global & Asia- Pacific Aircraft Engine MRO market growth is driven by the resuming of grounded aircraft after 2020 and expected future delivery of aircraft.

The Indian aerospace industry is one of the fastest growing aerospace markets in the world. With a long history spanning six decades, the country has an excellent pool of resources matching global standards. India's liberalised economy offers sound opportunities for international companies that look to outsource manufacturing as well as maintenance, repair, and overhaul (MRO) activities. While forecasters predict that engines will remain the largest and fastest-growing sector of the commercial jet MRO business over the next decade, the market is becoming increasingly competitive and its dynamics more complicated. Aero-engine OEMs have targeted the aftermarket for well over a decade and have captured a large portion of the MRO business. This trend is set to continue and will make life harder for other MRO providers.

The key players of global aircraft engines MRO market are GE Aviation (US), Rolls-Royce (UK), Pratt & Whitney (US), Lufthansa Technik (Germany), Safran Aircraft Engines (Paris), SIA Engineering Company (Singapore), Air France Industries KLM Engineering & Maintenance (France), MTU Aero Engines (Germany), ST Aerospace (Singapore) and Delta TechOps (US).

OEM Domination in Engine MRO:

Aero-engine manufacturers have offered the business model using utilisation-based selling, i.e., availability-based contracts. This has allowed OEMs to expand their core business as manufacturers to MRO service providers. OEM MRO now supports all the operational requirements of the aero-engine. This situation results in shifting risks and uncertainties to the service provider from customers. Many approaches have been conducted to minimize risks and uncertainties, such as enhanced sensor technology application regarding health monitoring and prognosis in real time. This data is then utilized to take the advantages from condition-based philosophy of maintenance. Through this philosophy, OEMs have secured their position in the aftermarket MRO service provision.

INDIAN MILITARY AERO-ENGINES MRO CANVAS:

Hindustan Aeronautics Limited (HAL) is the only real Indian player in the domain of engines, whose engine division has a long history of licensed production of various imported designs. Considering the fleet replacement programmes, modernization strategies and aircraft upgrade projects of the Indian Air Force coupled with increasing defence expenditure, the Indian military aircraft engines market is poised to grow year-on-year. Some of the major engine procurement programmes in the near future will be for the Avro, An-32, LCA Tejas, AMCA and this entail procurement of around 3400 to 4000 engines. The Indian Armed Forces are embarked on the largest helicopter procurement programmes and their requirements aim at strengthening the military helicopter assets through the procurement of 1000 plus rotary-wing platforms including attack, utility, multi-role, and airlift platforms by the end of 2027.

OPPORTUNITIES AND THREATS:

According to IATA India is expected to become the third-largest aviation market by 2026. Accelerated vaccination drive, along with a higher rate of economic activity, soared India's domestic air passenger traffic in July 2021 on a year-on-year basis. In July 2021, India's domestic air passenger volume by Revenue Passenger Kilometres (RPK), was one of the highest amongst major aviation markets, such as Australia, Brazil, China, Japan, Russia, and the US. The RPK growth in the country increased by 123 per cent in July 2021 compared with that in July 2020. Demand for aircraft repair services and maintenance will also go up.

India's MRO industry is estimated at US$ 1.7 billion in size in 2021. It is expected to reach US$ 4.0 billion by 2031 at a CAGR of 8.9 per cent.

Engine maintenance is the most lucrative of the four MRO industry segments (airframe, engine, component, and line) and engines and airframes constitute 50–55 per cent of the work by value.

Potential of the MRO sector

With more than 1,000 aircraft currently on order, India is set to become the third-largest buyer of commercial passenger planes in the world, after the US and China. This translates into demand for 200–300 major maintenance checks (A to D checks) annually, representing a massive opportunity for MRO service providers in India. In June 2020, IndiGo announced its plans to replace its aging A320CEOs with more fuel-efficient A320NEOs by end-2022 or early 2023. SpiceJet has more than 200 B737 MAX aircraft on order, while Go Air has over 100 A320NEOs, which are yet to be delivered. Almost every aircraft needs MRO services before leaving the fleet to meet the redelivery conditions laid out in the leasing contract. In India, airlines operate aircraft built by global players, such as Boeing, Airbus, ATR, Embraer, and Dornier. Moreover, most aircraft are sent abroad for major MRO services, highlighting the long-pending demand for an MRO industry in India. The Indian Air Force (IAF) has signed a contract to purchase 24 phased-out Mirage 2000 fighter aircraft valued at US$ 31.6 million. The acquisition of these phased-out aircraft would provide the spares and airframes needed to improve the serviceability of Mirage-2000s in the Indian fleet. Further, these spares can be cost-effective and beneficial in case of supply chain issues. The spares and airframe obtained from the phase out aircraft may make the difference between a swift return to active service or an extended MRO. Further, India has cost and talent advantages over its global counterparts. In India, the cost of MRO workforce ranges between US$ 30-35 per hour, almost 60 per cent lower than that in Western Europe or the US (although comparable with wage rates in China or Indonesia). India also has a large pool of engineering talent, particularly useful in the labor-intensive MRO industry with its high skill requirements. Developed countries face a dwindling availability of high-quality engineering talent, apart from an aging workforce. This provides a highly lucrative opportunity for Indian engineering talent to migrate to the West − a factor to consider in keeping or attracting talent to the MRO industry in India. Multiple players, including Boeing, Airbus, Hindustan Aeronautics Limited (HAL), and Pratt & Whitney, plan to set up repair facilities in India. For instance, Boeing India has collaborated with Air Works to make India a repair development and sustainment hub. Airbus has signed a Memorandum of Understanding (MoU) with GMR Group to explore collaboration opportunities across aviation services, technologies, and innovation. HAL has signed a MoU with AI Engineering Services Limited (AIESL) to provide MRO services.

New Initiatives:

The government’s recent policy for Maintenance Repair & Overhaul Services has focused on leasing of land for MRO through open tenders & abolishing royalty charged by AAI. Besides this, the government has also announced that land allotment for entities setting up MRO facilities will be done for 30 years instead of the current short-term period of 3 to 5 years. The step will boost the MRO sector with stability & certainty.

As a part of its aim to make INDIA a global MRO –Hub, Ministry is focusing on military & civil convergence. Eight airports namely *Begumpet (Telangana), Bhopal (Madhya Pradesh), Chennai (Tamil Nadu), Chandigarh, Delhi, Juhu (Maharashtra), Kolkata (West Bengal) and Tirupati (Andhra Pradesh)* has been identified to push the MRO activities.

The key advantage that India has is the availability of low-cost MRO manpower, which gives India an added advantage from the rest of the MRO hubs in the world such as USA, Europe, Singapore, and others.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System commensurate with the size, scale, and complexity of its operations. The company has in place adequate internal financial controls to ensure the efficient conduct of its business. Further, M/s SN Kapoor & Associates were appointed as Internal Auditors for the financial year 2022-23.

Cautionary Statement:

Statements made in Management Discussion and Analysis may be forward-looking statements. Actual results may differ materially from those expressed or implied. The discussions on Business environment & industry scenario as also future outlook, wherever mentioned, is based on information and analysis available in print or electronic media, views expressed by experts and relied upon by the management. The important factors that could make a difference to what is stated, expressly or implied include economic conditions, domestic as well as global like demand and supply forces operating in the market, policies, rules, and regulation of government as amended from time to time including tax laws and other statues as well as other incidental factors having impact on the business environment.

For and on behalf of Board of Directors
of AI Engineering Services Limited

Sd/-
Asangba Chuba Ao
Chairman
DIN: 08086220

Date: 11-03-2024
Place: New Delhi

'ANNEXURE – B'

CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on Code of Corporate Governance

The Company firmly believes in and has consistently practiced good Corporate Governance. The company's essential character is shaped by the values of transparency, professionalism, and accountability. The company is committed to attaining the highest standard of Corporate Governance. The philosophy of the company in relation to Corporate Governance is to ensure transparency in all its operations, make disclosures and enhance all stakeholders' value within the framework of laws and regulations.

2. Board of Directors

AI Engineering Services Limited (AIESL) is a Public Sector Undertaking and a wholly owned subsidiary of AI Assets Holding Limited (AIAHL), a Government of India Undertaking. Its directors are appointed by the holding company / administrative ministry. The administrative ministry, i.e., Ministry of Civil Aviation (MoCA), had reconstituted the Board of AIESL from time to time. Accordingly, the composition of the Board as on 31-03-2023 is given below:

a) Composition of Board as on 31st March 2023

S. No.	Name of Director	Designation
1.	Shri Satyendra Kumar (S.K.) Mishra Chairman & Managing Director (CMD), AI Assets Holding Limited and Jt. Secretary (JS), AI Division, Ministry of Civil Aviation	Chairman & Nominee Director
2.	Shri Padam Lal Negi Jt. Secretary & Financial Adviser (JS&FA), Ministry of Civil Aviation	Nominee Director
3.	Smt. Parama Sen Additional Secretary, Department of Investment and Public Assets Management (DIPAM)	Nominee Director (Woman Director)

In pursuance of OM dated 14-12-2022 issued by MoCA regarding the constitution/ reconstitution of the Board of subsidiaries of AIAHL inter alia AIESL, the below changes took place on the Board of AIESL:

Shri Vimlendra Anand Patwardhan ceased to be Director on the Board of AIESL and Shri RajeshSingh Shrinarayan Sharma (Rajesh Singh), Joint Secretary & Financial Advisor (JS&FA), MoCA, had been appointed on the Board of AIESL w.e.f.14-12-2022.

Further, in pursuance of OM dated 18-01-2023 issued by MoCA regarding the constitution of the Board of subsidiaries of AIAHL inter alia AIESL, the below change took place on the Board of AIESL:

Shri Rajesh Singh Shrinarayan Sharma (Rajesh Singh), ceased to be a Director on the Board of AIESL and Shri Padam Lal Negi, Joint Secretary & Financial Advisor (JS&FA), MoCA, had been appointed on the Board of AIESL w.e.f. 18-01-2023.

Thereafter, MoCA vide order dated 28-02-2023, has assigned the additional charge for the post of Chairman and Managing Director (CMD) of AI Assets Holding Limited (AIAHL) to Shri Satyendra Kumar Mishra, Joint Secretary, MoCA, for a period of three months w.e.f. 01-03-2023 or till the regular appointment of CMD, AIAHL, whichever is earlier, by virtue of the appointment of Shri Vikram Dev Dutt as Director General in the Directorate General of Civil Aviation (DGCA). In view of this, the following changes took place on the Board of AIESL:

Shri Vikram Dev Dutt ceased as Nominee Director and Chairman from the Board of AIESL w.e.f. 28-02-2023. Further, AIESL Board vide its Resolution by circulation having Ref. No. AIESL/HQ/CS/10/05/2022-23 dated 10-03-2023 had nominated and elected Shri Satyendra Kumar Mishra, as the Chairman on the Board of AIESL w.e.f. 01-03-2023 and passed the requisite resolution on 13-03-2023 till any further instruction from the MoCA/Holding Company.

The Board placed on record its appreciation for the valuable services rendered by Shri Vikram Dev Dutt as Chairman, Shri Vimlendra Anand Patwardhan as Nominee Director & Shri Rajesh Singh Shrinarayan Sharma as Nominee Director on the Board and Board Level Committees of the Company during their tenure.

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

b) Appointment & Remuneration of Directors

AIESL being a wholly owned subsidiary Company, the appointment of its directors is done by the holding company/ Administrative Ministry. The company does not have any whole-time director.

The Nominee (part-time) Directors do not receive any remuneration from the Company.

The Company does not have a policy of paying performance linked incentives to any of the Directors of the Company. Government Companies have been exempted from formulating policy relating to remuneration of Directors required under section 178 of the Companies Act.

The Company has not introduced any Stock Option Scheme.

c) Meetings of Board and attendance during FY 2022-23:

i) Eight Meetings of the Board were held during the financial year 2022-23 as per details given below:

S No.	Meeting	Date of Meeting	Board Strength	No. of Directors Present
1.	76th	06-04-2022	4	3
2.	77th	20-05-2022	4	3
3.	78th	01-07-2022	4	4
4.	79th	13-09-2022	4	4
5.	80th	20-10-2022	4	3
6.	81st	27-12-2022	4	3
7.	82nd	18-01-2023	4	2
8.	83rd	17-03-2023	3	3

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

iii) Details of attendance of the Directors at the Board Meetings held during the FY 2022-23 and in last Annual General Meeting (AGM):

Name of the Director	Academic Qualification	No. of Board Meetings during 2022-23		Attended last AGM & Adjourned AGM		Details of other Companies	
		Held (during their respective tenures)	Attended	30-12-2022	30-01-2023 (Adjourned AGM)	Directorships in companies	Memberships held in Committees
Shri Vikram Dev Dutt, Chairman (From 27-01-2022 to 28-02-2023)	B.Tech. & PGDM, IAS (UT:93)	7	7	YES	YES	**Chairman & Managing Director:** 1 AIAHL till 28-02-2023 **Chairman:** 4 till 28-02-2023 [AIESL, AIASL, AAAL & HCI] **Director:** 1 (PBSPL)	**Chairman:** 4 A. CSR Committee: 2 (AIESL & AIASL) B. HR Committee: 1 (AAAL) C. Flight Safety Committee: 1 (AAAL) **Member:** 4 Audit Committee: 4 (AIAHL, AIESL, AIASL & AAAL)

Name of the Director	Academic Qualification	No. of Board Meetings during 2022-23		Attended last AGM & Adjourned AGM		Details of other Companies	
		Held (during their respective tenures)	Attended	30-12-2022	30-01-2023 (Adjourned AGM)	Directorships in companies	Memberships held in Committees
Shri S.K. Mishra, Director (from 02-02-2017 to 01-01-2024) *(AIESL Board had nominated and elected Shri S.K. Mishra as Chairman of the Board w.e.f. 01-03-2023 and consequently become the Chairman of CSR Committee w.e.f. 13-03-2023)*	M. Tech (Applied Geology) M.A. (Public Policy), IRS (IT:1990)	8	8	YES	YES	**Chairman & Managing Director:** 1 AIAHL w.e.f. 01-03-2023 **Chairman:** 4 w.e.f. 01-03-2023 [AIESL AIASL, AAAL & HCI] **Director:** 3 [AIAHL (w.e.f. 22-01-2018), AIESL (w.e.f. 02-02-2017 & AIASL (w.e.f. 02-02-2017]	**Chairman:** 5 A. CSR Committee: 2 [AIESL (w.e.f. 13-03-2023) & AIASL (w.e.f. 14-03-2023)] B. HR Committee: 1 (AAAL) C. Flight Safety Committee: 1 (AAAL) D. Nomination & Remuneration Committee: 1 (AIAHL) **Member:** 6 A. Audit Committee: 4 [AIAHL, AIESL, AIASL, & AAAL] B. CSR Committee: 2 [AIESL (before 13-03-2023) & AIASL (before 14-03-2023)]
Shri V.A. Patwardhan, Director (From 20-03-2020 to 14-12-2022)	B. Com, IA & AS Officer, 1996 Batch.	5	5	N.A.		**Director:** 6 [AIAHL, AIESL, AIASL, PHL, IREDA & SECI]	**Chairman:** 5 A. Audit Committee: 3 [AIAHL, AIESL & AIASL] B. Nomination & Remuneration Committee (NRC): 1 [IREDA]

Name of the Director	Academic Qualification	No. of Board Meetings during 2022-23		Attended last AGM & Adjourned AGM		Details of other Companies	
		Held (during their respective tenures)	Attended	30-12-2022	30-01-2023 (Adjourned AGM)	Directorships in companies	Memberships held in Committees
							C. Stakeholder Relationship Committee: 1 [IREDA] **Member:** 10 A. Audit Committee: 4 [PHL, AAI, SECI & IREDA] B. CSR Committee: 2 [AIESL & AIASL] C. Remuneration Committee: 2 [SECI & AAI] D. NPA & Stressed Asset Resolution Committee: 1 [IREDA] E. Risk Management Committee: 1 [IREDA]
Smt. Parama Sen, Woman Director (from 11-02- 2022 to 12-12-2023)	MSC Physics, IA&AS (1994)	8	3	YES	YES	**Director:** 4 [AIAHL, AIESL, AIASL & NFHCL]	**Member:** 5 A. Audit Committee: 2 [AIESL & AIASL] B. CSR Committee: 2 (AIESL & AIASL) C. Nomination & Remuneration Committee (NRC): 1 [AIAHL]

Name of the Director	Academic Qualification	No. of Board Meetings during 2022-23		Attended last AGM & Adjourned AGM		Details of other Companies	
		Held (during their respective tenures)	Attended	30-12-2022	30-01-2023 (Adjourned AGM)	Directorships in companies	Memberships held in Committees
Shri RajeshSingh Shrinarayan Sharma (Shri Rajesh Singh), Director (From 14-12-2022 to 18-01-2023)	B.SC (Geology, Mathematics); M.Sc (Geology), IIT; PG Diploma in Public Policy Management	2	1	YES	N.A.	**Director**: 7 [AIAHL, AIESL, AIASL, PHL, NIEI, NICSI & DIC]	**Chairman: **2 Audit Committee: 2 [AIESL & AIASL] **Member:** 2 CSR Committee: 2 [AIESL & AIASL]
Shri Padam Lal Negi, Director (w.e.f. 18-01-2023)	IDAS 1992	1	1	N.A.	YES	**Director**: 7 [AAI, AIAHL, AIESL, AIASL, PHL, IREDA & SECI]	**Chairman: 3** Audit Committee: 3 [AIAHL, AIESL & AIASL] **Member:** 2 CSR Committee: 2 [AIESL & AIASL]

Notes:

1. The number of Directorships is within the maximum limit of:

   -20 Companies (out of which maximum 10 public companies) under the Companies Act, 2013.

2. Directors are not related to each other.

3. Directors do not have any pecuniary relationships or transactions with the Company.

4. The number of committee memberships of directors is within the maximum limit of ten including the permitted limit of five chairmanships under the DPE Corporate Governance Guidelines, 2010 (DPE Guidelines). Only the Audit Committee is to be counted for the said limit.

5. Full names of Companies referred:
   a) AAI – Airport Authority of India
   b) AIESL – AI Engineering Services Limited
   c) AIASL – AI Airport Services Limited
   d) AAAL – Alliance Air Aviation Limited
   e) HCI – Hotel Corporation of India Limited

f) PBSPL – Port Blair Smart Projects Limited

g) NFHCL – National Financial Holdings Company Limited

h) PHL – Pawan Hans Limited

i) SECI – Solar Energy Corporation of India Limited

j) IREDA – Indian Renewable Energy Development Agency Limited

k) NIEI – National Internet Exchange of India

l) NICSI – National Informatics Centre Services Incorporated

m) DIC – Digital India Corporation

3. Board Procedures:

The meetings of the Board were generally held at the AIESL office situated at Safdarjung Airport in New Delhi through video conferencing (VC). The meetings are generally scheduled well in advance. In case of exigencies or urgency, resolutions are passed by circulation. The agenda for the meeting is prepared by concerned officials / CEO and approved by Chairman of the company. Board papers are generally circulated in advance to Board members. The members of the Board have access to all information and are free to recommend inclusion of any matter in the agenda for discussion. Senior executives are invited to attend the Board Meetings and provide clarification as and when required. Action Taken Reports are put up to the Board periodically. To enable better and more focused attention to the affairs of the Company, the Board delegates certain matters to committees of the Board set up for this purpose.

4. Code of Conduct:

In terms of the requirements of DPE guidelines on Corporate Governance for CPSEs, the Board has adopted the Code of Conduct for the Directors and Senior Management. There is a system of affirming compliance with the Code by the Board Members and Senior Management Personnel of the Company. A declaration of compliance signed by the Chief Executive Officer of the Company is enclosed as **'Annexure – B-1'** to this Report.

5. Board Committees:

Audit Committee

As part of the Corporate Governance and in compliance with the provisions of the Companies Act, 2013 and DPE Guidelines, the Audit Committee was originally constituted in March 2016 with the approval of the Board of Directors adopting the terms of reference and reconstituted the same from time to time when there is any change in the Directors nominated by the holding company / Administrative Ministry. Further, the Ministry of Civil Aviation (MoCA), vide its several OMs issued from time to time, had reconstituted the Board of AIESL and consequentially the Board had reconstituted the Board Committees inter-alia Audit Committee from time to time. Thereafter, in pursuance to the OM dated 28-02-2023 issued by the MoCA, the Audit Committee of AIESL was again reconstituted by the Board on 13th March 2023 by passing a Resolution by circulation having Ref. No. AIESL/HQ/CS/10/05/2022-23 dated 10-03-2023.

a) **Composition of committee:**

As on 31-03-2023, 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 Satyendra Kumar Mishra CMD, AIAHL & JS, AI Division, MoCA	Member
Smt. Parama Sen JS, DIPAM	Member

b) **Terms of Reference:** Terms of Reference of the Audit Committee are as prescribed under Section 177 (4) of Companies Act 2013:

- **i.** To recommend for appointment, remuneration and terms of appointment of auditors of the company;
- **ii.** To review and monitor the auditor's independence and performance, and effectiveness of audit process;
- **iii.** To examine the financial statement and the auditors' report thereon;
- **iv.** To approve or any subsequent modification of transactions of the company with related parties;
- **v.** To scrutiny of inter-corporate loans and investments;
- **vi.** Valuation of undertakings or assets of the company, wherever it is necessary;
- **vii.** To evaluate internal financial controls and risk management systems;
- **viii.** To monitor the end use of funds raised through public offers and related matters.

c) **Meetings of committee:**

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

S No.	Meeting Number	Date of the Meeting	No. of Directors present
1	29th	05-04-2022	3
2	30th	20-05-2022	3
3	31st	01-07-2022	3
4	32nd	13-09-2022	3
5	33rd	20-10-2022	3
6	34th	18-01-2023	2
7	35th	17-03-2023	3

Corporate Social Responsibility (CSR) Committee

In compliance with the requirements of Companies Act 2013, the Board originally constituted a CSR Committee on 08-11-2019. However, subsequent to the reconstitution of the Board by the Ministry of Civil Aviation (MoCA) by its various OMs issued from time to time, AIESL Board also re-constituted the Corporate Social Responsibility (CSR) Committee from time to time. Thereafter, pursuant to the OM dated 28-02-2023 issued by the MoCA, the CSR Committee of AIESL was again reconstituted by the Board on 13th March 2023 by passing a Resolution by circulation having Ref. No. AIESL/HQ/CS/10/05/2022-23 dated 10-03-2023 in compliance with the provisions of Section 135 of the Companies Act, 2013, the Rules made thereunder and the guidelines formulated by the Department of Public Enterprises (DPE).

As on 31-03-2023, the CSR Committee consisted of following members, in ex officio capacity:

Particulars of Director	Position held in the Committee
Shri Satyendra Kumar Mishra CMD, AIAHL & JS, AI Division, MoCA	Chairman
Shri Padam Lal Negi JS&FA, MOCA	Member
Smt. Parama Sen JS, DIPAM	Member

There were 2 CSR Committee meetings held during FY 2022-23.

S No.	Meeting Number	Date of the Meeting	No. of Directors present
1	01st	18-01-2023	2
2	02nd	17-03-2023	3

6. General Meetings during the last three years

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

AGM / EGM	Date and time of the Meeting	Venue of the meeting	Special Resolution
17th Adjourned AGM	30-01-2023 At 1230 Hrs	Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	No
17th AGM	30-12-2022 at 1200 Hrs	Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	No
04th EGM	14-01-2022 at 1500 Hrs	Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	Yes
16th AGM	13-12-2021 at 1430 Hrs	Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	Yes
15th Adjourned AGM	23-02-2021 at 1500 Hrs	Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	No
15th AGM	29-12-2020 at 1630 Hrs	Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	No
EGM	13-07-2020 at 1500 Hrs	Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	Yes

M/s Link Intime India Pvt Ltd having its address at C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400083, is the Registrar and Transfer Agent (RTA) of the Company.

7. Disclosures and Statutory Compliances: -

Adequate Disclosures pertaining to Director's interest, related party transactions, maintenance of statutory registers have been taken and placed periodically before the Board of Directors to take informed decisions, with the Board following a clear policy of specific delegation and authorization of designated officers to handle the business matters. MCA Filings with respect to disclosures, intimations, allotments and appointments have been made in a time bound manner with no pending matters. The Company, based on self-evaluation, falls under 'Excellent' grade for the compliance of DPE Corporate Governance Guidelines for the previous three financial years 2020-21, 2021-22 and 2022-23. The DPE has also awarded 'Excellent' grading to AIESL for compliance of DPE Corporate Governance Guidelines during FYs 2020-21 and 2021-22.

For and on behalf of Board of Directors
of AI Engineering Services Limited

Sd/-
Asangba Chuba Ao
Chairman
DIN: 08086220

Date: 11-03-2024
Place: New Delhi

'ANNEXURE-B-1'

CODE OF CONDUCT

DECLARATION

Pursuant to DPE guidelines on Corporate Governance for CPSEs, all the Board Members & Senior Management Personnel have affirmed compliance with the Code of Conduct, as adopted by the Board of Directors, for the year ended 31st March 2023.

Sd/-
(Sharad Agarwal)
Chief Executive Officer
AI Engineering Services Limited

Date: 11-03-2024
Place: New Delhi

'ANNEXURE-C'

FORM NO. MGT 9 - EXTRACT OF ANNUAL RETURN

As on financial year ended on 31-03-2023.
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1	CIN	U74210DL2004GOI125114
2	Registration Date	11-03-2004
3	Name of the Company	AI ENGINEERING SERVICES LIMITED (AIESL) *(formerly known as Air-India Engineering Services Limited)*
4	Category/Sub-category of the Company	Company Limited by shares/Union Government Company
5	Address of the Registered office & contact details	*2nd Floor, CRA Building, Safdarjung Airport Area, New Delhi – 110003, Ph. No: 011-24600763
6	Whether listed company	No
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s Link Intime India Pvt Ltd C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083

* *The registered office of the company has been changed from 'Airlines House, 113, Gurudwara Rakabganj Road, New Delhi – 110001' to '2nd Floor, CRA Building, Safdarjung Airport Area, New Delhi – 110003' in June 2023.*

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated) –

Sr No	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Technical Handling, MRO, and Other Services	9987	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANY:

Sr. No.	Name and Address of the Company	CIN/GIN	Holding / Subsidiary / Associate	% of Shares	Applicable Section
1	AI Assets Holding Limited 2nd Floor, AI Administration Building, Safdarjung Airport, Safdarjung AirPort, Central Delhi, Delhi, India, 110003.	U74999DL2018GOI328865	Holding	100%	2 (46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

A) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-04-2022]				No. of Shares held at the end of the year [As on 31-03-2023]				% Change during the year
	Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Share	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	
b) Central Govt	-	-	-	-	-	-	-	-	
c) State Govt(s)	-	-	-	-	-	-	-	-	
d) Bodies Corp.*	166,666,500	-	166,666,500	100	166,666,500	-	166,666,500	100	0.00
e) Banks / FI	-	-	-	-	-	-	-	-	
f) Any other	-	-	-	-	-	-	-	-	
Total shareholding of Promoter (A)	166,666,500	-	166,666,500	100	166,666,500	-	166,666,500	100	0.00
B. Public Shareholding	**Not Applicable**								
1. Institutions									
a) Mutual Funds/ UTI	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify) Foreign Banks	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions	**Not Applicable**								
a) Bodies Corp. (Market Maker + LLP)	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-04-2022]				No. of Shares held at the end of the year [As on 31-03-2023]				% Change during the year
	Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Share	
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
i) Non-Resident Indians	-	-	-	-	-	-	-	-	-
ii) Non-Resident Indians - Non Repatriable	-	-	-	-	-	-	-	-	-
iii) Office Bearers	-	-	-	-	-	-	-	-	-
iv) Directors	-	-	-	-	-	-	-	-	-
v) HUF	-	-	-	-	-	-	-	-	-
vi) Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
vi) Foreign Nationals	-	-	-	-	-	-	-	-	-
vii) Clearing Members	-	-	-	-	-	-	-	-	-
viii) Trusts	-	-	-	-	-	-	-	-	-
ix) Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2): -	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B)(1) + (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**166,666,500**	-	**166,666,500**	**100**	**166,666,500**	-	**166,666,500**	**100**	**0.00**

* ***Bodies Corporate: 100% Shareholding is with Body Corporate i.e., AI Assets Holding Limited (a Govt. of India Undertaking) along with its Nominees w.e.f.12-01-2022.***

B) Shareholding of Promoter

Sr No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	AI Assets Holding Limited along with its nominees	166,666,500	100	NIL	166,666,500	100	NIL	0.00

Shareholding of Promoters: The Company is wholly-owned subsidiary of AI Assets Holding Limited – with 166,666,500 Equity Shares of Rs.10/- each w.e.f. 12-01-2022, and the Entire Shareholding held by Indian Promoters.

C) Change in Promoters' Shareholding (please specify if there is no change):

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding at end of the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year				
AI Assets Holding Limited	166,666,500	100%		
At the end of the year				
AI Assets Holding Limited			166,666,500	100%

D) Shareholding Pattern of top ten Shareholders:
(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding at end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	NOT APPLICABLE				
2					

E) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding at the end of year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	NIL				
	[Note: Equity Shares are held by Nominees of Holding Company (i.e., AI Assets Holding Limited) only, which includes directors also]				
	Total				

V. INDEBTEDNESS - Indebtedness of the Company including interest outstanding/ accrued but not due for payment.

(In Rs Crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Figures In Rs.)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager					Total Amount
	There were no Managing, Whole Time Directors in the Company during the year 2022-23 except the CEO. The details of CEO have been provided under KMP.						NIL
1	Gross salary	-	-	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961						
	(b)Value of perquisites u/s 17(2) Income-tax Act, 1961						
	(c)Profits in lieu of salary under section 17(3) Income- tax Act, 1961						
2	Stock Option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission as % of profit others specify.	-	-	-	-	-	-
5	Others: (PF, DCS, House Perks tax etc)	-	-	-	-	-	-
	Total (A)	-	-	-	-	-	-
	Ceiling as per the Act						

B. Remuneration to other directors – Not Applicable

Sr No.	Particulars of Remuneration	Name of Directors					Total Amount
1	Independent Directors	-	-	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify (Fees for attending Board Sub Committee Meetings)	-	-	-	-	-	-
	Total(1)	-	-	-	-	-	-

Sr No.	Particulars of Remuneration	Name of Directors					Total Amount
2	Other Non-Executive Directors	-	-	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)	-	-			-	-
	Total (B)=(1+2)	-	-	-	-	-	-
	Total Managerial Remuneration	-	-	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-	-	-

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/ WTD

(Figures in Rs.)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel					
		CEO		CS	CFO		Total
		Shri Jose Mathew (from 01.04.2022 to 30.04.2022)	Shri Sharad Agarwal (from 01.05.2022 to 31.03.2023)	Ms. Sakshi Mehta (from 01.04.2022 to 31.03.2023)	Shri Gopal Krishan Valecha (from 01.04.2022 to 20.05.2022)	Shri Rakesh Kumar Jain (from 20.05.2022 to 31.03.2023)	
1	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,05,600	44,40,686	9,73,200	4,00,000	21,29,032	**83,48,518**
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	3,21,057	-	-	1,65,940	**4,86,997**
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961						
2	Stock Option						
3	Sweat Equity						
4	Commission						
	- as % of profit						
	Others, specify.						
5	Others: (PF, DCS, House Perks tax etc)						
	Total	**4,05,600**	**47,61,743**	**9,73,200**	**4,00,000**	**22,94,972**	**88,35,515**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Type	Section of Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY			NIL		
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS			NIL		
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT			NIL		
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of Board of Directors of AI Engineering Services Limited

Sd/-
Asangba Chuba Ao
Chairman
DIN: 08086220

Date: 11-03-2024
Place: New Delhi

'ANNEXURE – D'

FORM NO. AOC-2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8 (2) of the Companies Accounts Rules, 2014]

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

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL

2. Details of contracts or arrangements or transactions 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 2022-23 were on an arm's length basis, in the ordinary course of business which were duly approved in 80th Board meeting held on 20-10-2022. The details of contracts /arrangements / transactions at arm's length basis are as follows:

Name of related party & Nature of Relationship	Duration of Transaction	Nature of transaction	Amount (In Millions)
Alliance Air Aviation Limited (AAAL)	1st April 2022 – 31st March 2023	Revenue from MRO Services	586.7
		Other Income (Interest)	173.45
		Total Revenue (Income)	**760.15**
		Expenditure	**-**
		Total Expenditure	**-**
AI Airport Services Limited (AIASL)	1st April 2022 – 31st March 2023	**Revenue from MRO Services (Total Income)**	**12.42**
		Handling charges	200.82
		Manpower Cost	3.26
		Interest on outstanding dues	21.87
		Total Expenditure	**225.95**
Hotel Corporation of India (HCI) (Centaur Hotels)	1st April 2022 – 31st March 2023	Hotel Room charges and others (staff on duty)	16.38
		Total Expenditure	**16.38**
AI Assets Holding Ltd. (AIAHL) Holding Company	1st April 2022 – 31st March 2023	**Amount receivable for Security services (Total Income)**	**15.05**
		Interest on outstanding dues	1,865.56
		Rent Exp	467.35
		Reimbursement	69.22
		Total Expenditure	**2,402.13**

Name of related party & Nature of Relationship	Duration of Transaction	Nature of transaction	Amount (In Millions)
Total Income (A)			**787.62**
Total Expenditure (B)			**2,644.46**
Total Amount (A+B)			**3,432.08 Equivalent to Rs 343.2 Cr.**

Note:

1. The details of "Related Party Disclosures" as per accounting standards are being disclosed in Notes to the accounts in the Financial Statements.

For and on behalf of Board of Directors
of AI Engineering Services Limited

Sd/-
Asangba Chuba Ao
Chairman
DIN: 08086220

Date: 11-03-2024
Place: New Delhi

'ANNEXURE – E'

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) FOR FY 2022-23

[as per the requirement of the Companies (CSR Policy) Rules, 2014]

1. Brief outline of the CSR Policy of the Company.

- AIESL envisions to act in a socially responsible manner to contribute to the socio-economic development of local communities we operate in, viz. airports and city offices, by building stronger, developed sustainable communities & raise the quality of life of people of the Country.
- The Board of Directors of the Company have adopted a CSR Policy, which recognizes that Corporate Social Responsibility is not merely compliance, it is a commitment to support initiatives that benefit community at large by one or more focus areas as specified in Schedule VII of the Act.
- To ensure effective implementation of the CSR programmes undertaken at each work centre, a monitoring mechanism will be put in place by the work centre head.
- The company will establish an accounting system to ensure proper accounting of CSR spends.
- A brief outline of the Company's CSR Policy including an overview of projects or programs proposed to be undertaken can be viewed on the website of the Company i.e. www.aiesl.in.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	*Shri Vikram Dev Dutt	Chairman (Ceased to be Chairman w.e.f. 28-02-2023)	2	1
2.	*Shri S.K. Mishra	Member (Designation changed from Member to Chairman w.e.f. 13-03-2023)	2	2
3.	Shri Vimlendra Anand Patwardhan	Member (Ceased to be Member w.e.f. 14-12-2022)	2	0
4.	** Shri. Rajesh Singh Shrinarayan Sharma	Member (Member from 19.12.2022 to 18.01.2023)	2	0
5.	**Shri Padam Lal Negi	Member (Member w.e.f. 30.01.2023)	2	1
6.	Smt. Parama Sen	Member	2	1

* *Shri. Vikram Dev Dutt ceased as Nominee Director and Chairman from the Board & CSR Committee of AIESL w.e.f. 28-02-2023. Further, in pursuant to the OM dated 28-02-2023 issued by the Ministry of Civil Aviation (MoCA), the CSR Committee of AIESL was reconstituted by the AIESL Board on 13-03-2023 by passing a Circular Resolution having ref. no. AIESL/HQ/CS/10/05/2022-23 dated 10-03-2023, in compliance with the provisions of Section 135 of the Companies Act, 2013, the Rules made thereunder, and the guidelines formulated by the Department of Public Enterprises, whereby Shri Satyendra Kumar Mishra has become the Chairman of the CSR Committee w.e.f. 13-03-2023.*

** *The CSR Committee met two times during the year i.e. 18-01-2023, and 17-03-2023. Shri Vimlendra Anand Patwardhan did not attend any meeting during FY 2022-23 as no meeting was held during his tenure. Further, Shri Vikram Dev Dutt and Shri Padam Lal Negi attended one meeting of CSR Committee as held during their respective tenures and Shri RajeshSingh Shrinarayan Sharma did not attend the meeting dated 18-01-2023 held during his tenure.*

3. **Provide the web link where the Composition of the CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:**

S. No	Particulars	Weblink
1.	Composition of CSR Committee	https://www.aiesl.in/Composition-of%20CSR-Committee.aspx
2.	CSR Policy	https://www.aiesl.in/CSRPolicy.aspx
3.	Project approved by the Board	Not Applicable*

* *The entire CSR expenditure amounting to Rs.40.94 million for the FY 2022-23 had been done by contribution in the Prime Minister's National Relief Fund during FY 2022-23 (i.e., Rs.1000/- on 29-03-2023 & Rs.40939000/- on 31-03-2023) as per the approval of the Board.*

4. **Provide the details of the Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).:**

   Not Applicable (NA).

5. **Details of the amount available for setoff in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, and amount required for setoff for the financial year, if any**:

   Not Applicable

6. **Average net profit of the company as per section 135(5): Rs. 2,047.12 million**

7. **(a) Two percent of average the net profit of the company as per section 135(5):** Rs.40.94 million

   (b) Surplus arising out of the CSR projects or programs or activities of the previous financial years: NIL.

   (c) Amount required to be set off for the financial year, if any: NA

   (d) Total CSR obligation for the financial year (7a+7b-7c).: Rs.40.94 million

8. (a) **CSR amount spent or unspent for the financial year:** Rs.40.94 million

Total Amount Spent for the Financial Year. (Rs. in million)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per the second proviso to section135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer
40.94 in the Prime Minister's National Relief Fund	-	-	-	-	-

(b) **Details of CSR amount spent against ongoing projects for the financial year:** Nil.

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Project duration.	The amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Imple-mentation	Mode of Implemen-tation-Through Implementing Agency	
				State.	District.						Name	CSR Registration number.
1.												

(c) **Details of CSR amount spent against other than ongoing projects for the financial year:** Nil.

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (in Rs.).	Mode of implementation on Direct (Yes/No).	Mode of implementation-Through implementing agency.	
				State	District.			Name.	CSR Registration number.
						NA		NA	NA

(d) **Amount spent in Administrative Overheads:** NIL

(e) **Amount spent on Impact Assessment, if applicable:** NA

(f) **Total amount spent for the Financial Year (8b+8c+8d+8e):** Nil

(g) **Excess amount for set off, if any:** Nil

Sl. No.	Particulars	Amount (Rs. in million)
(i)	Two percent of average net profit of the company as per section135(5)	40.94
(ii)	Total amount spent for the Financial Year	40.94
(iii)	Excess amount spent for the financial year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programs or Activities of the previous financial years, if any	-
(v)	Amount available for setoff in succeeding financial years. [(iii)-(iv)]	-

9. (a) **Details of Unspent CSR amount for the preceding three financial years:** NA

(b) **Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	**Project ID.**	**Name of the Project.**	**Financial Year in Which the project was commenced.**	**Project duration.**	**Total amount allocated for the project (in Rs.).**	**Amount spent on the project in the reporting Financial Year (in Rs).**	**Cumulative amount spent at the end of reporting Financial Year. (in Rs.)**	**Status of the project Completed /Ongoing.**
1.	-	-	-	-	-	-	-	-
	TOTAL		-	-	-	-	-	-

10. **In case of the creation or acquisition of capital assets, furnish the details relating to the assets created or acquired through CSR spent in the financial year (asset-wise details). :** NA

(a) **Date of creation or acquisition of the capital asset(s) :** NA

(b) **Details of the entity or public authority or beneficiary under whose name such capital assets is registered, their address etc. :** NA

(c) **Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). :** NA

(d) **Specify the reason(s), if the company has failed to spend two percent of the average net profit as per section 135(5) :** NA

For AI Engineering Services Limited

Sd/-
Asangba Chuba Ao
Chairman of CSR Committee

Sd/-
Sharad Agarwal
Chief Executive Officer

Sd/-
Sakshi Mehta
Company Secretary

Sd/-
Rakesh Kumar Jain
Chief Financial Officer

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

(Pursuant to Section 204 (1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,

The Members,
AI Engineering Services Limited
2nd Floor, CRA Building, Safdarjung Airport Area,
Safdarjung AirPort, New Delhi – 110003

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **AI Engineering Services Limited** (CIN: U74210DL2004GOI125114) (hereinafter called the Company or AIESL). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the **AI Engineering Services Limited'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 authorised representatives during the conduct of secretarial audit and as per the explanations given to me and the representations made by the Management, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2023 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

A. I have examined the books, papers, minute books, forms and returns filed and other records made available to me and maintained by the company for the financial year ended on 31st March, 2023 according to the applicable provisions of:

i. The Companies Act, 2013 ('the Act') and the rules made there under subject to the following observations:

   a) *During the period under review the Company has complied with the provisions of Companies Act, 2013, ('the Act') and the rules made thereunder, as applicable, and further the appointment of independent directors in public companies which are wholly owned subsidiaries of unlisted public companies are not require to appoint independent directors under section 149(4) and 178 of Companies Act, 2013 read with Rule 4(2) of Companies (Appointment and Qualification of Directors) Amendment Rules, 2014) as amended. However, as per DPE Guidelines on Corporate Governance 2010, the non-listed CPSEs provides for appointment of independent directors, setting up of audit committee and Remuneration committee, respectively wherein the constitution of both the committees is required to be done by the independent directors. The Company has applied to the DPE for seeking the said exemption.*

b) *The company was granted an extension of time vide order dt. Sept 9, 2022, for the purpose of holding AGM (which was due to be held on or before Sept 30, 2022 by 3 months on the application filed vide SRN F23908106 on 06-09-2022 under section 96 of the Companies Act, 2013. And the AGM of the company was held on Dec. 30, 2022. However, the audited Financial Statement of the company were adopted by members in the adjourned AGM of the company held on Jan 30, 2023.*

(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; (Not applicable to the company)

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011; (Not applicable to the company)

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; (Not applicable to the company)

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the company)

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not applicable to the company)

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the company)

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the company)

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the company) and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the company)

(vi) In aviation sector, following laws are specifically applicable to the Company:

- Aircraft Act, 1934
- Civil Aviation Requirements issued by DGCA

I further report, that the company carried the compliance of aforesaid CAR under aviation laws and the compliance by the Company of such aviation laws have not been reviewed in this Audit which have been subject to review by DGCA and other designated professionals/ authorities.

I have also examined compliance with the applicable clauses of the following:

a) Secretarial Standards issued by The Institute of Company Secretaries of India.

b) Guidelines on Corporate Governance for Central Public Sector Enterprises as stipulated in the O.M. No. 18(8)/2005-GM dated 14^{th} May, 2010 of the Ministry of Heavy Industries and Public Enterprises, Government of India.

c) Being unlisted company, company was not require to enter into any listing agreements with Stock exchange(s).

I have examined the framework, processes and procedures of compliance with respect to laws applicable to the company on test basis.

Sexual Harassment of Women at Workplace (Prevention, Prohibition and Regulation) Act, 2013: The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

I further report, that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.

During the period under review and as per the explanations and clarifications given to me and the representations made by the Management, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above subject to the observation made therein.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings at least seven days in advance and where the Board meetings are called at shorter notice, presence of at least one Nominee director is ensured, agenda and detailed notes on agenda were sent and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings, as represented by the management, were taken unanimously.

I further report that as per the explanations given to me and the representations made by the Management and relied upon by me there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. It is informed that the Company has responded to notices for demands, claims, penalties etc. levied by various statutory / regulatory authorities and initiated actions for corrective measures, wherever necessary.

I further report that during the audit period, there are no specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

For J P Saini & Associates
Company Secretaries

Sd/-
(Jiwan Parkash Saini)
Proprietor

FCS No: 3671
CP No: 2100

Date: Sept. 07, 2023
Place: New Delhi
UDIN: F003671E000967194

Note_1: Specific non compliances / observations / audit qualification, reservation or adverse remarks has been reported in respect of the above at appropriate place.

Note_2: This Report is to be read with my letter of even date which is annexed as Annexure A and forms an integral part of this report.

'Annexure A'

To,

The Members,
AI Engineering Services Limited
2nd Floor, CRA Building, Safdarjung Airport Area,
Safdarjung AirPort, New Delhi-110003.

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices, we followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For J P Saini & Associates
Company Secretaries

Sd/-
(Jiwan Parkash Saini)
Proprietor
FCS No: 3671
CP No: 2100

Date: Sept. 07, 2023
Place: New Delhi

MANAGEMENT REPLY TO THE OBSERVATIONS OF THE SECRETARIAL AUDITOR FOR FY 2022-23

Sl. No.	Audit Observations	Management Reply
A	During the period under review the Company has complied with the provisions of Companies Act, 2013, ('the Act') and the rules made thereunder, as applicable, and further the appointment of independent directors in public companies which are wholly owned subsidiaries of unlisted public companies are not require to appoint independent directors under section 149(4) and 178 of Companies Act, 2013 read with Rule 4(2) of Companies (Appointment and Qualification of Directors) Amendment Rules, 2014) as amended. However, as per DPE Guidelines on Corporate Governance 2010, the non-listed CPSEs provides for appointment of independent directors, setting up of audit committee and Remuneration committee, respectively wherein the constitution of both the committees is required to be done by the independent directors. The Company has applied to the DPE for seeking the said exemption.	This is a statement of fact.
B	The company was granted an extension of time vide order dt. Sept 9, 2022, for the purpose of holding AGM (which was due to be held on or before Sept 30, 2022 by 3 months on the application filed vide SRN F23908106 on 06-09-2022 under section 96 of the Companies Act, 2013. And the AGM of the company was held on Dec. 30, 2022. However, the audited Financial Statement of the company were adopted by members in the adjourned AGM of the company held on Jan 30, 2023.	This is a statement of fact. The Financial Statements of the Company for FY 2021-22 were approved by the Board in its 80th meeting held on 20-10-2022 based on the recommendations of the Audit Committee. The financial statements, after the approval of the Board, were forwarded to Statutory Auditors for the report thereon and thereafter along with Auditors' Report to the office of the Comptroller and Auditor General of India (C&AG) for their comments thereon. The comments of C&AG were received vide letter dated 03-01-2023 and the same along with management replies were placed before the Audit Committee and Board in their respective meetings held on 18-01-2023.

Sl. No.	Audit Observations	Management Reply
		Thereafter, the audited financial statements of the company for the FY 2021-22 were adopted in the Adjourned 17th AGM of the company held on 30-01-2023.

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 ENGINEERING SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2023

The preparation of financial statements of AI ENGINEERING SERVICES LIMITED for the year ended 31 March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 20 December 2023.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of AI ENGINEERING SERVICES LIMITED for the year ended 31 March 2023 under Section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

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

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

Sd/-
(Rajiv Kumar Pandey)
Director General of Audit (Infrastructure)
New Delhi

Place: New Delhi
Dated: 23-02-2024

INDEPENDENT AUDITOR'S REPORT

To the Members of

AI Engineering Services Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of AI Engineering Services Limited (formerly known as Air India Engineering Services Ltd.) ("the Company"), which comprise the balance sheet as at 31stMarch 2023, the statement of Profit and Loss, the statement of changes in equity and statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by The Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended (Ind AS) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31st, 2023, and profits, changes in equity and other comprehensive income and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

1. The Company has written a letter to Department of Public Enterprise dated 01.09.2020 for exemption of Section 149 (4) ,Section 177 and Section 178 of The Companies Act 2013, relating to appointment of Independent Directors, Constitution of Audit Committee and Constitution of Nomination and Remuneration Committee respectively. Reply is awaited from Department of Public Enterprise.

2. A) As per para 9 of Ind-AS 2 on *Inventories*

   Inventories shall be measured at cost or net realizable value. The Company has valued the inventories during the year at weighted average cost. Valuation of inventories has not been done as per Ind-AS 2 at year end. Hence, we are unable to comment on the impact of the same.

   B) Inventory valuation as per financial books maintained on SAP and actual inventory accounting by separate software "Ramco" is different. In the absence of reconciliation of the value, we are unable to comment as many balances since opening are negative. In inventory no balance can be negative as such company has provided 50 crores provision of shortage of inventory but there is no system of physical verification of inventory.

3. Company has not deducted Income tax at source while accounting for provision for expenses. The impact of such non-compliance cannot be ascertained.

4. Company has calculated Interest Payable/Receivable on average balance of Inter Companies. The Company has not calculated Interest as per MSA with various Inter Companies.

5. Company has not complied with Ind AS 36 on *Impairment of assets*.

6. A) The reconciliation and matching of certain unmatched receivables/ recoverable from staff and payables including certain control ledger is in the process. *(Refer note no. 29(iii) to notes to accounts.)*

   B) Trade receivable, deposits received, deposits paid and trade payable are subject to confirmations. *(Refer note no. 29(i) to notes to accounts.)*

   C) The Company is in process of reconciliation of revenue and tax deducted at source as accounted in financials and as per 26 AS.

   D) Good & Service Tax (GST) and other statutory dues are in the process of reconciliation with the returns filed and statutory records maintained by the company. *(Refer note no. 29(ii) to notes to accounts.)*

7. As per the policy of the company, for the physical verification of PPE, the Company has appointed a professional firm of Chartered Accountant including for the assets tagging of the PPE (Delhi) in a phase manner. The firm has submitted its report dated 17th August, 2022 showing shortage of 41 items having WDV of ₹ 0.83 million and found 2152 excess items. The discrepancies and excess found will be adjusted / accounted for after taking approval from the competent authority. Further, as per report submitted, 1056 number of assets could not be verified due to non-availability of product/assets code to identify the assets code given in the assets list.

8. Prior period expenses to the tune of Rs. 517.49 million Prior period income to the tune of Rs.175.66 million has been booked in previous year 2020-21 and 2021-22. The books of 2020-2021 and 2021-2022 has been restated and consequential adjustments / disclosure has been made in respective years. *(Refer Note No. 28 to notes to accounts.)*

Our Opinion is not qualified in respect of these matters

Key Audit Matters

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

S. No.	Key audit matter
1.	Inventory valuation and Accounting Inventory accounting has been maintained on "Ramco" software whereas financial records are maintained in SAP. Inventory valuation has been taken on weighted average method of 604.39 million as per SAP has many entries in negative since 01.04.2022 which is not acceptable in accounting. Management has provided provision of 500 million. on estimation basis which will impact the other accounting effect which cannot be ascertained. On the basis of above observation, we are unable to comment of its implication and other effects in the other accounts as inventory transferred by AIL has not been physically verified.
2.	The Government of India vide letter dated 16th February, 2022 has approved medical benefit facility to the eligible permanent retired/retiring employees of Air India Limited including eligible permanent employees of AIESL post disinvestment. As per the scheme, all the expenditure under this scheme will be borne by M/o Civil Aviation through Budgetary provisions. AIESL has written back 233.42 cr of medical expenses provided in earlier years. This is sizeable amount taken as liability in earlier years.
3.	AIESL has changed income tax filing from old regime to new regime and has filed income tax return on 30.10.23 with net income and has claimed refund of 86.08 cr which has been taken defective by income tax department. Now company has made provision of income tax payable 33.90 cr Figures of the balance filed along with income tax return are not matched with audited balance sheet figures as such we are unable to comment of the consequence of such filing.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the Board's Report including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management Responsibilities for the Standalone Financial Statements

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

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

The Board of Directors is also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the ***Annexure-A*** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, Statement of Changes in Equity and the Statement of Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

   (e) The company, being a government company, is exempt from the provisions of section 164 (2) of the Companies Act, 2013 vide Notification no GSR 463 (E) dated 05-06-2015 from Ministry of Corporate Affairs.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in ***"Annexure B".*** Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   (g) The provisions of Section 197 read with schedule V of Companies Act 2013 relating to managerial remuneration are not applicable to the Company, being a Government Company in terms of MCA notification no. GSR 463 (E) dated June 5, 2015.

   (h) We have not come across any qualification, reservation or adverse remarks relating maintenance of accounts and other matters connected therewith hence we are not making any comment under this para except few observations stated in *emphasis of matter* para and in *Annexure B* of this report.

   (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – *Refer Note 27 to notes to standalone financial statements*;

ii. The Company does not foresee any material losses on long term contracts and has not entered into derivative contracts.; hence no provision for the same has been made.

iii. There is no amount required to be transferred to the Investor Education and Protection Fund by the Company.

iv. a) The management has represented, that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entities, including, foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the intermediary shall

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Intermediaries") by or on behalf of the Funding Party or

- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and

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

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Intermediaries") by or on behalf of the Funding Party or

- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries;

c) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub clause iv (a) and iv (b) contain any material mis-statement.

v) The Company has not declared any dividend during the year; hence this para is not applicable.

3. As required by section 143(5) of the Act and in pursuance of directions issued by the Office of the Comptroller and Auditor General of India for the year ended March 31st, 2023, we report that:

a) Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.

Yes, the company has the system in place to process all the accounting transactions through IT system except as stated below:-

- The Company has SAP for maintenance of accounts. Most of the entries passed do not contain supporting attached with it. The system needs to be strengthened regarding the same.
- Account codes created may be used by end users appropriately. Booking of entries in correct heads may be ensured to avoid rectification entries.
- The Company has no system of calculation of Interest on outstanding of Inter Company balances. The same has been done manually.

b) Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of lender company).

On the basis of information and explanation given to us, company has not availed any loans. Hence there is no restructuring, waiver / write off of debts/ loans/ interest etc. made by the lender to the company during the year.

c) Whether funds received/receivable for specific schemes from central/ state government or its agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.

On the basis of information and explanation given to us, no funds have been received / receivable for specific schemes from central / state agencies.

For and on behalf of

AAJV and Associates
Chartered Accountants
Firm Registration No. 007739N

Sd/-
CA Ajay K. Bajaj
Partner
Membership No. 86306
UDIN- 230863068GXMKK8419

Place: Faridabad
Date: 20-12-2023

Annexure – A to the Independent Auditor's Report

Referred to in paragraph 1 under "Report on other legal and regulatory requirements" of our report of even date

i **(a) i)** The Company is in the process of updating its records showing full particulars including quantitative details and situations of tangible assets.

ii) Company does not owe any intangible assets, hence para relating to it are not applicable.

(b) As explained to us, the Company has a program of physical verification of tangible assets once in two years. Physical verification of tangible assets has been carried out by a professional firm of Chartered Accountants.

(c) According to the information and explanations given to us, physical verification of tangible assets has been carried out, but consequential effect has not been given in books of accounts. *Refer note no.30(a) to notes to accounts.*

(d) 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	2644.05	Air India Ltd.	No	8.4.2021	Refer Note no. 2(a) 1 of financial Statements
b) Jet 9D Test House	10.42	Air India Ltd.	No	01.04.2019	Refer Note no. 2(a) 2 of financial Statements

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no revaluation of property, plant and equipment (including the right of use assets) or intangible assets or both has been done by the company of its during the year.

(g) According to the information and explanations given to us and on the basis of our examination of the records of the Company , no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

ii a) As per information and explanations given to us, the exercise of physical verification of inventory is conducted on once in two years. But physical verification has not been conducted by the management. Hence, we are unable to comment on the appropriateness of coverage and procedure of such verification by the management. We are also unable to comment on any discrepancies of 10% or more, if found, in the aggregate for each class of inventory and its consequential effect in the books of account.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not been sanctioned any working capital limits from banks or financial institutions on the basis of security of current assets during the year. Accordingly, the provisions of clause 3(ii)(b) of the order is not applicable to the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not made investments, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year. Accordingly, the provisions of clause 3(iii)(a) to (f) of the order is not applicable to the Company.

(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not given any loans to director and any other party and the company has not made investments, given any guarantees and security. Accordingly, the provisions of clause 3(iv) of the order is not applicable to the Company.

(v) Company has not accepted any deposits or amounts which are deemed to be deposits from the public within the meaning of provisions of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the provisions of clause 3(v) of the order is not applicable to the Company.

(vi) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under subsection (1) of section 148 of the Companies Act 2013. Accordingly, the provisions of clause 3(vi) of the order is not applicable to the Company.

(vii) (a) On the basis of our examination of the books of accounts, and records of the company, we have observed that the Company was regular in depositing undisputed statutory dues including employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities except TDS , GST and Provident Fund . Company has cleared all such undisputed dues by year end. Arrears of outstanding statutory dues as on the last day of the financial year 31st March 2023 of more than six months from the date they became payable are as below:

Nature of Statutory Dues	**Amount Outstanding for more than 6 months as on 31st March 2023 (Rs. In millions)**
Interest on Goods and Service Tax	41.61
Interest on Service Tax	299.87
Professional tax	0.055

Statutory dues, if any, in respect of foreign business area not covered during the audit, since the record are maintained at the respective business areas which were not available for verification, we are unable to comment whether the dues have been deposited on a time basis.

(b) According to information and explanations given to us, there are statutory dues which have not been deposited by Company on account of dispute.

S. No.	AY	TDS/Income Tax	Demand Amount (millions)
1	2015-16	TDS	28.41
2	2016-17	TDS	44.60
3	2017-18	TDS	62.29
4	2018-19	TDS	184.58
5	2019-20	TDS	323.78
		Total	**643.66**

* Interest u/s 220(2) on the above demand as on 31st March, 2023 will be ₹ 237.49 million.

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

However, prior period expenses to the tune of Rs. 517.49 million and prior period income to the tune of Rs. 175.66 million and has been booked in current year. *(Refer note no. 28 to notes to accounts).*

(ix) (a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause 3(ix)(a) of the Order is not applicable.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) Company does not have any subsidiary, reporting under clause 3(ix)(e) of the Order is not applicable.

(f) The Company has not raised any loans during the year and hence reporting on clause 3(ix)(f) of the Order is not applicable.

(x) (a) No moneys has been raised by way of initial public offer or further public offer (including debt instruments) during the year by the Company. Accordingly, the provisions of clause 3(x) (a) of the order is not applicable to the Company.

(b) The company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, the provisions of clause 3(x) (b) of the order is not applicable to the Company.

(xi) (a) Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company has been noticed or reported during the year. Accordingly, the provisions of clause 3(xi) (a) of the order is not applicable to the Company.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.

(xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a),(b) and (c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) (a) Company does not have an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports for the period under audit were considered by us. Compliance of the internal audit reports was pending till the finalization of audit reports and hence any consequential impact, if any, on the financial statements has not been taken into account.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause 3(xvi) (a) of the Order is not applicable to the Company.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) As represented by the management, the Group does not have more than one Core Investment Company (CIC) as part of the Group as per the definition of Group contained in the Core Investment Companies (Reserve Bank) Directions, 2016.

(xvii) The Company has not incurred cash losses in the current year and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

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

(xx) (a) The Company is not required to transfer amounts to a fund specified in Schedule VII of the Companies Act in compliance with second proviso to sub section (5) of section 135 of the Act. Accordingly, requirement to report on Clause 3(xx) (a) and (b) of the Order is not applicable to the Company

(xxi) The Company is not required to prepare consolidated financial statements. Accordingly, requirement to report on Clause 3(xxi) of the Order is not applicable to the Company.

For and on behalf of

AAJV and Associates
Chartered Accountants
Firm Registration No. 007739N

Sd/-
CA Ajay K. Bajaj
Partner
Membership No. 86306
UDIN- 230863068GXMKK8419

Place: Faridabad
Date: 20-12-2023

Annexure - B to the Independent Auditor's Report

Referred to in paragraph 2(g) under "Report on other legal and regulatory requirements" of our report of even date

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

We have audited the internal financial controls over financial reporting of AI Engineering Services Limited ("the Company") as of March 31st, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

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

i) The Company did not have an effective system for timely accounting of entries, to prevent duplicate / rectification accounting entries.

ii) There should be maker checker process to have better control process. There are lot of repetitive corrective entries which should be avoided.

iii) In SAP most of the entries and entries pertaining to expenses borne by other group companies and then reimbursed by the Company had no supporting's to check the validity of entry.

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

v) The Company has internal audit conducted by chartered accountant firm wherein scope of audit work is not exhaustive as per size and volume business done by company. Compliance of internal audit report is still pending and hence we are unable to comment on any consequential effect in the books of accounts of company. We suggest that internal audit reports along with compliance may be placed before Audit Committee of Board at regular interval.

MATERIAL WEAKNESS

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

OPINION

In our opinion, except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31st March 2023 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of March 31st, 2023 standalone financial statements of the Company, and these material weaknesses do not affect our opinion on the standalone financial statements of the Company.

For and on behalf of

AAJV and Associates
Chartered Accountants
Firm Registration No. 007739N

Sd/-
CA Ajay K. Bajaj
Partner
Membership No. 86306
UDIN- 230863068GXMKK8419

Place: Faridabad
Date: 20-12-2023

Compliance Certificate

We have conducted the audit of accounts of AI Engineering Services Limited for the year ended 31st March, 2023 in accordance with the directions issued by the Comptroller & Auditor General of India under section 143 (5) of the Companies Act, 2013 and certify that we have complied with all the Directions issued to us.

For AAJV and Associates
Chartered Accountants
FRN-007739N

Sd/-
(Ajay K. Bajaj)
Partner
M. No. - 86306

Date : 20-12-2023

MANAGEMENT REPLIES ON STATUTORY AUDITORS' REPORT FOR THE FY 2022-23

AIESL Response to Emphasis of Matter

AUDIT OBSERVATION	MANAGEMENT REPLY
1. The Company has written a letter to Department of Public Enterprise dated 01.09.2020 for exemption of Section 149 (4), Section 177 and Section 178 of The Companies Act 2013, relating to appointment of Independent Directors, Constitution of Audit Committee and Constitution of Nomination and Remuneration Committee respectively. Reply is awaited from Department of Public Enterprise.	This is a statement of fact. As per Companies Act 2013, Sec 149(4) and 178 and in line with Rule 4(2) the Company is not required to have independent director being an unlisted company and a wholly owned subsidiary of AIAHL. However, as per DPE guidelines on Corporate Governance 2010, the non-listed CPSEs provides for appointment of Independent Director, setting up of Audit Committee and Remuneration Committee, respectively wherein the constitution of both the committee is required to be done by Independent Director. The company has applied to the DPE for seeking exemption vide letter ref no AIESL/CS/HQ/25 dated 01.09.2020. No response to the said letter has been received.
2. a) As per para 9 of Ind-AS 2 on *Inventories* Inventories shall be measured at cost or net realizable value. The Company has valued the inventories during the year at weighted average cost. Valuation of inventories has not been done as per Ind-AS 2 at year end. Hence, we are unable to comment on the impact of the same. b) Inventory valuation as per financial books maintained on SAP and actual inventory accounting by separate software "Ramco" is different. In the absence of reconciliation of the value, we are unable to comment as many balances since opening are negative. In inventory no balance can be negative as such company has provided 50 crores provision of shortage of inventory but there is no system of physical verification of inventory.	a) As per para 9 of Ind-AS 2 on *Inventories* "Inventories shall be measured at cost or net realizable value." However, as per para 21 "Techniques for the measurement of cost" Techniques for the measurement of the cost of inventories, such as the standard cost method or the retail method, may be used for convenience if the results approximate cost. Standard costs take into account normal levels of materials and supplies, labour, efficiency and capacity utilisation. They are regularly reviewed and, if necessary, revised in the light of current conditions. **Further, as per para 25 "Cost Formula" The cost of inventories, other than those dealt with in paragraph 23** (para – 23 The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects shall be assigned by using specific identification of their individual costs.), **shall be assigned by using the first-in, first-out (FIFO) or weighted average cost formula**. An entity shall use the same cost formula for all inventories having a similar nature and use to the entity. For inventories with a different nature or use, different cost formulas may be justified.

AUDIT OBSERVATION	MANAGEMENT REPLY
	b) i. The majority of the inventories had been transferred by the then Air India Limited to the company in the financial year 2017-18 (approx. Rs. 415.59 million). This was only book transfer and no physical handover-takeover had taken place. Further, RAMCO system was designed and largely managed by the officials of the then holding company officials since Material Management Department (MMD) and Finance for AIESL operations comprised mainly of Air India officials. ii. The configuration of material masters / GL masters, impacting flow of information from RAMCO to SAP, requires relook and redesign for correct capturing of the material movement transactions and correct reflection in the SAP accounting software. Further, Reconciliation between Ramco (Inventory Recording and Accounting Software) and SAP (General Accounting Software) has not been carried for the above-mentioned reasons. Further, physical verification of Inventory of materials in the nature of stores and spares has not been carried out in the past for quite some time in the absence of adequate and experienced officers in various areas.−The discrepancies in various masters and interface design and configuration, caused imbalances in the GL balances. Such discrepancies are proposed to be resolved during the year by a cross functional team. iii. Impact of such discrepancies is not ascertainable at this stage. Hence, as an interim measure, pending complete action for verification, analysis and reconciliation, a provision for Rs 500.00 million (representing around 83% of the closing balance) has been made for likely reduction in the value of inventory considering the impact changes in the categories of inventory from revenue to capital (as depreciation on capitalized assets), obsolescence, shortages as well as any other similar write down etc.

AUDIT OBSERVATION	MANAGEMENT REPLY
	iv. Further, during the current financial year the company has taken control of RAMCO software for AIESL transactions independent of Air India. The process of reviewing the masters as well as review of accounting interface configuration in SAP is also being undertaken for correct accounting reflection in the books of accounts and related controls.
3. Company has not deducted Income tax at source while accounting for provision for expenses. The impact of such non-compliance cannot be ascertained.	As per the accounting procedure of the company, any invoice in the SAP will be booked on appropriate approval from the concerned officials. However as per GAAP, at the end of the year the company has accounted the expenses on estimated basis to the extent it has been crystalized on which TDS has not been deducted and deposited. Further as per the decision in case of Subex Ltd. Vs. DCIT (Karnataka High court) and in other various High Court decision and Income Tax Appellate Tribunal, no withholding tax is required to be deducted on year end provisions if payees not identified, amount is not certain and provision is reversed next year. Hence keeping the above point TDS has not been deducted on provisions. However, TDS has been deducted and deposited at the time of accounting of approved invoices in SAP.
4. Company has calculated Interest Payable/ Receivable on average balance of Inter Companies. The Company has not calculated Interest as per MSA with various Inter Companies.	As per the decision taken by the top management of group companies, interest has been levied based on an average of opening and closing balance. This practice is consistently followed by the group companies. Necessary amendment in MSA have been carried-out during Mar-22 itself.
5. Company has not complied with Ind AS 36 on *Impairment of assets*.	As per para 63 of Ind AS – 16 “Property, Plant and Equipment” *To determine whether an item of property, plant and equipment is impaired, an entity applies Ind AS 36, Impairment of Assets. That Standard explains how an entity reviews the carrying amount of its assets, how it determines the recoverable amount of an asset, and when it recognizes, or reverses the recognition of, an impairment loss.* **A.** Now as per Ind AS 36 “Impairment of Assets” first entity has to identify an asset that may be impaired. For the indication that an asset may be impaired, an entity shall consider para 12 of Ind AS 36 i.e., a minimum of the following: -

AUDIT OBSERVATION	MANAGEMENT REPLY
	EXTERNAL FACTOR (a) there are observable indications that the asset's value has declined during the period significantly more than would be expected as a result of the passage of time or normal use. (b) significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated. (c) market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially. (d) the carrying amount of the net assets of the entity is more than its market capitalisation. INTERNAL FACTOR (e) evidence is available of obsolescence or physical damage of an asset. (f) significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite. (g) evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.
	B. As per para 13 of Ind AS 36, an entity may identify other indications that an asset may be impaired and these would also require the entity to determine the asset's recoverable amount. An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.

AUDIT OBSERVATION	MANAGEMENT REPLY
	In the opinion of the management above indicators are not visible. *Further, As per para 59 of the Ind AS 36, If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss.* As per management opinion, the carrying amount of assets in the books of the company may be less than its recoverable amount.
6. A) The reconciliation and matching of certain unmatched receivables/ recoverable from staff and payables including certain control ledger is in the process. *(Refer note no. 29(iii) to notes to accounts.)* B) Trade receivable, deposits received, deposits paid and trade payable are subject to confirmations. *(Refer note no. 29(i) to notes to accounts.)*	**A) & B):** The company has carried out major reconciliation/adjustment of matching of certain unmatched receivables/ recoverable from staff and payables including certain control ledger. Further for the balance unmatched receivables/ recoverable from staff and payables including certain control ledger are in process and impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt in the year of completion of the reconciliation and approvals from appropriate authority The Company has sought for the confirmation of balances for all the major trade receivables & trade payables. In case of trade receivables, the company has balance confirmation of receivables from Air India, AIXL, AAAL and few other customers which consist of 87.89% receivables of the company and reconciliation has been completed and balance confirmations have been obtained. In case of trade payables some parties have responded and wherever the party's balances are not in agreement with the books, the reconciliation of the differences is in progress. Impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt with in the year of completion of the reconciliation and approvals from appropriate authority.
C) The Company is in process of reconciliation of revenue and tax deducted at source as accounted in financials and as per 26 AS. D) Good & Service Tax (GST) and other statutory dues are in the process of reconciliation with the returns filed and statutory records maintained by the company. *(Refer note no. 29(ii) to notes to accounts.)*	**C) & D):** Good & Service Tax (GST), Tax deducted at source and other statutory dues are in reconciliation with the returns filed and statutory records maintained by the company.

AUDIT OBSERVATION	MANAGEMENT REPLY
7. As per the policy of the company, for the physical verification of PPE, the Company has appointed a professional firm of Chartered Accountant including for the assets tagging of the PPE (Delhi) in a phase manner. The firm has submitted its report dated 17th August, 2022 showing shortage of 41 items having WDV of ₹ 0.83 million and found 2152 excess items. The discrepancies and excess found will be adjusted / accounted for after taking approval from the competent authority. Further, as per report submitted, 1056 number of assets could not be verified due to non-availability of product/assets code to identify the assets code given in the assets list.	This is as per Notes to accounts for the financial year 2021-22. However, action for writing off the shortage has been completed. Further action for verification of the pending items will be carried out during the financial year 23-24. Further, during the current year physical verification of 73% of total quantities (94% of the Net book value) have been carried out. In this regard reference may be made to para no. 30a (i),(ii),(iii)& (iv) of our notes to accounts.
8. Prior period expenses to the tune of Rs. 517.49 million Prior period income to the tune of Rs.175.66 million has been booked in previous year 2020-21 and 2021-22. The books of 2020-2021 and 2021-2022 has been restated and consequential adjustments / disclosure has been made. *(Refer Note No. 28 to notes to accounts.)*	This is a statement of fact and the appropriate Correction of prior period errors in accordance with Ind AS 8 “Accounting policies, changes in accounting estimates and errors” have been made in the books of accounts and disclosed as note no. 28 to notes to accounts.

AIESL response to Key Audit Matters

S. No.	Key audit matter	Auditor's response	Management Response
1.	Inventory valuation and Accounting Inventory accounting has been maintained on "Ramco" software where as financial records are maintained in SAP. Inventory valuation has been taken on weighted average method of 604.39 million as per SAP has many entries in negative since 01.04.2022 which is not acceptable in accounting. Management has provided provision of 500 million. on estimation basis which will impact the other accounting effect which cannot be ascertained. On the basis of above observation, we are unable to comment of its implication and other effects in the other accounts as inventory transferred by AIL has not been physically verified.		Our response to this key audit matter has already been provided at serial no. 2b of the Emphasis of Matter.
2.	The Government of India vide letter dated 16th February, 2022 has approved medical benefit facility to the eligible permanent retired/retiring employees of Air India Limited including eligible permanent employees of AIESL post disinvestment. As per the scheme, all the expenditure under this scheme will be borne by M/o Civil Aviation through Budgetary provisions. AIESL has written back 233.42 cr of medical expenses provided in earlier years. This is sizeable amount taken as liability in earlier years.		This is a statement of fact. The Company had a post-retirement medical benefit scheme under which medical benefits were provided to retired employees and their spouse. The Government of India vide letter dated 16th February, 2022 has approved medical benefit facility to the eligible permanent retired/retiring employees of AI Engineering Services Limited (AIESL) post disinvestment. After introduction of this scheme, all the expenditure under this scheme will be borne by M/o Civil Aviation through Budgetary provisions to the holding company AIAHL. Further, the Government of India O.M. dated 15th March, 2023 for providing above mentioned medical benefits does not envisage any such surrender by AIESL. Hence, the company has written back accumulated liability of ₹ 2334.20 million which had been accounted for based on the actuary valuation. This is also disclosed in note no. 34(b)(ii).

S. No.	Key audit matter	Auditor's response	Management Response
3.	AIESL has changed income tax filing from old regime to new regime and has filed income tax return on 30.10.23 with net income and has claimed refund of 86.08 cr which has been taken defective by income tax department. Now company has made provision of income tax payable 33.90 cr Figures of the balance filed along with income tax return are not matched with audited balance sheet figures as such we are unable to comment of the consequence of such filing.		The income tax return was filed based on the draft financials due to non-finalization of the audit and it was filed based on the latest data available till 31st October, 2023 so as to avoid filing default. However, ITR has been taken as defective by the department and the same can be rectified within 15 days. Further, as per the finalized accounts, a refund of Rs.80.82 Crores is expected and revised returns will be filed in due course based on the finalized accounts for which the last date is 31st December, 2023 as per the income tax act and rules.

BALANCE SHEET AS AT 31ST MARCH 2023

(₹ in million)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022 (Restated)*	As at April 1, 2021 (Restated)*
ASSETS :				
1) **Non-current Assets**				
(i) Property, Plant & Equipment	2 (a)	5,482.69	5,923.07	530.98
(ii) Right of use assets	2 (b)	53.80	-	-
(iii) Capital Work-in-Progress	2 (a)	1,137.68	1,134.69	109.53
(iv) Financial Assets:				
a) Others Financial Assets	3	0.06	0.06	0.06
(v) Deferred tax assets (net)	4	1,550.14	3,202.87	-
(vi) Income Tax Assets	10	-	-	-
		8,224.36	**10,260.69**	**640.57**
2) **Current Assets**				
i) Inventories	5	104.39	606.22	749.92
ii) Financial Assets:				
a) Trade Receivables	6	8,166.44	5,534.49	12,799.78
b) Cash and Cash Equivalents	7	397.84	2,569.40	4.83
c) Bank Balance other than (b) above	8	3,628.88	1.00	33.75
d) Other Financial Assets	9	14.97	8.37	3.91
iii) Current Tax Assets	10	886.67	1,046.73	751.65
iv) Other Current Assets	11	840.91	158.87	186.27
		14,040.10	**9,925.08**	**14,530.11**
TOTAL		**22,264.46**	**20,185.77**	**15,170.68**
EQUITY AND LIABILITIES :				
1 **Equity**				
i) Equity Share Capital	12	1,666.67	1,666.67	1,666.67
ii) Other Equity	13	-9,566.87	-15,862.00	-24,154.55
		-7,900.20	**-14,195.33**	**-22,487.89**
2 **Liabilities:**				
Non Current Liabilities				
i) Financial Liabilities				
a) Lease liabilities	19	46.27	-	-
b) Trade Payables	15	-	-	-
c) Other Financial Liabilities	16	21,739.44	21,582.90	-
ii) Non-Current Provisions	14	3,773.08	6,415.01	6,645.63
iii) Other Liabilities		-	-	-
		25,558.78	**27,997.91**	**6,645.63**
Current Liabilities				
i) Financial Liabilities				
a) Lease liabilities	19	11.31	-	-
b) Trade Payables	15			
- MSME		31.30	35.84	36.23
- Other than MSME		1,875.47	3,881.17	5,930.61
c) Other Financials Liability	16	648.16	767.36	19,371.58
ii) Current Provisions	17	1,466.99	1,376.70	2,668.03
iii) Other Current Liabilities	18	572.65	322.13	3,006.49
		4,605.88	**6,383.20**	**31,012.94**
TOTAL		**22,264.46**	**20,185.77**	**15,170.68**
Significant Accounting Policies and	**1**	-	-	-
Notes forming part of the Financial Statement	**2-54**			

The accompanying notes are an integral part of the Financial Statements
*Refer note 29 for details regarding the restatement as a result of error or omission

For and on Behalf of

AAJV and Associates
Chartered Accountants
FRN : 007739N

Sd/-
CA Ajay K Bajaj
Partner
M.No. 086306
UDIN : 230863068GXMKK8419

Place : New Delhi
Date : 20-12-2023

For and on behalf of the Board of Directors

Sd/-
Satyendra Kumar Mishra
Chairman
DIN 07728790

Sd/-
Padam Lal Negi
Director
DIN 10041387

Sd/-
Sharad Agarwal
Chief Executive Officer

Sd/-
Sakshi Mehta
Company Secretary

Sd/-
Rakesh Kumar Jain
Chief Financial Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2023

(₹ in million except EPS)

	Particulars	Note No.	2022-23	2021-22 (Restated)*	2020-21 (Restated)*
	Income				
I	Revenue from Operations	**20**	19,534.02	18,819.09	11,589.49
II	Other Income	**21**	764.59	246.13	430.90
III	**Total Income (I+II)**		**20,298.61**	**19,065.21**	**12,020.39**
IV	**Expenses**				
i	Employee Benefit Expenses	**22**	6,855.75	6,013.99	6,911.07
ii	Finance Costs	**23**	1,920.84	1,525.23	1,561.59
iii	Depreciation and Amortization Expense	**2(a) & 2(b)**	592.73	613.45	146.55
iv	Other Expenses	**24**	4,818.79	5,306.96	3,801.43
	Total Expenditure (i+ii+iii+iv)		**14,188.11**	**13,459.63**	**12,420.63**
	Total Expenditure After Prior Period Adj		**14,188.11**	**13,459.63**	**12,420.63**
V	**Profit/ (Loss) before Exceptional Items and Tax (III-IV)**		**6,110.50**	**5,605.58**	**-400.24**
VI	Exceptional Items	**34(b)(ii)**	**2,334.21**	**-**	**-**
VII	**Profit/ (Loss) before Extraordinary Items and Tax (V+VI)**		**8,444.71**	**5,605.58**	**-400.24**
VIII	**Tax Expenses :**				
	i) Current Tax		338.97	584.52	-
	ii) Minimum alternate tax credit entitlement		-	(583.16)	-
	iii) Deferred Tax		1,652.73	(2,619.71)	-
	iv) Short provision for tax relating to previous years		168.31	-	-
IX	**Profit/ (Loss) after Tax for the period (IX-X)**		**6,284.71**	**8,223.93**	**-400.24**
X	**Other Comprehensive Income**				
	Acturial Gain/(Loss) on Defined benefit obligation		10.42	68.62	215.21
	Total Comprehensive Income		**6,295.13**	**8,292.55**	**-185.03**
XI	**Earning per Share of Rs. 10 each**				
	Basic	**25**	**37.71**	**49.34**	**-2.40**
	Diluted	**25**	**37.71**	**49.34**	**-2.40**

Significant Accounting Policies **1**
Notes forming part of the Financial Statement **2-54**
***Refer note 28 for details regarding the restatement as a result of error or omission**

As per our report of even date attached

For and on Behalf of

AAJV and Associates
Chartered Accountants
FRN : 007739N

Sd/-
CA Ajay K Bajaj
Partner
M.No. 086306
UDIN : 230863068GXMKK8419

Place : New Delhi
Date : 20-12-2023

For and on behalf of the Board of Directors

Sd/-
Satyendra Kumar Mishra
Chairman
DIN 07728790

Sd/-
Padam Lal Negi
Director
DIN 10041387

Sd/-
Sharad Agarwal
Chief Executive Officer

Sd/-
Sakshi Mehta
Company Secretary

Sd/-
Rakesh Kumar Jain
Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2023

(₹ in million)

	Particulars	As at March 31, 2023		As at March 31, 2022 (Restated)*		As at April 1, 2021 (Restated)*	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**						
	Net (Loss) / Profit Before Taxes and Exceptional Items:		6,110.50		5,605.58		-400.24
	Adjustment for :						
	Depreciation and amortisation expenses	592.73		613.45		146.55	
	(Loss) / Profit from sale of Property Plant & Equipments (Net)	8.23		-		0.02	
	Interest on Call & Fixed Deposit	-154.01		-4.09		-1.97	
	Interest Expense	1,915.49		1,525.23		1,561.59	
	Interest on lease liabilities	5.35		-		-	
	Provision for Expected Credit Loss	142.72		10.70		98.46	
	Provision for Bad & Doubtful Advances	-		24.54		-	
	Provision no Longer Required	15.76		27.01		172.28	
	Provision for Inventory Reconciliation	500.00		-		-	
	Net unrealised exchange gain	67.62		36.52		19.50	
	Remeasurement of employee benefits obligations	10.42		68.62		215.21	
	Other Adjustments	2,165.90	5,270.23	0.06	2,302.04	-	2,211.64
	Operating (Loss) / Profit Before Working Capital Changes		**11,380.73**		**7,907.63**		**1,811.39**
	Change in Assets & Liabilities						
	Trade and Other Receivables	-2,842.30		7,218.07		13,768.59	
	Trade and Other Payables	-2,010.23		-2,049.84		1,450.40	
	Other Financial Assets & Other Assets	-4,437.00		-431.75		153.66	
	Other Financial Liabilities & Other Liabilities	-2,602.76	-11,892.28	-1,227.62	3,508.85	-15,618.18	-245.53
	Cash flow from operations		**-511.55**		11,416.48		1,565.86
	Income Tax (Paid)\Refund		266.61		-300.00		-
	Net Cash Flow (used in)/ from Operating Activities		**-244.94**		**11,116.48**		**1,565.86**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**						
	Acquisition of fixed assets	-150.12		-7,030.77		-83.69	
	Sale of Property Plant & Equipments (Net)	0.00		-			
	Interest Income	154.01	3.89	4.09	-7,026.68	1.97	-81.72
	Net Cash Flow used in Investing Activities		**3.89**		**-7,026.68**		**-81.72**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**						
	Hire Charges of Right of Use Assets	-15.02		-		-	
	Interest Expense	-1,915.49		-1,525.23		-1,561.59	
	Net Cash Flow from/(used in) Financing Activities		**-1,930.51**		**-1,525.23**		**-1,561.59**
	Net increase/ (Decrease) in Cash and Cash equivalents		-2,171.57		2,564.57		-77.44
	Cash and Cash equivalents (Opening balance)		**2,569.40**		**4.83**		82.28
	Cash and Cash equivalents (Closing balance)		**397.84**		**2,569.40**		**4.83**
	Component of Cash and Cash Equivalents						
	Cash on hand	0.60		0.36		0.17	
	Balance in Current Account	83.83		1,244.08		4.60	
	Other Deposit Account	313.40		1,324.97		-	
	Draft/Chq. In Hand	-	**397.84**	-	**2,569.40**	0.06	**4.83**

The Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard 7 (IndAS-7) on "Cash Flow Statements", and present cash flows by operating, investing and financing actvities.

As per our report of even date attached

For and on Behalf of
AAJV and Associates
Chartered Accountants
FRN : 007739N

Sd/-
CA Ajay K Bajaj
Partner
M.No. 086306
UDIN : 230863068GXMKK8419

Place : New Delhi
Date : 20-12-2023

For and on behalf of the Board of Directors

Sd/-
Satyendra Kumar Mishra
Chairman
DIN 07728790

Sd/-
Padam Lal Negi
Director
DIN 10041387

Sd/-
Sharad Agarwal
Chief Executive Officer

Sd/-
Sakshi Mehta
Company Secretary

Sd/-
Rakesh Kumar Jain
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH, 2023

A. Equity Share Capital	As at 31.03.2023		As at 31.03.2022		As at 01.04.2021	
	No. of Share in million	₹ in million	No. of Share in million	₹ in million	No. of Share in million	₹ in million
Balance at the beginning of the reporting period	166.67	1,666.67	166.67	1,666.67	166.67	1,666.67
Changes in equity share capital due to prior period errors	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	166.67	1,666.67	166.67	1,666.67	166.67	1,666.67
Changes in equity share capital during the year						
Add: Equity Shares alloted during the year	-	-	-	-	-	-
Less: Buybacks	-	-	-	-	-	-
Balance at the end of reporting period	**166.67**	**1,666.67**	**166.67**	**1,666.67**	**166.67**	**1,666.67**

(₹ in million)

Particulars	Other Equity (Restated)		Total equity attributable to equity Holders of the company
	Reserves and Surplus	Other comprehensive income - Reserve	
	Retained Earnings	Remeasurement of defined benefit plans	
Opening Balance as at 1 April 2020	**-23,969.52**	**-**	**-23,969.52**
Effect of Deferred Tax Asset of earlier years	-	-	**-**
Profit/(Loss) for the period	-167.27	-	**-167.27**
Add/Less: Prior Period Adjustments (net)	-232.97	-	**-232.97**
Other Comprehensive Income/(loss)	-	215.21	**215.21**
Balance as at 31 March 2021	**-24,369.76**	**215.21**	**-24,154.55**
Opening Balance as at 1 April 2021	-24,154.55	**-**	**-24,154.55**
Effect of Deferred Tax Asset of earlier years	-	-	**-**
Profit/(Loss) for the period	8,371.17	-	**8,371.17**
Add/Less: Prior Period Adjustments	-147.24	-	**-147.24**
Other Comprehensive Income/(loss)	-	68.62	**68.62**
Balance as at 31 March 2022	**-15,930.62**	**68.62**	**-15,862.00**
Opening Balance as at 1 April 2022	-15,862.00	**-**	**-15,862.00**
Effect of Deferred Tax Asset of earlier years	-	-	**-**
Profit/(Loss) for the period	6,284.71	-	**6,284.71**
Add/Less: Prior Period Adjustments	-	-	**-**
Other Comprehensive Income/(loss)	-	10.42	**10.42**
Balance as at 31 March 2023	**-9,577.29**	**10.42**	**-9,566.87**

For and on Behalf of

AAJV and Associates
Chartered Accountants
FRN : 007739N

For and on behalf of the Board of Directors

Sd/-
Satyendra Kumar Mishra
Chairman
DIN 07728790

Sd/-
Padam Lal Negi
Director
DIN 10041387

Sd/-
CA Ajay K Bajaj
Partner
M.No. 086306
UDIN : 230863068GXMKK8419

Sd/-
Sharad Agarwal
Chief Executive Officer

Sd/-
Sakshi Mehta
Company Secretary

Sd/-
Rakesh Kumar Jain
Chief Financial Officer

Place : New Delhi
Date : 20-12-2023

Notes forming part of the financial statements as at and for the year ended March 31, 2023

NOTE “1”

A. CORPORATE INFORMATION

AI Engineering Services Limited (a wholly owned subsidiary of AI Assets Holding Limited a Government of India Company) is a public limited company incorporated in India under the provisions of the Companies Act applicable in India with a CIN: U74210DL2004GOI125114. The Company has changed its name from Air India Engineering Services Limited to AI Engineering Services Limited dated 3rd August, 2020.The registered office of the company is situated at: 2nd Floor, CRA Building, Safdarjung Airport, New Delhi - 110003. The company secured DGCA approval for providing MRO services from 1st January, 2015. The company is providing aircraft engineering related services, Line Maintenance Services and MRO services to Indian and Foreign parties, mainly airlines.

The Standalone Financial Statements for the year ended 31st March, 2023 have been approved by the Board of directors of the Company in their meeting held on 20 December, 2023.

B. ACCOUNTING CONVENTION

The Company has prepared these Financial Statements which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity for the year ended as on that date, and accounting policies and other explanatory information (together hereinafter referred to as “Financial Statements”).

i. Statement of Compliance and basis of preparation and presentation:

The Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS) 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, under the historical cost convention except for certain financial instruments measured at fair values at the end of each reporting year, as explained in the accounting policies below. 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.

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

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind

AS 17, 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 Level1, 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 entirely, which are described as follows:

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

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

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

ii. Functional Currency

Currency of the primary economic environment in which the Company operates ("the Functional Currency") is Indian Rupee (Rs.) in which the Company primarily generates and expends cash. Accordingly, the Management has assessed its functional currency to be Indian Rupee (Rs.) The Financial Statements are presented in Indian Rupee (INR) which is Company's Presentation and Functional currency and all amounts disclosed in the Financial Statements and Notes have been rounded off to the nearest Million (up to one decimal), unless otherwise stated.

iii. Current and non-current classification

The Company being in service sector, there is no specific operating cycle; 12 months period has been adopted as "the Operating Cycle" in-terms of the provisions of Schedule III to the Companies Act 2013.

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realized in the Company's normal operating cycle. It is held primarily for the purpose of providing services;
- It is expected to be realized within 12 months after the reporting date; or

- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as non-current.

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of providing services;
- it is due to be settled within 12 months after the reporting date; or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current only.

iv. Recent accounting pronouncement i.e., Standards issued but not yet effective:

The 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. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

a. Ind AS 1, Presentation of Financial Statements

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the standalone financial statements.

b. Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its Standalone financial statements.

c. Ind AS 12, Income Taxes

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its Standalone financial statements.

v. Critical accounting estimates / judgments:

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. However, the actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates where necessary are recognized prospectively.

Significant areas of estimation and judgments (as stated in the respective Accounting Policies) that have the most significant effect on the Financial Statements are as follows:

a) Impairment of Assets
b) Measurement of useful life and residual values of property, plant and equipment and the assessment as to which components of the cost may be capitalized
c) Basis of classification of a Property as Investment Property
d) Basis of classification of Non-Current Assets held for sale
e) Estimation of Costs of Re-delivery
f) Recognition of Deferred Tax Assets
g) Recognition and measurement of defined benefit obligations
h) Judgment required to ascertain lease classification
i) Measurement of Fair Values and Expected Credit Loss (ECL)
j) Judgment is required to ascertain whether it is probable or not that an outflow of resources embodying economic benefits will be required to settle the taxation disputes and legal claim.

C. SIGNIFICANT ACCOUNTING POLICIES

1. PROPERTY PLANT & EQUIPMENT

a. Property Plant and Equipment are stated at cost including incidental costs incurred pertaining to the acquisition and bringing them to the location for use and interest on loans borrowed where applicable, upto the date of putting the concerned asset to use.

b. Physical Verification of Assets

Physical Verification of Assets is done on a rotational basis so that every asset is verified once in every two years and the discrepancies if any observed are dealt with in the books of accounts accordingly.

2. DEPRECIATION / AMORTIZATION

i. Depreciation is provided on all assets on straight-line method over the useful life of assets as provided in Part C of Schedule II of the Companies Act 2013, keeping a residual value of 5% of the original cost.

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

iii. Intangible asset which has a definite useful economic life are amortized over the estimated useful life. Intangible Assets which have an indefinite useful life are tested for impairment.

3. 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.

4. REVENUE RECOGNITION

i. The Company derives revenue primarily from maintenance, Repair and Overhaul services (MRO Services) and line maintenance (technical handling) of Aircraft Engines and other aircraft related services.

ii. Revenue from Operations

Revenue is recognized when the entity satisfies a performance obligation by transferring the promised good or service (i.e., an asset) to a customer. An asset is transferred when the customer obtains control of that asset.

In the case of contract based on Block Hours flown by Aircraft and Aircraft Engines, the revenue is recognised on the basis of actual Block Hours flown.

In case of other contracts for Line Maintenance services, revenue is being recognised based on number of flights handled.

iii. Revenue from the training services is recognized when the training services has been initiated to provide.

iv. 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.

v. 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.

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

vii. Warranty claims/credit notes received from vendors are recognized on acceptance of claim/receipt of credit note.

5. 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.

6. EMPLOYEE BENEFITS

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

b) **Post-employment benefits:**

Defined Contribution Plans consists of contribution to Employees Provident Fund. The Company has Employees Provident Fund Trusts under the Provident Fund Act, 1925 for Permanent employees till 1st December’ 2021. After that, trust has been dissolved and amount had been transferred to EPFO under Employees’ Provident Fund Scheme, 1952. As regards Fixed Term Contract (FTC) employees, Provident Fund (PF) dues are deposited with the office of Employees’ Provident Fund Organization (EPFO) by the Company. There had been a Supreme Court (SC) judgment dated February 28, 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the EPF Act. There are interpretative aspects related to the Judgment including the effective date of application. In the view of the management, the contribution for PF is to be calculated as per Employee’s Provident Funds and Miscellaneous Provisions Act, 1952. Employees’ State Insurance Corporation (ESIC) dues are regularly deposited with government authorities. The company’s payment to defined contribution plans are recognized as an expense during the period in which the employees perform the services that the payment covers.

ESI dues are regularly deposited with government authorities.

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

The liability for Gratuity and Leave Encashment are actuarially determined under the Projected Unit Credit Method at the end of the financial year.

For the medical benefits of all the eligible and permanent retired/retiring employees (transferred from the then AIL to the company), Govt. has approved dated 16th February 2022 a scheme under which all such employees shall subscribe to become member of CGHS Facilities through AIAHL (Parent company) and related expenditure for this scheme will be borne by the Govt. of India to AIAHL out of budgetary support.

7. IMPAIRMENT OF ASSETS

At each Balance Sheet date, the carrying amount of assets is tested for impairment in terms of Ind AS-36 so as to determine:

a) the provision for impairment loss, if any; and

b) the reversal of impairment loss recognized in previous periods, if any,

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

8. TAXES ON INCOME

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

i. **Current Tax**

Provision for current tax, if any, is made in accordance with the provisions of Income Tax Act, 1961.

ii. **Deferred tax**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that tax able profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill. The carrying amount of deferred tax assets is reviewed at the end of each reporting 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.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as a deferred tax asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company and the said asset is created by way of credit to the statement of profit and loss and shown as ‘MAT credit entitlement’.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

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

The Deferred tax assets are recognized and carried forward to the extent that there is a virtual certainty based on operational and financial restructuring, revenue generation and cost reduction program of the company that the assets will be realized in the future.

Current and deferred tax for the 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.

9. 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) When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

d) Contingent liabilities are disclosed by way of a note in respect of possible obligations that may arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

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

Onerous contracts

f) 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.

10. 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.

11. 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 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.

12. BORROWING COST

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

ii. Interest incurred on borrowed funds or other temporary borrowings in anticipation of the receipt of long-term borrowings that are used for acquisition of qualifying assets exceeding the value of Rs.10.0 million is capitalized at the weighted average borrowing rate on loans outstanding at the time of acquisition.

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

14. FOREIGN CURRENCY MONETARY ITEM

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.

15. 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

16. THRESHOLD LIMIT

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

Threshold Items	Unit	Threshold Value
Prior Period Expenditure/Revenue		
- Restatement based on individual limits	Million	80.00
- Restatement based on overall limits	Million	1% of Total Revenue of previous financial year
Fair Valuation of Financial Instruments	Million	80.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCHH 31, 2023

NOTE “2” : PROPERTY, PLANT AND EQUIPMENT

(₹ in million)

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION				NET BLOCK	
		As at April 01, 2022	Additions	Other Adjustments	Disposals / Adjustments	As at March 31, 2023	As at April 01, 2022	For the year	Deductions/ Adjustments	Total Upto March 31, 2023	As at March 31, 2023	As at March 31, 2022
TANGIBLE ASSETS :												
a)	**Land**	180.00	28.54	-	-	208.54	-	-	-	-	208.54	180.00
b)	**Buildings**	2,654.73	3.04	-	3.30	2,654.47	108.62	103.07	0.31	211.378107	2,443.09	2,546.11
c)	**Plant & Equipment**											
	Workshop Equipment, Instruments,	2,551.70	98.60	-	97.25	2,553.05	1,294.24	217.186	90.39	1,421.03	1,132.02	1,257.46
	Machinery and Plants	1,951.68	1.98	-	18.88	1,934.77	240.26	187.62	17.83	410.06	1,524.71	1,711.42
	GH & Ramp Equipment	0.86	-	-	-	0.86	0.18	0.18	-	0.36	0.50	0.68
d)	**Furniture & Fixtures**	60.52	3.84	-	0.33	64.03	15.54	11.32	0.08	26.78	37.25	44.98
e)	**Electrical Fittings**	218.79	0.03	-	0.02	218.81	51.62	51.43	0.00	103.05	115.76	167.17
f)	**Computer System**	14.22	9.49	-	0.21	23.50	9.55	4.69	0.20	14.04	9.46	4.67
g)	**Vehicles**	12.61	-	-	-	12.61	6.79	1.44	-	8.24	4.38	5.82
h)	**Office Equipment**	15.68	4.60	-	0.11	20.18	10.92	2.33	0.07	13.19	6.99	4.76
TOTAL FOR TANGIBLE ASSETS		**7,660.79**	**150.12**	**-**	**120.11**	**7,690.80**	**1,737.72**	**579.28**	**108.89**	**2,208.11**	**5,482.69**	**5,923.07**
Capital Work-in-Progress		1,134.69	2.99	-	-	1,137.68	**-**	-	-	-	1,137.68	1,134.69
Total Capital Work-in-Progress		**1,134.69**	**2.99**	**-**	**-**	**1,137.68**	**-**	**-**	**-**	**-**	**1,137.68**	**1,134.69**
Grand Total		**8,795.49**	**153.11**	**-**	**120.11**	**8,828.48**	**1,737.72**	**579.28**	**108.89**	**2,208.11**	**6,620.37**	**7,057.76**
PREVIOUS YEAR		**1,765.89**	**7,140.29**	**109.53**	**1.17**	**8,795.49**	**1,125.38**	**613.45**	**1.11**	**1,737.72**	**7,057.76**	**640.50**

NOTE “2(A).1”

The above Property, Plant and Equipment includes assets of MRO Nagpur, which includes Airframe maintenance facility, Engine Test facility for GE / GEnx engines, lease hold land and under construction Engine workshop amounts to Rs Nil (PY: Rs 6,740.0 million) [including Engine Workshop CWIP amounting to Rs Nil (PY: Rs 1,134.7 million)], which has been book transferred from the then holding company (Air India Limited) to the company at book value as on 31st March, 2021 without any physical handover-takeover. In line with the MoCA direction and strategic disinvestment of the then Air India Limited, the BoD in 64th Board meeting dated 7th December, 2020 agreed to take over Nagpur MRO from AI. Further an additional expenditure of Rs. 2.99 million was accounted for during 22-23 by AIESL.

NOTE “2(A).2”

GEnx / GE90 Engine Overhaul Workshop, a capital work in progress (CWIP) at Nagpur of Rs. 1134.69 million had been transferred by the then Air India Limited in April, 2021 to the company based on the decision of the respective Boards.During the FY 2022-23 a capital budget provision of Rs. 600 million for the completion of the under-construction facilities was approved. However, no significant capital expenditure was incurred in the project, considering non-novation of the contract earlier entered into by the then Air India Limited with OEM and the construction contractors.

NOTE “2(A).3”

The above Property, Plant and Equipment includes building Jet 9D Test House which has been transferred from the then Air India Limited to the company as on 1st April, 2019. The building has been constructed by the then Air India Limited and book transfer to the company at carrying value of Rs. 10.42 million.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCHH 31, 2023

NOTE 2 (B) : RIGHT TO USE OF ASSETS

(₹ in Millions)

Particulars	Land
Year ended March 31, 2023	
Gross carrying amount	
Balance as at April 1, 2022	-
Transition impact on adoption of Ind AS 116	-
Additions	67.24
Deletions	-
Balance as at March 31, 2023	**67.24**
Accumulated depreciation	
Balance as at April, 1, 2022	-
Additions	13.45
Deletions	-
Balance as at March 31, 2023	**13.45**
Net carrying amount as at March 31, 2023	**53.80**
Year ended March 31, 2022	
Gross carrying amount	
Balance as at April 1, 2021	**-**
Additions	**-**
Deletions	**-**
Balance as at March 31, 2022	**-**
Accumulated depreciation	
Balance as at April, 1, 2021	**-**
Additions	**-**
Disposals	**-**
Balance as at March 31, 2022	**-**
Net carrying amount as at March 31, 2022	**-**

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the Statement of Profit and Loss.

NOTE “3” : OTHER FINANCIAL ASSET (NON CURRENT)

(₹ in million)

Particulars	As at March 31st, 2023	As at March 31st, 2022	As at April 1st, 2021
Bank Deposits - (With more than 12 Months maturity)	0.06	0.06	0.06
TOTAL	**0.06**	**0.06**	**0.06**

NOTE ‘’4” : DEFERRED TAX ASSETS (NET)

(₹ in million)

Particulars	As at March 31st, 2023	As at March 31st, 2022	As at April 1st, 2021
Deferred tax liabilities on account of (DTL)			
Depreciation	73.06	26.46	-
Total deferred tax liability	**73.06**	**26.46**	**-**
Deferred tax asset on account of (DTA)			
Provision for doubtful advances	-	8.57	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCHH 31, 2023

Particulars	As at March 31st, 2023	As at March 31st, 2022	As at April 1st, 2021
Provision for expected credit loss	150.33	195.66	-
Unabsorbed depreciation & losses	-	826.31	-
MAT Credit Assets	-	583.16	-
Provision for employee benefits	1,056.78	1,615.64	-
Net ROU/Lease Liability	14.49	-	-
40A(i) 30% expense	176.14	-	-
Provision for Inventory obsolescence/reco.	125.84	-	-
Other tax disallowances	99.61		
Total deferred tax asset	**1,623.20**	**3,229.33**	**-**
Net deferred tax asset	**1,550.14**	**3,202.87**	**-**

NOTE “5” : INVENTORIES

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Stores and Spare Parts	17.46	17.51	18.53
Loose Tools	431.60	418.27	414.07
Fuel, Gas, Coal, Oil and lubricants	0.55	0.65	1.19
Non-Aircraft Inventory	6.38	6.38	6.38
Other Inventory	148.40	163.41	309.75
Total	**604.39**	**606.22**	**749.92**
Less : Provision for Inventory Reconciliation	500.00	-	-
TOTAL	**104.39**	**606.22**	**749.92**

NOTE “6” :TRADE RECEIVABLES

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Secured, Considered Good	-	-	-
Unsecured, Considered Good	8,166.44	5,534.49	12,799.78
Trade Receivables having significant increase in Credit Risk	597.30	559.91	549.21
Trade Receivables - Credit Impaired	-	-	-
Total	**8,763.74**	**6,094.40**	**13,348.99**
Less : Allowance for Doubtful	597.30	559.91	549.21
TOTAL	**8,166.44**	**5,534.49**	**12,799.78**

Trade receivable ageing schedule **(₹ in million)**

As at March 31, 2023		**Outstanding for the following period from due date of payment**					
Particulars	**Unbilled Dues**	**Less than 6 month**	**6 month - 1 year**	**1 -2 years**	**2-3 years**	**More than 3 years**	**Total**
Undisputed trade receivable - considered good	2,580.81	3,280.87	434.24	1,750.62	99.06	20.83	8,166.44
Undisputed trade receivable - which have significant increase in credit risk	-	27.19	14.96	16.79	6.19	532.17	597.30
Undisputed trade receivable - credit impaired	-	-	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCHH 31, 2023

(₹ in million)

As at March 31, 2023		Outstanding for the following period from due date of payment					
Particulars	**Unbilled Dues**	**Less than 6 month**	**6 month - 1 year**	**1 -2 years**	**2-3 years**	**More than 3 years**	**Total**
Disputed trade receivable - considered good	-	-	-	-	-	-	-
Disputed trade receivable - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivable - credit impaired	-	-	-	-	-	-	-
Net trade receivables	**2,580.81**	**3,308.06**	**449.20**	**1,767.42**	**105.25**	**553.00**	**8,763.74**

(₹ in million)

As at March 31, 2022		Outstanding for the following period from due date of payment					
Particulars	**Unbilled Dues**	**Less than 6 month**	**6 month - 1 year**	**1 -2 years**	**2-3 years**	**More than 3 years**	**Total**
Undisputed trade receivable - considered good	2,732.54	861.32	1,305.31	42.84	239.89	352.59	5,534.49
Undisputed trade receivable - which have significant increase in credit risk	-	-	-	5.88	261.23	292.80	559.91
Undisputed trade receivable - credit impaired	-	-	-	-	-	-	-
Disputed trade receivable - considered good	-	-	-	-	-	-	-
Disputed trade receivable - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivable - credit impaired	-	-	-	-	-	-	-
Net trade receivables	**2,732.54**	**861.32**	**1,305.31**	**48.72**	**501.12**	**645.40**	**6,094.40**

(₹ in million)

As at March 31, 2021		Outstanding for the following period from due date of payment					
Particulars	**Unbilled Dues**	**Less than 6 month**	**6 month - 1 year**	**1 -2 years**	**2-3 years**	**More than 3 years**	**Total**
Undisputed trade receivable - considered good	3,652.88	6,254.94	2,163.40	330.35	169.52	228.69	12,799.78
Undisputed trade receivable - which have significant increase in credit risk	-	0.01	0.12	286.36	116.32	146.39	549.21
Undisputed trade receivable - credit impaired							
Disputed trade receivable - considered good							
Disputed trade receivable - which have significant increase in credit risk							
Disputed trade receivable - credit impaired							
Net trade receivables	**3,652.88**	**6,254.95**	**2,163.52**	**616.70**	**285.84**	**375.08**	**13,348.99**

i. The credit period on sales of services ranges from 30 to 60 days with or without security.

ii. The company does not generally hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the company to the counterparty.

iii. Trade receivables from related parties' details has been described in note 38.A.VII

iv. Trade receivables does not include any receivables from directors and officers of the company.

v. Trade receivables does not include any amount of receivables from struck off companies.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCHH 31, 2023

NOTE “7” : CASH AND CASH EQUIVALENTS

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Balances with Banks			
a) In Current Accounts	83.83	1,244.08	4.60
b) In Deposit Accounts (Maturity less than 3 months)	313.40	1,324.97	-
c) Cash in Hand	0.60	0.36	0.17
Cheques, Drafts on Hand	-	-	0.06
TOTAL	**397.84**	**2,569.40**	**4.83**

NOTE ‘’8” : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Balance with Banks			
In Margin Money Deposits (3 < Maturity < 12)	3,628.88	1.00	33.75
TOTAL	**3,628.88**	**1.00**	**33.75**

NOTE ‘’9” : OTHERS FINANCIAL ASSETS

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Advances			
Secured - Considered Good	-	-	-
Unsecured-Considered Good (Inter Company)	-	-	-
Security Deposits	14.94	8.37	3.91
Other Non Trade Receivable	0.03	-	-
TOTAL	**14.97**	**8.37**	**3.91**

NOTE “10” : CURRENT TAX ASSETS

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Total Advance payment for Income Tax and TDS	1,225.63	1,640.49	751.65
Less: Provision for Tax	338.97	593.76	-
TOTAL	**886.67**	**1,046.73**	**751.65**

NOTE “11” : OTHER - CURRENT ASSET

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 1, 2021
Prepaid Expenses	122.69	32.44	11.78
Advances Recoverable in Cash or Kind	264.85	120.41	170.59
Petty Cash	0.02	0.01	-
GST TDS Receivable	4.30	-	-
Interest accrued on investment	56.93	6.01	3.91
GST Input	392.11		
TOTAL	**840.91**	**158.87**	**186.27**

Notes forming part of the financial statement as at and for the year ended March 31,2023

NOTE "12" : EQUITY SHARE CAPITAL

	Particulars	As at March 31, 2023		As at March 31, 2022		As at April 1, 2021	
		Number of shares in million	₹ in million	Number of shares in million	₹ in million	Number of shares in million	₹ in million
a)	**AUTHORISED**						
	1000,000,000 Equity Shares (Previous Year : 10,000,000) of Rs.10 each	1,000.00	10,000.00	1,000.00	10,000.00	1,000.00	10,000.00
		1,000.00	**10,000.00**	**1,000.00**	**10,000.00**	**1,000.00**	**10,000.00**
b)	**ISSUED, SUBSCRIBED AND FULLY PAID-UP SHARES**						
	1666,66,500 Equity Shares of Rs. 10 each	166.67	1,666.67	166.67	1,666.67	166.67	1,666.67
		166.67	**1,666.67**	**166.67**	**1,666.67**	**166.67**	**1,666.67**

c) **Reconciliation of number of shares :**

Particulars	As at March 31, 2023		As at March 31, 2022		As at April 1, 2021	
	Number of shares in million	₹ in million	Number of shares in million	₹ in million	Number of shares in million	₹ in million
Equity Shares at the beginning of the year	16,66,66,500.00	1,666.67	166.67	1,666.67	166.67	1,666.67
Add : Equity Shares Allotted during the year	-	-	-	-	-	-
Equity Shares at the end of the year	**16,66,66,500.00**	**1,666.67**	**166.67**	**1,666.67**	**166.67**	**1,666.67**

d) **Rights Preferences and restriction attached to equity shares**

The company has single class of shares i.e. Equity Shares having a par value of Rs. 10 per share as per. Eachholder 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 distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

There were no bonus shares issued and there is an instance of shares being issuedfor consideration other than cash and no shares have been bought back by the company from incorporation date to the date of Balance Sheet.

e) **Details of Shares held by the Holding Company**

Particulars	As at March 31, 2023		As at March 31, 2022		As at April 1, 2021	
Shares held by Holding Company	Number of shares in million	₹ in million	Number of shares in million	₹ in million	Number of shares in million	₹ in million
Air India Limited*	166.67	1,666.67	166.67	1,666.67	166.67	1,666.67
AI Assets Holding Limited**	166.67	1,666.67	166.67	1,666.67	-	-

*upto January 12, 2022

**from January 12, 2022

f) **Details of Shareholders holding more than 5%**

Particulars	As at March 31, 2023		As at March 31, 2022		As at April 1, 2021	
	Number of shares in million	₹ in million	Number of shares in million	₹ in million	Number of shares in million	₹ in million
AI Assets Holding Limited**	166.67	1,666.67	166.67	1,666.67	-	-
Air India Limited*	-	-	-	-	166.67	1,666.67

g) **Details of Shares Issued & Allotted as fully paid up pursuant to contract withput payment being received in cash**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
1666,16,500Equity Shares of Rs. 10 each were allotted towards theWDV of engineering assets transferred by the Holding Company Air India Limited as on 1st April 2014 towards capital infusion in terms of clause 5 (a) MoU entered between Air India Limited & Air India Engineering Services Limited dated 05th April, 2013)	NIL	NIL	NIL

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).

h) **Promoter's shareholding***

Name of Promoter	As at 31-Mar-23		As at 31-Mar-22		As at 01-April-21	
	Number of shares held in million	%	Number of shares held in million	%	Number of shares held in million	%
AI Assets Holding Limited	166.67	100%	166.67	100%	-	0%
Air India Limited	-	0%	-	0%	166.67	100%

Note:

The number of shares held and percentage of holding represents the shares held in the individual capacity.

Promoter here means promoter as defined in the Companies Act, 2013, as amended.

NOTE "13" : OTHER EQUITY

Particulars	As at 31-Mar-23 (₹ in million)		As at 31-Mar-22 (Restated)* (₹ in million)		As at 01-April-21 (Restated)* (₹ in million)	
Surplus / (Deficit) in Profit and Loss Account:						
Balance as per last Balance Sheet		-15,862.00		-24,154.55		-23,969.52
Profit / (Loss) for the year	6,284.71		8,371.17		-167.27	
Less:						
Transfer to General Reserve	-		-		-	
Add/Less: Prior Period Adjustments	-		-147.24		-232.97	
Other comprehensive income						
Add: Acturial Gain/(Loss) on Defined benefit obligation	10.42		68.62		215.21	
Net Surplus		6,295.13		8,292.55		-185.03
Total Reserves & Surplus		**-9,566.87**		**-15,862.00**		**-24,154.55**

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 "14" : NON-CURRENT PROVISIONS

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Provision for Employee Benefits			
a) Gratuity	1,891.95	2,092.49	2,296.62
b) Leave Encashment	1,302.84	1,465.06	1,595.03
c) Medical	-	2,241.44	2,241.44
d) Other Benefits	578.28	616.02	512.54
TOTAL	**3,773.08**	**6,415.01**	**6,645.63**

NOTE "15" : TRADE PAYABLES

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Due to Micro and Small Enterprises	31.30	35.84	36.23
Others Payables	1,875.47	3,881.17	5,930.61
TOTAL	**1,906.78**	**3,917.00**	**5,966.84**

NOTE "15.1" : AGEING OF TRADE PAYABLES

As at March 31, 2023 (₹ in million)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed dues (MSME)	30.98	0.17	-	0.16	31.30
(i) Undisputed dues (Others)	165.00	772.19	775.28	163.00	1,875.47
(iii) Disputed dues (MSME)	-	-	-	-	-
(iv) Disputed dues (Others)	-	-	-	-	-
Total	**195.97**	**772.36**	**775.28**	**163.16**	**1,906.78**

As at March 31, 2022 (₹ in million)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed dues (MSME)	35.67	0.14	0.03	-	35.84
(i) Undisputed dues (Others)	2,243.84	1,060.58	493.48	83.14	3,881.17
(iii) Disputed dues (MSME)	-	-	-	-	-
(iv) Disputed dues (Others)	-	-	-	-	-
Total	**2,279.50**	**1,060.72**	**493.51**	**83.14**	**3,917.00**

As at March 31, 2021 (₹ in million)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed dues (MSME)	34.73	0.35	0.09	1.06	36.23
(i) Undisputed dues (Others)	4,059.03	467.81	1,367.39	36.39	5,930.61
(iii) Disputed dues (MSME)	-	-	-	-	-
(iv) Disputed dues (Others)	-	-	-	-	-
Total	**4,093.76**	**468.16**	**1,367.48**	**37.44**	**5,966.84**

i. Trade payable are normally settled within 30 to 60 days

ii. Trade payable to related parties has been disclosed in Note 38.A.VII

NOTE "16" : Other Financial liability

(₹ in million)

Particulars	As at March 31, 2023		As at March 31, 2022		As at April 01, 2021	
	Non - Current	Current	Non - Current	Current	Non - Current	Current
Security Deposit	-	30.42	-	30.91	-	23.42
Earnest Money Deposit	-	4.93	-	4.02	-	4.10
Loan & Advances	-	175.34	-	134.18	-	124.33
Payable to Employees	-	345.60	-	360.55	-	461.65
Inter company Payable/Receivable	21,739.44	-	21,582.90	152.06	-	18,654.24
Others	-	91.87	-	85.64	-	103.85
TOTAL	**21,739.44**	**648.16**	**21,582.90**	**767.36**	**-**	**19,371.58**

NOTE "17" : CURRENT PROVISIONS

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Provision			
For employees Benefits			
a) Gratuity	543.19	624.42	779.73
b) Leave Encashment	407.54	437.63	463.28
c) Medical	-	92.76	92.76
d) Other Benefits	-	-	-
e) Other than employees	516.25	221.88	1,332.25
TOTAL	**1,466.99**	**1,376.70**	**2,668.03**

NOTE "18" : OTHER CURRENT LIABILITIES

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2022	As at April 01, 2021
Statutory Dues	572.65	322.13	3,006.49
others	-	-	-
TOTAL	**572.65**	**322.13**	**3,006.49**

NOTE "19" :Lease liabilities

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
Lease liabilities on initial recognition as on 1st April	67.24	-
Additions	-	-
Interest accrued	5.35	-
Lease principal payments	9.67	-
Lease interest payments	5.35	-
Reversal	15.02	-
As at 31st March:-		
Current Lease Liabilities	11.31	-
Non-Current Lease Liabilities	46.27	-
TOTAL	**57.57**	**-**

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2023 :

(₹ in Millions)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Less than 1 year	11.31	-	-
1- 5 Years	46.27	-	-
More than 5 years	-	-	-
At March 31, 2023	**57.57**	**-**	**-**

Notes

The company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

NOTE "20" : REVENUE FROM OPERATIONS

(₹ in million)

Sr. No.	Particulars	2022-23	2021-22	2020-21
1	**Sales of Services**			
	Technical Handling Services Reveune	5,555.29	4,107.13	1,705.79
	Other Servicing Revenue	13,252.77	13,970.17	9,182.51
		18,808.06	**18,077.30**	**10,888.31**
2	**Other Operating Revenue**			
	Engineering Training Reveune	67.36	108.35	170.21
		67.36	**108.35**	**170.21**
3	**Incidental Revenue**	658.60	633.44	530.97
		658.60	**633.44**	**530.97**
Total reveune from operation		**19,534.02**	**18,819.09**	**11,589.49**

NOTE "21" : OTHER INCOME

(₹ in million)

Sr. No.	Particulars	2022-23	2021-22	2020-21
1	Interest Income	343.99	215.13	218.95
2	Grant-In-Aid Revenue (Refer Note - 31)	356.93	-	-
3	Other Income	63.67	31.00	211.96
	TOTAL	**764.59**	**246.13**	**430.90**

NOTE "22" : EMPLOYEE BENEFIT EXPENSES

(₹ in million)

Sr. No.	Particulars	2022-23	2021-22	2020-21
1	Salaries, Wages & Bonus	5,976.59	5,024.73	5,562.77
2	Contribution to Provident and Other Funds	297.67	254.98	309.04
3	Staff Welfare Expenses	161.40	256.70	421.63
4	Provision for Gratuity	261.20	255.80	470.94
5	Provision for Leave Encashment	158.89	221.77	146.68
	TOTAL	**6,855.75**	**6,013.99**	**6,911.07**

NOTE "23" : FINANCE COST

(₹ in million)

Sr. No.	Particulars	2022-23	2021-22	2020-21
1	Interest Expenses	1,915.49	1,525.23	1,561.59
2	Interest expense on lease liability	5.35	-	-
	TOTAL	**1,920.84**	**1,525.23**	**1,561.59**

NOTE "24" : OTHER EXPENSES

(₹ in million)

Sr. No.	Particulars	2022-23	2021-22	2020-21
1	Insurance Expenses	167.31	71.51	54.65
2	Material Consumed-Aircraft	631.87	2,105.81	972.22
3	Handling Charges	208.70	349.67	162.24
4	Communication Charges	9.24	8.08	9.34
5	Travelling Expenses	206.24	157.12	92.75
6	Rent	1,087.24	1,268.52	1,051.18
7	Rates and Taxes	160.09	61.62	125.23
8	Repair Maintenance:			
	i) Buildings	33.51	45.42	18.58
	ii) Others	699.32	552.98	261.19
9	Hire of Transport	150.25	108.89	128.80
10	Fees to DGCA	1.20	1.28	3.17
11	Electricity & Heating Charges	296.07	297.34	307.83
12	Water Charges	16.34	14.96	43.49
13	Publicity & Sales Promotion	3.07	0.64	0.57
14	Printing and Stationery	6.73	5.75	6.58
15	Professional & Legal Charges	23.91	18.96	10.67
16	Auditors' Remuneration and Expenses			
	i) Audit Fees	0.40	0.33	0.33
	ii) Other Expenses	0.03	0.03	0.03
17	Other Audit Expenses	0.69	1.15	0.85
18	Bank Charges	0.49	0.99	0.61
19	SESF Expenses (Refer Note - 31)	356.93	-	-
20	Loss on Sale of Assets/Scrap	8.23	0.06	0.02
21	Provision for Doubtful Receivable & Advances	142.72	139.16	98.46
22	Provision for Inventory Reconciliation (Expenses)	500.00	-	-
23	CSR Expenses	40.94	-	-
24	Other Expenses	67.28	96.69	452.62
	TOTAL	**4,818.79**	**5,306.96**	**3,801.43**

NOTE "25" : EARNING PER SHARE

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

Particulars	2022-23	2021-22	2020-21
Profit available for appropriation as per Profit & Loss Account	6,285	8,224	-400.24
Weighted average No. of equity shares outstanding during the year	166.67	166.67	166.67
Basic and Diluted EPS	37.71	49.34	-2.40
Face value per equity share	10	10	10

Notes forming part of the financial statements as at and for the year ended March 31, 2023

26. DISINVESTMENT PROCESS:

In view of the NITI Aayog recommendations on the disinvestment of the then Air India (AI) and followed by the recommendations of the Core Group of Secretaries on disinvestment (CGD), the Cabinet Committee on Economic Affairs (CCEA) had given an 'In-Principle' approval for considering the strategic disinvestment of the then Air India group in its meeting held on June 28, 2017. CCEA also constituted the Air India Specific Alternative Mechanism (AISAM) to guide the process of strategic disinvestment. An ex-facto approval was given by Union Cabinet in Feb 2019 for formation of SPV under the name and style now known as AI Assets Holding Limited (AIAHL) for the warehousing of accumulated working capital loan not backed by any asset along with four subsidiaries AIASL, AAAL, AIESL, HCI, non-core assets, paintings & artifacts and other non- operational assets. Based on the above decisions, Air India Limited (AIL) has been disinvested. Further, the Ministry of Civil Aviation (MoCA) vide its letter no. 17046/56/2019-AI dated 31st December, 2021 has conveyed the decision of AISAM for transferring of the four subsidiaries (AIASL, AAAL, AIESL and HCI) of the then Air India Limited to the AI Assets Holding Limited.

As per the decision of AISAM for transferring of the investments in subsidiaries, in the financial year 2021-22, the shares of the company (AIESL) were transferred from the then Air India Limited to AIAHL at book value. Accordingly, the share purchase agreement (SPA) between the then AIL and AIAHL for the transfer of the shares of AIESL was executed on 10th January, 2022. Considering the decision of Government of India and as per SPA, 100% shareholding of the company has been transferred from the then AIL to AIAHL and the Board of the company has also been reconstituted and shares of the company has been transferred to AIAHL w.e.f 12th January, 2022. Consequently, AI Assets Holding Limited (AIAHL) has become the new Parent Company / Holding Company of AI Engineering Services Limited.

The government has initiated the process of disinvestment of three subsidiaries of AIAHL (AI Airport Services Ltd., AI Engineering Services Ltd., & Alliance Air Aviation Ltd.). Committees have been constituted to oversee the disinvestment process and DIPAM has commenced the exercise of investor meetings for the disinvestment. PIM (Preliminary Information Memorandum) shall be issued in due course and interested bidders will submit their Expression of Interest (EOI) to DIPAM and qualified bidders will submit the Financial Bids after due diligence. The Strategic partner will be selected after following the due process of disinvestment.

27. CONTINGENT LIABILITIES, CONTINGENT ASSETS AND CAPITAL COMMITMENT:

a. Contingent Liabilities (to the extent not provided for)

Claims against the company not acknowledged as debts (excluding interest and penalty, in certain cases) and the required information, in compliance of Ind AS 37, are as under:

(₹ in million)

Sr no.	Description	Balance as on March 31, 2023	Balance as on March 31, 2022	Balance as on April 01, 2021
(i)	Income Tax Demand Notices received by the Company which are under appeal (*).	643.65	642.20	641.71
(ii)	Other Claims on account of Staff**/Civil/ Arbitration Cases pending in Courts	Amount not ascertainable	Amount not ascertainable	Amount not ascertainable
	Total	643.66	642.20	641.71

Explanatory Statement in respect of Contingent Liabilities

***Income Tax (TDS) Demand Notices received by the Company which are under appeal:**

(₹ in million)

FY	Total amount of Default u/s 210(1)	Total amount of Interest u/s 210(1A)	Total Demand	Appeal Status
2014-15	16.48	11.93	28.41	Appeal filed before CIT(A) against the assessment order.
2015-16	27.75	16.85	44.60	Appeal filed before CIT(A) against the assessment order. Date of hearing vide notice dated 13.07.2022 was 28.07.2022 and adjournment was sought.
2016-17	42.09	20.20	62.29	Appeal was filed before CIT(A) on 28.08.2020.
2017-18	135.72	48.86	184.58	Appeal was filed before CIT(A) on 28.08.2020.
2018-19	261.11	62.67	323.78	Appeal was filed before CIT(A) on 28.08.2020.
Total	**483.15**	**160.51**	**643.66**	

* Interest u/s 220(2) on the above demand as on 31st March, 2023 will be ₹ 237.49 (Previous Year ₹ 160.43 million).

** The employees of the company have filed cases in various courts relating to staff matters, making the company a party. In the opinion of the management, the amount of liabilities may not arise to the company.

b. Capital Commitments

Capital Commitments are in respect of estimated amount of contracts remaining to be executed on Capital Account is ₹ NIL. (Previous Year ₹ NIL)

c. Performance Guarantee given by the company

The company has given Performance Guarantee (BG) to Bangalore International Airport Limited (BIAL) amounting to ₹ 1.00 million (previous year ₹ 1.00 million) for due performance of the obligation under the contact with BIAL.

28. CORRECTION OF PRIOR PERIOD ERRORS IN ACCORDANCE WITH IND AS 8 "ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS"

During the year 2022-23, the company have discovered that the below mentioned Line items of financial statements had been incorrectly accounted/disclosed in the prior year. These errors have now been corrected by restating the affected financial statements line items for the prior year.

(₹ in million)

	As at March 31st, 2022		
Particulars	**31st March, 2022 (as previously reported)**	**Increase/ (decrease) due to correction of error**	**31st March, 2022 (restated)**
Balance sheet (extract)			
Property, Plant & Equipment	5887.08	36.00	5,923.0
Total Non-current Assets	**10,224.70**	**36.00**	10,260.70
Inventories	684.54	-78.32	606.22
Current Tax Assets	1085.04	-38.31	1,046.73
Other Current Assets	160.67	-1.80	158.87
Total Current Assets	**10,043.51**	**-118.43**	**9,925.08**
Total Assets	**20,268.21**	**-82.44**	**20,185.77**
Other Equity	-15,481.79	-380.21	-15,862.00
Total Equity	**-13,815.12**	**-380.21**	**-14,195.33**
Trade Payables	4,080.55	-163.54	3,917.00
Other Financials Liability	613.51	153.85	767.36
Current Provisions	1,369.11	7.59	1,376.70
Other Current Liabilities	22.26	299.87	322.13
Total current liabilities	**6,085.42**	**297.78**	**6,383.20**
Total equity and liabilities	**20,268.21**	**-82.44**	**20,185.77**
Statement of Profit and loss (extract)			
Depreciation and Amortization Expense	606.42	7.02	613.45
Staff Welfare Expenses	256.41	0.29	256.70
Other Expenses	5,167.03	139.92	5,306.96
Total Expenditure	**13,312.39**	**147.24**	**13,459.63**
Profit/ (Loss) after Tax for the period	**8,371.17**	**-147.24**	**8,223.94**
Total comprehensive Income for the year	**8439.79**	**-147.24**	**8,292.56**
Cash Flow Statement (extract)			
Operating (Loss) / Profit Before Working Capital Changes	8,047.84	-140.21	7,907.63

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 decrease of ₹0.89 per share.

	As at April 01st, 2021		
Particulars	**31st March, 2021 (as previously reported)**	**Increase/ (decrease) due to correction of error**	**1st April, 2021 (restated)**
Balance sheet (extract)			
Property, Plant & Equipment	487.96	43.02	530.98
Total Non-current Assets	**597.55**	**43.02**	**640.57**

Particulars	As at April 01st, 2021		
	31st March, 2021 (as previously reported)	Increase/ (decrease) due to correction of error	1st April, 2021 (restated)
Inventories	828.24	-78.32	749.92
Current Tax Assets	780.72	-29.07	751.65
Total Current Assets	**14,639.30**	**-107.39**	**14,530.11**
Total Assets	**15,236.85**	**-66.17**	**15,170.68**
Other Equity	-23,921.58	-232.97	-24,154.55
Total Equity	**-22,254.92**	**-232.97**	**-22,487.89**
Trade Payables	6,094.44	-163.83	5,930.61
Other Financials Liability	19,340.82	30.76	19,371.58
Other Current Liabilities	2,706.62	299.87	3,006.49
Total current liabilities	**30,846.14**	**166.81**	**31,012.95**
Total equity and liabilities	**15,236.85**	**-66.17**	**15,170.68**
Statement of Profit and loss (extract)			
Revenue from Operations	11,600.19	-10.70	11,589.49
Other Income	255.24	175.66	430.90
Total Revenue	**11,855.43**	**164.97**	**12,020.40**
Depreciation and Amortization Expense	115.20	31.35	146.55
Other Expenses	3,434.84	366.59	3,801.43
Total expenses	**12,022.69**	**397.94**	**12,420.63**
Total comprehensive Income for the year	**47.94**	**-232.97**	**-185.03**
Cash Flow Statement (extract)			
Operating (Loss) / Profit Before Working Capital Changes	1,840.73	-29.34	1,811.39
Net Cash Flow (used in)/ from Operating Activities	1,601.02	-35.15	1,565.86
Net Cash Flow used in Investing Activities	-116.87	35.15	-81.72

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 decrease of ₹1.40 per share.

29. CONFIRMATIONS/RECONCILIATIONS

(i) The Company has sought for the confirmation of balances for all the major trade receivables & trade payables. However, only some of the parties have responded and are in agreement with the books of the Company. Wherever the balances confirmed are not in agreement with the books in that case reconciliation of difference is under process.

In case of trade receivables, the company has balance confirmation of receivables from Air India, AIXL, AAAL and few other customers which consist of 87.89% (Previous year 75.57%) of receivables of the company and reconciliation has been completed and balance confirmations have been obtained. In case of trade payables some parties have responded and wherever the party's balances are not in agreement with the books, the reconciliation of the differences is in progress. Impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt with in the year of completion of the reconciliation and approvals from appropriate authority.

(ii) Good & Service Tax (GST) and other statutory dues are in reconciliation with the returns filed and statutory records maintained by the company.

(iii) The company has carried out major reconciliation/adjustment of matching of certain unmatched receivables/ recoverable from staff and payables including certain control ledger. Further for the balance unmatched receivables/ recoverable from staff and payables including certain control ledger are in process and impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt in the year of completion of the reconciliation and approvals from appropriate authority.

Cash and Bank Balances

I. The process of year end physical verification of cash in hand has been done by the authorised officials and the certificate of cash balance has been duly certified by the official concerned.

II. The Company has requested for the confirmation of the balances from the bank as on 31st March 2023. The Company has obtained confirmation/bank statements in respect of all the bank accounts/ fixed deposits. They are in reconciliation with the books of accounts of the Company as on 31st March, 2023.

30. PHYSICAL VERIFICATION & RECONCILIATION

a. Property, Plant and Equipment (PPE)

The company has completed physical verification of property, plant, and equipment and reconciliation of the same with the balances appearing in fixed assets register at Delhi, Mumbai and Nagpur locations. Accordingly, the company has completed physical verification of 73% of total quantities and as per value, it comprises 94% net book value of total net book value PPE of the company. Details for the same are as under: -

i. As per the policy of the company, physical verification of the assets of the company will be done on rotational basis so that every asset will be verified every two years. Accordingly, the company has appointed independent agency for the physical verification, bar code tagging and reconciliation of the same with the quantities as appeared in the fixed asset register for Nagpur and Mumbai location. The physical verification report has been submitted by the agency vide dated 26th June, 2023 for both the location. During verification no. of surplus assets were found which are physically available but not in fixed asset register and few items were unidentified / not found during verification.

ii. The unidentified items having a value of Rs. 8.07 million has been adjusted appropriately with the approval of competent authority.

iii. Further, the company has identified 108 items amounting to ₹ 72.6 million which are appearing in inventory in the books of the company which have now been transferred from inventory to property, plant and equipment.

iv. Furthermore, the balance 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.

v. Further, in the financial year 2021-22 the physical verification of property, plant and equipment of HQ and NR (Delhi location) had been conducted and a report was submitted dated 17th August, 2022 and according to the report, 41 items having WDV of ₹ 0.83 million have not been identified. The shortage/unidentified assets were further searched by the officials of the company and 7 assets have been found/identified in the Northern Region location and the balance 34 unidentified assets having value of ₹ 0.16 million has been adjusted by the company.

b. Physical Verification of Inventory

Physical verification of Inventory of materials in the nature of stores and spares has not been carried out. The major value of inventory was book transferred by the then Holding company Air India Limited without any physical verification at AIESL. While reviewing the same during the year, it has been found that a large number of items are in the nature of assets (mainly tools) which have been included in the inventory. Reconciliation between Ramco (Inventory Recording and Accounting Software) and SAP (General Accounting Software) is not carried out. Hence, as an interim measure, pending complete action for verification, analysis and reconciliation, a provision for Rs 500.00 million has been made for likely reduction in the value of inventory considering the impact of depreciation on capitalized assets, obsolescence, shortages as well as any other similar write down etc.

31. GOVERNMENT GRANT

As per the decision of Government of India (MoCA), a scheme has been approved for providing grant for SESF expenses. In line with the said scheme, summary of grant received by the company and its utilization during the financial year 2022-23 are as under: -

S. No.	Particulars	FY 2022-23	FY 2021-22
1.	Opening Un-spent Grant-in-aid	338.90*	-
2.	Total of budgetary support/Grants received by the Company from Min. of Civil Aviation, GOI	393.10	338.90
3.	Grant utilized for SESF Expenses	356.93	
	Total Unspent Grant in Aid	**375.07**	**338.90***

* LC for Rs. 242.01 was opened on 10.03.2022. However, the payment to the vendor was released in April'2022.

32. INTERNAL CONTROL

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

33. SEGMENT REPORTING

The CEO of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators; however, the company is engaged in MRO (Maintenance, Repair& Overhaul of aircraft, engines & components) services, which is its primary and only one reportable business segment and that all of the operations are in India. Hence the Company does not have any reportable Segments as per Indian Accounting Standard 108 “Operating Segments”.

a. Disclosure of Customer with more than 10% of Revenue:

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended April 01, 2021
Air India Ltd.	14,070.49	12,101.08	6,251.77
IAF	2,878.71	4,455.45	2,815.84

34. EMPLOYEES BENEFIT PLANS

a. Defined Contribution Plan

Employees’ provident fund: The company subscribes to EPFO under Employees’ Provident Fund Scheme, 1952 which governs the provident fund plans in respect on employees on contract. The company as well as the employees contributes at applicable rates to the provident fund out of which provident fund is paid to the employees. Company’s contribution to provident fund recognized in the Statement of profit and loss is ₹ 297.67 million (previous year: ₹ 254.98 million)

b. Defined benefit plans

i. Gratuity: Gratuity is payable to all the eligible employees of the company on superannuation, death, or permanent disablement, in terms of the provisions of the Payment of Gratuity Act. The company has a defined benefit gratuity plan in India (unfunded). Gratuity is paid from the company as and when it becomes due and is paid as per the company scheme for Gratuity.

Disclosure statement as per Ind AS of gratuity: -

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Type of Benefit	Gratuity	Gratuity
Country	India	India
Reporting Currency	INR	INR
Reporting Standard	Indian Accounting Standard 19 (Ind AS 19)	Indian Accounting Standard 19 (Ind AS 19)
Funding Status	Unfunded	Unfunded
Starting Period	01-04-22	01-04-21
Date of Reporting	31-03-23	31-03-22
Period of Reporting	12 Months	12 Months
Reference ID	788472	678458
Assumptions (Previous Period)		
Expected Return on Plan Assets	N.A.	N.A.
Rate of Discounting	7.23%	6.85%
Rate of Salary Increase	5.50%	5.50%
Rate of Employee Turnover	2.00%	2.00%
Mortality Rate During Employment	Indian Assured Lives Mortality (2012-14) Urban	Indian Assured Lives Mortality (2006-08) Ultimate
Assumptions (Current Period)		
Expected Return on Plan Assets	N.A.	N.A.
Rate of Discounting	7.50%	7.23%

Particulars	As at March 31, 2023	As at March 31, 2022
Rate of Salary Increase	5.50%	5.50%
Rate of Employee Turnover	2.00%	2.00%
Mortality Rate During Employment	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)

	As at March 31, 2023	As at March 31, 2022
Table Showing Change in the Present Value of Defined Benefit Obligation		
Present Value of Benefit Obligation at the Beginning of the Period	**2,716.91**	**3,076.35**
Interest Cost	192.95	199.46
Current Service Cost	68.25	80.95
Past Service Cost	-	-
Liability Transferred In/ Acquisitions	-	-
(Liability Transferred Out/ Divestments)	-	-
(Gains)/ Losses on Curtailment	-	-
(Liabilities Extinguished on Settlement)	-	-
(Benefit Paid Directly by the Employer)	-532.55	-571.23
(Benefit Paid From the Fund)	-	-
The Effect Of Changes in Foreign Exchange Rates	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	-	-1.03
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	-25.57	-39.90
Actuarial (Gains)/Losses on Obligations - Due to Experience	15.14	-27.69
Present Value of Benefit Obligation at the End of the Period	**2,435.14**	**2,716.91**
Table Showing Change in the Fair Value of Plan Assets		
Fair Value of Plan Assets at the Beginning of the Period	**-**	**-**
Interest Income	-	-
Contributions by the Employer	-	-
Expected Contributions by the Employees	-	-
Assets Transferred In/Acquisitions	-	-
(Assets Transferred Out/ Divestments)	-	-
(Benefit Paid from the Fund)	-	-
(Assets Distributed on Settlements)	-	-
Effects of Asset Ceiling	-	-
The Effect of Changes In Foreign Exchange Rates	-	-
Return on Plan Assets, Excluding Interest Income	-	-
Fair Value of Plan Assets at the End of the Period	**-**	**-**

	As at March 31, 2023	As at March 31, 2022
Amount Recognized in the Balance Sheet		
(Present Value of Benefit Obligation at the end of the Period)	-2,435.14	-2,716.91
Fair Value of Plan Assets at the end of the Period	-	-
Funded Status (Surplus/ (Deficit))	-2,435.14	-2,716.91
Net (Liability)/Asset Recognized in the Balance Sheet	**-2,435.14**	**-2,716.91**
Net Interest Cost for Current Period		
Present Value of Benefit Obligation at the Beginning of the Period	2,716.91	3,076.35
(Fair Value of Plan Assets at the Beginning of the Period)	-	-
Net Liability/(Asset) at the Beginning	2,716.91	3,076.35
Interest Cost	192.95	199.46
(Interest Income)	-	-
Net Interest Cost for Current Period	**192.95**	**199.46**
Expenses Recognized in the Statement of Profit or Loss for Current Period		
Current Service Cost	68.25	80.95
Net Interest Cost	192.95	199.46
Past Service Cost	-	-
(Expected Contributions by the Employees)	-	-
(Gains)/Losses on Curtailments And Settlements	-	-
Net Effect of Changes in Foreign Exchange Rates	-	-
Expenses Recognized	**261.20**	**280.41**
Expenses Recognized in the Other Comprehensive Income (OCI) for Current Period		
Actuarial (Gains)/Losses on Obligation For the Period	-10.42	-68.62
Return on Plan Assets, Excluding Interest Income	-	-
Change in Asset Ceiling	-	-
Net (Income)/Expense For the Period Recognized in OCI	**-10.42**	**-68.62**

	As at March 31, 2023	As at March 31, 2022
Balance Sheet Reconciliation		
Opening Net Liability	**2,716.91**	**3,076.35**
Expenses Recognized in Statement of Profit or Loss	261.20	280.42
Expenses Recognized in OCI	-10.42	-68.62
Net Liability/(Asset) Transfer In	-	-
Net (Liability)/Asset Transfer Out	-	-
(Benefit Paid Directly by the Employer)	-532.55	-571.23
(Employer’s Contribution)	-	-
Net Liability/(Asset) Recognized in the Balance Sheet	**2,435.14**	**2,716.91**
Category of Assets		
Government of India Assets	-	-

	As at March 31, 2023	As at March 31, 2022
State Government Securities	-	-
Special Deposits Scheme	-	-
Debt Instruments	-	-
Corporate Bonds	-	-
Cash And Cash Equivalents	-	-
Insurance fund	-	-
Asset-Backed Securities	-	-
Structured Debt	-	-
Other	-	-
Total	**-**	**-**
Other Details		
No of Members in Service	4,503	4,860.00
Per Month Salary For Members in Service	220.34	234.31
Weighted Average Duration of the Defined Benefit Obligation	5.00	5.00
Average Expected Future Service	12.00	12.00
Defined Benefit Obligation (DBO) - Total	2,435.14	2,716.91
Defined Benefit Obligation (DBO) - Due but Not Paid	21.35	48.17
Expected Contribution in the Next Year	-	-
Maturity Analysis of the Benefit Payments		
Projected Benefits Payable in Future Years From the Date of Reporting		
1st Following Year	543.19	624.42
2nd Following Year	256.14	288.31
3rd Following Year	441.64	406.48
4th Following Year	381.54	422.00
5th Following Year	272.30	364.34
Sum of Years 6 To 10	679.81	808.37
Sum of Years 11 and above	933.88	917.00
Sensitivity Analysis	**As at March 31, 2023**	**As at March 31, 2022**
Defined Benefit Obligation on Current Assumptions	**2,435.14**	**2,716.91**
Delta Effect of +1% Change in Rate of Discounting	-89.24	-98.52
Delta Effect of -1% Change in Rate of Discounting	98.11	108.17
Delta Effect of +1% Change in Rate of Salary Increase	61.43	70.28
Delta Effect of -1% Change in Rate of Salary Increase	-63.76	-72.73
Delta Effect of +1% Change in Rate of Employee Turnover	15.08	14.01
Delta Effect of -1% Change in Rate of Employee Turnover	-16.23	-15.03

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the Defined Benefit Obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the Defined Benefit Obligation as recognized in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Notes

Gratuity is payable as per entity'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 cashflows considering future salary, attrition & death in respective year for members as mentioned above.

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.

Qualitative Disclosures

Para 139 (a) Characteristics of defined benefit plan

The entity has a defined benefit gratuity plan in India (unfunded). The entity's defined benefit gratuity plan is a final salary plan for employees.

Gratuity is paid from entity as and when it becomes due and is paid as per entity scheme for Gratuity.

Para 139 (b) Risks associated with defined benefit plan

Gratuity is a defined benefit plan and entity is exposed to the Following Risks:

Interest rate risk: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision.

Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. entity has to manage pay- out based on pay as you go basis from own funds.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Para 139 (c) Characteristics of defined benefit plans

During the year, there were no plan amendments, curtailments and settlements.

Para 147 (a)

Gratuity plan is unfunded.

ii. **Post-retirement medical benefits:** The Company had a post-retirement medical benefit scheme under which medical benefits were provided to retired employees and their spouse. The Government of India vide letter dated 16th February, 2022 has approved medical benefit facility to the eligible permanent retired/retiring employees of AI Engineering Services Limited (AIESL) post disinvestment. After introduction of this scheme, all the expenditure under this scheme will be borne by M/o Civil Aviation through Budgetary provisions to the holding company AIAHL. Further, the Government of India O.M. dated 15th March, 2023 for providing above mentioned medical benefits does not envisage any such surrender by AIESL. Hence, the company has written back accumulated liability of ₹ 2334.20 million which had been accounted for based on the actuary valuation.

c. Other long term employees' benefits

i. 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.

ii. Bonus

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.

35. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020.The code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code become effective.

36. THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT

The SAP system has a field, minority indicator in Vendor Master, which is updated to identify the vendor as MSME. The system has been enhanced to capture more details of MSME Vendors, such as certificate number, name of the entrepreneur, type of organization, date of commencement, bank details, etc. Accordingly, 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 and relied upon by the Auditor. However, payments to such undertakings covered under the Micro, Small and Medium Enterprises Development Act (to the extent identified) have been made within the prescribed time limit/date agreed upon with the supplier. In other cases, necessary compliance/disclosure will be ensured in due course.

(₹ in Million)

Sr. No.	Particulars	31st March, 2023	31st March, 2022	01st April, 2021
a.	Principal amount due and remaining unpaid	31.30	35.84	36.23
b.	Interest due on above	0.25	0.02	0.04
c.	Payment made beyond the appointed day during the year	-	-	-
d.	Interest paid	-	-	-
e.	Interest due and payable for the period of delay	-	-	-
f.	Interest accrued and remaining unpaid	0.25	0.02	0.04
g.	Amount of further interest remaining due and payable in succeeding years	-	-	-

37. INCOME TAX

In terms of the provisions of Section 115BAA of the Indian Income tax 1961, which provide for an option of lower rate of 22% plus applicable surcharge for a domestic company (as against higher rate of about 30%) plus applicable surcharge and cess for any previous year relevant to the assessment year beginning on or after 1st April 2020, subject to no deduction or exemptions allowed under specified sections, no carry forward or set off of past year losses, or set off losses or unabsorbed depreciation in amalgamation being available to the company, and such option once exercised to continue forever. Considering the tax impact on the company, provision based on lower rate u/s Sec 115BAA has been made in the books of account as on 31st March 2023: -

(₹ in Million)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022	For the year ended 01st April 2021
Current tax			
Current tax	338.97	584.52	-
Short / (excess) provision of tax of earlier years*	168.31	-	-
Total	**507.28**	**584.52**	**-**
Deferred Tax			
Minimum alternate tax credit entitlement	-	(583.16)	-
Deferred tax Income (excluding MAT)	-	(2,619.71)	-
Deferred tax Expense	1,652.73	-	-
Total	**1,652.73**	**(3,202.87)**	**-**

* This represents short / (excess) provision of income tax (net) of earlier years identified in the current year.

A reconciliation of income tax expense applicable to accounting profit before tax at the statutory income tax rate to recognised income tax expense for the year indicated are as follows:

(₹ in Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 01 April 2021
Profit / (Loss) before tax	**6,110.50**	**5,752.82**	**(212.31)**
Enacted tax rate applicable to the company (MAT)	-	17.472%	-
Expected income tax expense at enacted tax rate as stated above	-	**584.52**	**-**
Tax effect of:			
Expenses not deductible in determining taxable profits	-	6.16	-
Loss brought forward or unabsorbed depreciation whichever is less or both as may be applicable	-	(440.12)	-
Impact of Re-measurement of employee benefits obligations	-	11.99	-
Delay in payment of advance tax		1.36	
Income tax recognized in the statement of profit and loss	-	584.52	**-**

* During the year the company has adopted the lower tax rate u/s 115BAA.

38. Deferred tax assets/liabilities

Deferred tax assets (DTA) are the amounts of income taxes recoverable in future periods in respect of the carry forward of unused tax losses, the carry forward of unused tax credits and deductible temporary differences (which are temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled). Deferred tax liabilities (DTL) are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

The company has convincing evidence that sufficient taxable profit will be available against which the unused tax losses, deductible timing differences or unused tax credit can be utilized by the entity in near future. Hence in line with IndAS 12 “Income Taxes” Deferred Tax assets / Liabilities have been created.

(₹ in Million)

Particulars	As at March 31st, 2023	As at March 31st, 2022	As at April 01st, 2021
Deferred tax liabilities on account of (DTL)			
Depreciation	73.06	26.46	-
Total deferred tax liability	**73.06**	**26.46**	**-**
Deferred tax asset on account of (DTA)			
Provision for doubtful advances	-	8.57	-
Provision for expected credit loss	150.33	195.66	
Provision for inventory reconciliation	125.84	-	
Lease liability	14.49	-	
Unabsorbed depreciation & losses	-	826.31	-
MAT Credit Entitlement	-	583.16	-
40A(i) 30% expense	176.14	-	-
Other tax disallowances	99.61	-	-
Provision for employee benefits	1056.78	1,615.64	-
Total deferred tax asset	**1,623.20**	**3,229.33**	**-**
Net deferred tax asset	**1,550.14**	**3,202.87**	**-**

Deferred tax asset / (liability) recognized are as under: -

(₹ in Million)

Particulars	As at March 31st, 2023	As at March 31st, 2022	As at April 01st, 2021
Deferred tax asset (net)	1,623.20	3,229.33	-
Deferred tax liability (net	73.06	26.46	-

39. RELATED PARTY TRANSACTIONS

Disclosure of the names and designations of the Related Parties as required by Indian Accounting Standard (Ind AS 24) during the year 2021-22.

A. List of Related parties:

i. In terms of Ind AS 24, following are related parties which are Government Related entities i.e. Significantly controlled and influenced entities (Government of India) :

Sr. No	Name of Company	Relationship
1	AI Assets Holding Limited	Holding Company w.e.f. 12th January, 2022.

ii. Others:

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

iii. List of Fellow Subsidiary Companies:

Sr. No.	Name of Company	Relationship
1	Hotel Corporation of India Limited (HCI)	Fellow Subsidiary
2	Air India Airport Services Limited (AIASL)	Fellow Subsidiary
3	Air India Express Limited (AIEL)	Fellow Subsidiary till 12th January, 2022
4	Alliance Air Aviation Limited (AAAL)	Fellow Subsidiary

iv. Board of Directors

S. No.	Name of Director	Designation	Remark
1.	Shri Vikram Dev Dutt	Chairman & Managing Director, AI Assets Holding Limited	Chairman, AIESL (From 27.01.2022 to 28.02.2023)
3.	Shri Satyendra Kumar Mishra	CMD, AI Assets Holding Limited & Joint Secretary, Ministry of Civil Aviation	Chairman, AIESL (w.e.f. 01.03.2023) & Nominee Director, AIESL (w.e.f. 02.02.2017)
4.	Shri Vimlendra Anand Patwardhan	Joint Secretary & Financial Advisor, Ministry of Civil Aviation	Nominee Director, AIESL (From 20.03.2020 to 14.12.2022)
4.	Shri Rajeshsingh Shrinarayan Sharma (Shri Rajesh Singh)	Joint Secretary & Financial Advisor, Ministry of Civil Aviation	Nominee Director, AIESL (From 14.12.2022 to 18.01.2023)
5.	Shri Padam Lal Negi	Joint Secretary & Financial Advisor, Ministry of Civil Aviation	Nominee Director, AIESL (w.e.f. 18.01.2023)
6.	Smt. Parama Sen	Additional Secretary (Former Joint Secretary), Department of Investment & Public Asset Management	Nominee Director (Woman Director), AIESL (w.e.f. 11.02.2022)

v. Key Managerial Personnel

S. No	Name of Key Managerial Personnel	Designation
1.	Shri Jose Mathew	Chief Executive Officer From 30.07.2021 to 30.04.2022
2.	Shri Sharad Agarwal	Chief Executive Officer w.e.f. 01.05.2022
3.	Shri Gopal Krishan Valecha	Chief Financial Officer From 09.11.2021 to 20.05.2022
4.	Shri Rakesh Kumar Jain	Chief Financial Officer w.e.f. 20.05.2022
5.	Ms. Sakshi Mehta	Company Secretary w.e.f. 09.11.2021

vi. Transaction with Key Managerial Person (KMP)

i. There are no transactions with Key Managerial Personnel except remuneration and perquisites to Chief Executive Officer, Chief Financial Officer and Company Secretary. During the year 2022-23, remuneration and perquisites is ₹5.17 Million (PY ₹4.17 Million) for Chief Executive Officer, ₹2.70 Million (PY ₹2.43 Million) for Chief Financial Officer and ₹0.97 Million (PY ₹1.24 Million) for Company Secretary.

ii. No Loans or Credit Transactions were outstanding with Directors or Officers of the Company or their relatives during the year.

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

S. No.	Name of the Entities and Nature of transactions	2022-23 (₹ in Million)	2021-22 (₹ in Million)
1.	**Air India Ltd (AIL)**	Cease to be related party w.e.f. 12th January, 2022	
	Revenue from operation		8739.90
	Expenditure		
	Interest on dues to AI		955.26
	Rent Premises		912.18
	Electricity & Heating Charges		201.07
	Cost of goods Sold		9.09
	Salaries - Staff / Hire of Man power		(-)285.17
	Staff Medical Expenses		163.16
	Maintenance of IT Equipment		31.63
	Salaries - Casual Labour		4.17
	Other Expenses		202.45
	Total Expenditure		**2193.85**
	Closing Balance (Payable) / Receivable		**(14,215.567)**
2.	**Alliance Air Aviation Limited (AAAL)**		
	Income		
	Revenue from operation	586.70	506.35
	Other Income (Interest)	173.45	134.93
	Expenditure		
	Total Expenditure	-	5.8
	Closing Balance (Payable) / Receivable	**2,309.77**	**1,718.13**
3.	**AI Airport Services Limited (AIASL)**		
	Revenue from Operation	12.42	14.12
	Expenditure		
	Handling Charges	200.82	238.34
	Manpower Cost	3.26	2.99
	Interest on dues AIASL	21.87	68.33
	Closing Balance (Payable) / Receivable	**6.62**	**(514.54)**
4.	**Air India Express Limited (AIXL)**	Cease to be related party w.e.f. 12th January, 2022	
	Income		
	Revenue from operation		708.27
	Other Income (Interest)		30.50
	Expenditure		
	Total Expenditure		3.8
	Closing Balance (Payable) / Receivable		**154.32**

S. No.	Name of the Entities and Nature of transactions	2022-23 (₹ in Million)	2021-22 (₹ in Million)
5.	**Air India SATS Airport Services Private Limited (AISATS)**	Cease to be related party w.e.f. 12th January, 2022	
	Revenue from operation		0.20
	Expenditure		
	Handling Charges		81.72
	Hire of Manpower on contract		18.72
	Hire / Lease of Equipment		5.76
	Other Expense		5.65
	Closing Balance (Payable) / Receivable		**(636.45)**
6.	**Centaur Hotel (HCI)**		
	Expenditure		
	Hotel Expenses- Staff on Duty	16.38	13.45
	Closing Balance (Payable) / Receivable	**(3.79)**	**(7.2)**
7.	**AI Assets Holding Limited (AIAHL) Holding Company**		
	Expense		
	Interest on outstanding payables to AIAHL	1865.56	407.27
	Rent	467.35	-
	Reimbursement	69.22	-
	Others (Receivable)	**15.05**	-
	Closing Balance as on 31st March (Payable) / Receivable	**(21,739.44)**	(21,582.90)

40. CORPORATE SOCIAL RESPONSIBILITY

As per Section 135 (1) of the Companies Act, 2013, every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

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

Based on this the company has contributed to Prime Minister Relief Fund of ₹40.94 million (Previous Year Nil).

Corporate Social Responsibility Expenditure: -

S. No.	Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
1.	Amount required to be spent by the company during the year	40.94	-
2.	Amount of expenditure incurred on: (i) Construction/acquisition of any asset (ii) On purposes other than (i) above	 - 40.94	-
3.	Shortfall at the end of the year	-	-
4.	Total of previous years shortfall	-	-
5.	Reason for shortfall	-	-

S. No.	Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
	Nature of CSR activities	Contribution to Prime Minister's National Relief Fund	-
	Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard:	Nil	-

41. Following are the details of foreign currency exchange differences earned and expended by the Company during the Financial Year 2022-23.

(₹ in million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended April 01, 2021
Foreign Currency Exchange Earnings	72.44	36.52	58.21
Foreign Currency Exchange expended	35.23	33.21	19.50
Net Foreign Exchange Earnings	**37.21**	**3.31**	**38.71**

42. INDEPENDENT DIRECTOR AND NOMINATION & REMUNERATION COMMITTEE

As per Companies Act 2013, Sec 149(4) and 178 and in line with Rule 4(2) the Company is not required to have independent director being an unlisted company and a wholly owned subsidiary of AIAHL. However, as per DPE guidelines on Corporate Governance 2010, the non-listed CPSEs provides for appointment of Independent Director, setting up of Audit Committee and Remuneration Committee, respectively wherein the constitution of both the committee is required to be done by Independent Director. The company has applied to the DPE for seeking exemption vide letter ref no AIESL/CS/HQ/25 dated 01.09.2020. No response to the said letter has been received.

43. INTEREST ON DELAYED PAYMENT OF SERVICE TAX

Service tax for the period from April-2014 to June-2017 was paid by the company after the respective monthly due dates due to liquidity issues and the company had paid the interest for the late payment of service tax only for the financial year 2014-15 and the matter brought to the notice of the company on appearance before DGGI for the unpaid interest on the late payment of service tax. Accordingly, the company has identified ₹299.87 million of interest liability on late payment of service tax and the said amount has also been verified and certified by independent firm of Chartered Accountants and accordingly the company has provided the liability for the same in the books of accounts. The same has been included in restated figures under the head "Other Expenses" for the financial year 2020-21.

44. REMUNERATION TO AUDITORS

The details of the Statutory audit fees and expenses of the Auditors:

(₹ in Million)

Particulars	2022-23	2021-22
Statutory Audit Fees – For the Year	0.40	0.33
Out-of-Pocket expenses	0.04	0.03
Total	0.44	0.36

45. ADDITIONAL REGULATORY INFORMATION

a) Loans and advances to specified persons₹ Nil (Previous Year ₹ Nil) which are repayable on demand or without specifying any terms or period of repayment.

b) **Title deeds of Immovable Property not held in the name of the Company**

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	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	Reason for not being held in the name of the company
PPE	i. Building	2,644.05	Air India Limited	No	8th April, 2021	Refer Note 2(a).1
	ii. Jet 9D Test House	10.42	Air India Limited	No	1st April, 2019	Refer Note 2(a).3
Investment property	Land	-	-	-	-	-
	Building	-	-	-	-	-
Non-current asset held for sale	Land	-	-	-	-	-
	Building	-	-	-	-	-
Others		-	-	-	-	-

c) **Capital Work-in-progress (CWIP)**

CWIP ageing schedule are as under: -

CWIP	₹ in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	1,137.68	1,137.68

Refer Note No-2(a).1 & 2.

d) **Details of Benami property held:**

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

e) **Willful Defaulter**

Not Applicable

f) **Relationship with Struck-off Companies:**

The Company has no outstanding balances as on 31.03.2022 (prev period: Nil) with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.

g) **Registration of charges or satisfaction with Registrar of Companies (ROC)**

There are no charges or satisfaction with Registrar of Companies.

h) 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.

i) Disclosure of Ratios

Current ratio			(₹ in millions)
Particular	**As at March 31, 2023**	**As at March 31, 2022**	**As at April 01, 2021**
Total current assets	14,040	9,925	14,530
Total current liabilities	4,606	6,383	31,013
Ratio	3.05	1.55	0.47
% change	**96%**	**232%**	
Reason	Due to increase in current assets and decrease in current liability as compared to previous year.		

Debt equity ratio			(₹ in millions)
Particular	**As at March 31, 2023**	**As at March 31, 2022**	**As at April 01, 2021**
Total debt	-	-	-
Shareholder's equity	-7,900	-14,195	-22,488
Ratio	-	-	-
% change	**-**	**-**	**-**
Reason	There are no debts other than amount payable to the holding company (Rs. 21,739 million).		

Debt service coverage ratio			(₹ in millions)
Particular	**As at March 31, 2023**	**As at March 31, 2022**	**As at April 01, 2021**
Earnings available for debt service (EBIDTA)	8,624	7,744	1,308
Total debt	-	-	-
Ratio	-	-	-
% change	-	-	-
Reason	There are no debts other than amount payable to the holding company (Rs. 21,739 million).		

Return on equity			(₹ in millions)
Particular	**As at March 31, 2023**	**As at March 31, 2022**	**As at April 01, 2021**
Net profits after tax	6,285	8,224	-400
Average Shareholders' equity	-11,048	-18,342	-22,395
Ratio	-0.57	-0.45	0.02
% change	**-27%**	**-2609%**	
Reason	Due to decreased net profit during the year and improvement in average shareholders' equity		

Inventory turnover ratio			(₹ in millions)
Particular	**As at March 31, 2023**	**As at March 31, 2022**	**As at April 01, 2021**
Cost of goods sold	631.87	2,105.81	972.22
Average inventory	355.31	678.07	751.27
Ratio	1.78	3.11	1.29
% change	**-43%**	**140%**	
Reason	Consumption of stores is not directly related to the inventory held		

Trade receivable turnover ratio			(₹ in millions)
Particular	**As at March 31, 2023**	**As at March 31, 2022**	**As at April 01, 2021**
Revenue from operations	19,534	18,819	11,589
Closing trade receivables	8,166	5,534	12,800
Ratio	2.39	3.40	0.91
% change	**-30%**	**276%**	
Reason	Due to increase in trade receivables.		

Trade payable turnover ratio			(₹ in millions)
Particular	**As at March 31, 2023**	**As at March 31, 2022**	**As at April 01, 2021**
Other expenses	4,819	5,307	3,801
Closing trade payables	1,907	3,917	5,967
Ratio	2.53	1.35	0.64
% change	**87%**	**113%**	
Reason	Due to decrease in other expenses and decrease in closing trade payables		

Net capital turnover ratio			(₹ in millions)
Particular	**As at March 31, 2023**	**As at March 31, 2022**	**As at April 01, 2021**
Revenue from operations	19,534	18,819	11,589
Working capital	9,434	3,542	-16,483
Ratio	2.07	5.31	-0.70
% change	**-61%**	**-856%**	
Reason	Mainly due to increase in working capital (Debtors and bank balance) as compared to previous year.		

Net profit ratio			(₹ in millions)
Particular	**As at March 31, 2023**	**As at March 31, 2022**	**As at April 01, 2021**
Net Profit for the year	6,285	8,224	-400
Revenue from operation	19,534	18,819	11,589
Ratio	0.32	0.44	-0.03
% change	**-26%**	**-1365%**	
Reason	Due to lower profit as compared to previous year.		

Return on capital employed			(₹ in millions)
Particular	**As at March 31, 2023**	**As at March 31, 2022**	**As at April 01, 2021**
Profit before exceptional item & tax plus finance cost	8,031	7,131	1,161
Capital employed	17,659	13,803	-15,842
Ratio	0.45	0.52	-0.07
% change	**-12%**	**805%**	
Reason	Due to decrease in profit before exceptional item & tax plus finance cost as compared to previous year and improvement in capital employed.		

Return on investment			(₹ in millions)
Particular	**As at March 31, 2023**	**As at March 31, 2022**	**As at April 01, 2021**
Income from investment	Nil	Nil	Nil
Closing balance of investment	Nil	Nil	Nil
Ratio	Nil	Nil	Nil
% change	**Nil**	**Nil**	**Nil**
Reason			No investment made

1. Total debt = Non-current borrowings + Current borrowings
2. Earnings before interest & tax (EBIT) = Profit before exceptional item & tax + Finance costs
3. Cost of goods sold = Cost of materials consumed + Purchases of stock-in-trade + Changes In inventories of finished goods and work-in-progress
4. Working capital = Total current assets - Total current liabilities
5. Capital employed = Total equity + Total non current liabilities
6. Total equity = Total equity excluding non controlling Interest (less) / add (deferred tax assets) / deferred tax liability (net)

j) Compliance with approved Scheme(s) of Arrangements

No approved scheme of arrangement is there, hence, not applicable.

k) Utilization of Borrowed funds and share premium

All borrowings of the Company have been used for the intended purpose, hence, not applicable.

46. Fair value measurement and financial instruments

a. 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 2022, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

b. Financial instruments – by category and fair value hierarchy

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy.

As on 31 March, 2023

(₹ In Million)

Particulars	**Carrying Value**				**Fair value measurement using**		
	FVTPL	**FVTOCI**	**Amortized Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial Assets	-	-			-	-	-
Non-Current							
Others	-	-	0.06	0.06	-	-	-
Current	-	-			-	-	-
Trade Receivable*	-	-	8,166.44	8,166.44	-	-	-
Cash & Cash Equivalents*	-	-	3,97.84	3,97.84	-	-	-
Bank Balance other than above			3,628.88	3,628.88	-	-	-
Others Financial Assets			14.97	14.97	-	-	-
Total			**12,208.13**	**12,208.13**	-	-	-
Financial liabilities							
Non-Current							
Lease Liabilities	-	-	46.27	46.27	-	-	-
Other Financial Liabilities	-	-	21,739.44	21,739.44	-	-	-
Total	-	-	**21,785.71**	**21,785.71**	-	-	-
Current							
Lease Liabilities	-	-	11.31	11.31	-	-	-
Trade Payable*							
a. MSME	-	-	31.30	31.30	-	-	-
b. Other than MSME	-	-	1,875.47	1,875.47	-	-	-
c. Other Financial Liabilities	-	-	648.16	648.16	-	-	-
Total	-	-	**2,566.24**	**2,566.24**	-	-	-

As on 31 March, 2022 (Restated)

(₹ In Million)

Particulars	**Carrying Value**				**Fair value measurement using**		
	FVTPL	**FVTOCI**	**Amortized Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial Assets	-	-			-	-	-
Non-Current							
Others	-	-	0.06	0.06	-	-	-
Current	-	-			-	-	-
Trade Receivable*	-	-	5,534.49	5,534.49	-	-	-
Cash & Cash Equivalents*	-	-	2,569.40	2,569.40	-	-	-
Bank Balance other than above			1.00	1.00			
Others Financial Assets			8.37	8.37			
Total			**8,113.26**	**8,113.26**			
	-	-			-	-	-
Financial liabilities							
Non-Current							
Other Financial Liabilities	-	-	21,582.90	21,582.90	-	-	-
Total	-	-	**21,582.90**	**21,582.90**	-	-	-

Particulars	Carrying Value				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Current							
Trade Payable*							
a. MSME	-	-	35.84	35.84	-	-	-
b. Other than MSME	-	-	3,881.17	3,881.17	-	-	-
c. Other Financial Liabilities	-	-	7,67.36	7,67.36	-	-	-
Total	-	-	**4,684.37**	**4,684.37**	-	-	-

As on 01, April, 2021 (Restated)

(₹ In Million)

Particulars	Carrying Value				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial Assets							
Non-Current							
Others	-	-	0.06	0.06	-	-	-
Current							
Trade Receivable*	-	-	12,799.78	12,799.78	-	-	-
Other Financial Assets	-	-	3.91	3.91	-	-	-
Cash & Cash Equivalents*	-	-	4.83	4.83	-	-	-
Bank Balance other than above	-	-	33.75	33.75	-	-	-
Total	-	-	**12,842.27**	**12,842.27**	-	-	-
Financial liabilities							
Non-Current	-	-	-	-	-	-	-
Current							
Trade Payable*							
a. MSME			36.23	36.23			
b. Other than MSME	-	-	5,930.61	5,930.61	-	-	-
c. Other Financial Liabilities	-	-	19,371.58	19,371.58	-	-	-
Total	-	-	**25,338.42**	**25,338.42**	-	-	-

The companies' receivable/payable to holding company and its subsidiaries have been contracted at market rate of interest, which resets at regular intervals. Accordingly, the carrying value of such borrowings (including interest accrued) approximates fair value.

* The carrying amounts of trade receivables, trade payables, cash and cash equivalents, and other current financial assets, approximates the fair values, due to their short-term nature.

47. 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 of 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.

48. FINANCIAL RISK MANAGEMENT

The company has exposure to following risks arising from financial instruments:

i. Credit Risk

ii. Liquidity Risk

iii. Market Risk – a. Foreign Currency, and

b. Interest Rate

The Company's principal financial liabilities comprise of trade and other payables. The main purpose of these financial liabilities is to finance its operations.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which summarized below:

(i) Credit Risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company is exposed to credit risk from its operating activities (primarily trade receivables).

The maximum exposure to the credit at the reporting date is primarily from trade receivables. Trade receivables are typically unsecured are derived from revenue earned from customers The Company does monitor the economic environment in which it operates. The Company manages its credit risk through credit approval and continuously monitoring credit worthiness of customers to which the Company brands credit terms in the normal course of the business.

Trade receivables consist of number of customers from the same aviation industry. Significant of outstanding is from its Group Companies and for which the Management expects no credit risk. Accordingly, no expected credit loss has been considered on receivables from Group Companies.

Apart from Group Company, in respect of government and other parties there is no significant concentration of credit risk. No single customer accounted for 10% or more of revenue in any of the years indicated, except for IAF-SESF. The outstanding trade receivables are regularly monitored, and appropriate action is taken for collection of overdue receivables.

As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk. Our historical experience of collecting receivables indicates a low credit risk. Hence, trade receivables are considered to be a single class of financial assets. Based on the business environment in which the company operates, management considers that the trade receivable are in default (credit impaired) if the payments are more than 36 months past due. Further, the company has also made credit risk impaired on individual basis based on the current status of the party on going concern. The provisioning norms computed based on the proportion computed by taking ratio of outstanding receivables for more than 36 months. According ECL is providing using following rates:

Bucket	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Government Company past due more than three years	100.00 %	100.00 %	100.00 %
Group Company	0.00 %	0.00 %	0.00 %
Other Parties past due greater than one year and up to three years	3.90%	4.30%	10.96%
Other Parties past due more than three years	100.00 %	100.00 %	100.00 %
Specific Credit Risk impairment on individual basis	100.00 %	100.00 %	100.00 %

The Company's exposure to credit risk for trade receivables is as follows: (₹ in Million)

Particulars	As at 31st March 2023		As at 31st March 2022	
	Gross Carrying ₹	Loss Allowance	Gross Carrying ₹	Loss Allowance
Debts not due	-	-	-	-
Debts over due	8,763.74	5,97.30	6,094.40	559.91
Total	**8,763.74**	**5,97.30**	**6,094.40**	**559.91**

Movement in the allowance for impairment in respect of trade receivables:

(₹ in Million)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022	For the year ended 01st April 2021
Balance at the beginning of the Year	**559.91**	549.21	446.97
Movement during the year	37.39	10.70	102.24
Balance at the end of the Year	**597.30**	**559.91**	**549.21**

(ii) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or other financial assets.

The Company's approach to manage Liquidity is to have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company believes that its liquidity position, including total cash (including bank deposit lien and excluding interest accrued but not due) anticipated future internally generated funds from operations may enable it to meet its future known obligation in the ordinary course of business.

The Company's liquidity management process as monitored by management includes the following:

- Day to day funding, managed by monitoring future cash flows to ensure that requirement can be met.
- Maintaining rolling forecast of the Company's liquidity position on the basis of expected cash flows.

- Maintaining diversified credit lines.

Exposure to Liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting data. The contractual cash flow are gross and undiscounted, and includes interest accrued but not due on building.

As at 31st March 2023 **(₹ in Million)**

Particulars	Carrying ₹	Contractual Cash Flows				
		Upto 1 year	1-3 Year	3-5 Year	More than 5 years	Total
Current						
Trade Payables	1,906.78	1,906.78	-	-	-	1,906.78
Other Financial Liabilities	6,48.16	6,48.16	-	-	-	6,48.16

As at 31st March 2022 **(₹ in Million)**

Particulars	Carrying ₹	Contractual Cash Flows				
		Upto 1 year	1-3 Year	3-5 Year	More than 5 years	Total
Current						
Trade Payables	3,917.00	3,917.00	-	-	-	3,917.00
Other Financial Liabilities	7,67.36	7,67.36	-	-	-	7,67.36

As at 31st March 2021 **(₹ in Million)**

Particulars	Carrying ₹	Contractual Cash Flows				
		Upto 1 year	1-3 Year	3-5 Year	More than 5 years	Total
Current						
Trade Payables	5,966.84	5,966.84	-	-	-	5,966.84
Other Financial Liabilities	19,371.58	19,371.58	-	-	-	19,371.58

(iii) Market risk

Market risk is that the fair value and future cash flows of financial instrument will fluctuate because of changes in market prices. Market risk comprises two type of risk namely: currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

A. Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to any borrowings.

B. Currency risk

Currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is exposed to the effects of fluctuation in the prevailing foreign currency rates on its financial position and cash flows. Exposure arises primarily due to exchange rate fluctuation between the functional currency and other currency from the company's operating activities.

The summary of quantitative data about the Company’s exposure to currency risk, as expressed in Indian Rupees, as at 31 March 2023 and 31 March 2022 are as below:

As at 31st March 2023

Particulars	AED	AUD	BDT	CNY	EUR	GBP	HKD	JPY	KRW	KWD	LKR	NPR	OMR	SAR	SEK	SGD	USD
Cash & Cash Equivalents	0.78	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01
Other Financial Assets	0.24	0.05	0.03	0.06	0.01	0.01	0.59	-	-	-	-	0.95	-	0.03	-	0.05	0.25
Trade Receivables	-0.02	-	-	-	0.01	-	-	-	-	-	-	-	-	-	-	-	22.72
Total Financial Assets	**1.01**	**0.05**	**0.03**	**0.06**	**0.02**	**0.01**	**0.59**	**-**	**-**	**-**	**-**	**0.95**	**-**	**0.03**	**-**	**0.05**	**22.99**
Other Financial Liabilities	-0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade Payables	0.03	-	-	-	-0.06	-0.01	-	-	-	-0.00	-0.08	-	-	-	-	-0.01	-1.63
Total Financial Liabilities	**0.03**	**-**	**-**	**-**	**-0.06**	**-0.01**	**-**	**-**	**-**	**-0.00**	**-0.08**	**-**	**-**	**-**	**-**	**-0.01**	**-1.63**

As at 31st March 2022

Particulars	AED	AUD	BDT	CNY	EUR	GBP	HKD	JPY	KRW	KWD	LKR	NPR	OMR	SAR	SEK	SGD	USD
Cash & Cash Equivalents	0.19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02
Other Financial Assets	-	-	-	-	0.00	-	-	-	-	-	-	-	-	-	-	-	4.52
Trade Receivables	0.37	-	-	-	0.01	-	-	-	-	-	-	-	-	-	-	-	12.70
Total Financial Assets	**0.56**	**-**	**-**	**-**	**0.01**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**17.24**
Other Financial Liabilities	-0.13	-0.13	-0.03	-0.16	-0.06	-0.02	-1.30	-	-9.39	-	-	-1.50	-0.00	-0.07	-0.01	-0.06	-0.03
Trade Payables	-0.20	-	-	-	0.05	0.01	-	0.40	-	0.00	0.08	-	-	-	-	0.02	2.57
Total Financial Liabilities	**-0.33**	**-0.13**	**-0.03**	**-0.16**	**-0.02**	**-0.02**	**-1.30**	**0.40**	**-9.39**	**0.00**	**0.08**	**-1.50**	**-0.00**	**-0.07**	**-0.01**	**-0.04**	**2.54**

Sensitivity Analysis

A reasonably possible change of **(5%)** strengthening/(weakening)of the USD against INR at the reporting date would have affected the profit or loss and measurement of financial instruments denominated in US dollars by the ₹s shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in INR (before tax)	**Profit or Loss**	
For the year ended on 31st March, 2023	Strengthening	Weakening
0.5% Movement	NIL	NIL
USD	NIL	NIL
Effect in INR (before tax)	**Profit or Loss**	
For the year ended on 31st March, 2022	Strengthening	Weakening
0.5% Movement	NIL	NIL
USD	NIL	NIL
Effect in INR (before tax)	**Profit or Loss**	
For the year ended on 31st March, 2021	Strengthening	Weakening
0.5% Movement	NIL	NIL
USD	NIL	NIL

49. 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, 2023, is ₹Nil (₹ Nil as on 31st March, 2022).

50. 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.

51. The company is in process of transfer of hangars constructed on the land leased by Airport Authority of India or land owned by the holding company at various locations in India. This process is likely to complete in due course.

52. The name of company has been changed from Air-India Engineering Services Limited to AI Engineering Services Limited w.e.f. 03-08-2020**.**

53. The company has changed the policy of recognizing revenue from the training services i.e. from when the fees has been received to when the training services has been initiated to provide and as a result of this ₹0.88 million has been transferred to advance Received from Customers.

54. Previous Year figures have been re-grouped/re-arranged wherever considered necessary to be compatible with the Schedule III of the Companies Act 2013 and as per requirement specified in Ind-AS, to the extent of information being available and required for compilation.

For and on Behalf of

AAJV and Associates
Chartered Accountants
FRN : 007739N

For and on behalf of the Board of Directors

Sd/-
Satyendra Kumar Mishra
Chairman
DIN 07728790

Sd/-
Padam Lal Negi
Director
DIN 10041387

Sd/-
CA Ajay K Bajaj
Partner
M.No. 086306
UDIN : 230863068GXMKK8419

Sd/-
Sharad Agarwal
Chief Executive Officer

Sd/-
Sakshi Mehta
Company Secretary

Sd/-
Rakesh Kumar Jain
Chief Financial Officer

Place : New Delhi
Date : 20-12-2023

ALLIANCE AIR AVIATION LIMITED

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS (AS ON 22.09.2023)

Shri Satyendra Kumar Mishra	Chairman
Shri Asangba Chuba Ao	
Shri Pranjol Chandra	
Shri Brajesh Kumar Srivastava	

Chief Executive Officer

Shri Vineet Sood

Chief Financial Officer

Shri Ambar Kumar Mondal

Company Secretary

Smt Shilpa Bhatia

Statutory Auditors

Batliboi & Purohit
Chartered Accountants
National Insurance Building,
2nd floor, 204 D N Road, Fort, Mumbai-400001

Bankers

Punjab National Bank
IndusInd Bank
Axis Bank
Kotak Bank
Indian Overseas Bank
SBI (Sri Lanka)

Registered Office

Alliance Bhawan, Domestic Terminal-1
I.G.I. Airport, New Delhi – 110037
Tel:011-25672287, Website: www.allianceair.in
CIN:U51101DL1983GOI016518

Registrar & Share Transfer Agent

Link Intime India Private Limited
C-101, 247 Park,
L.B.S. Marg Vikhroli (West),
Mumbai – 400083

CHAIRMAN'S MESSAGE

Dear Shareholders,

It gives me immense pleasure to present to you the 40th (Fortieth) Annual Report of the Company for the Financial Year (FY) 2022-23. Alliance Air Aviation Limited ("the Company" or "AAAL") is one of the leading regional airline in the country providing connectivity to Tier 2 & Tier 3 cities in India and operates under the brand name 'Alliance Air'.

The Company is operating ATR type of aircraft since 2003 and has a fleet of 21 aircraft consisting of 18 ATR 72-600, 2 ATR 42-600 and one Dornier Do-228. The airline, previously functioned as a subsidiary of Air India Limited, has undergone an ownership change subsequent to the latter's disinvestment. The ownership of the Company was transferred to AI Assets Holding Limited (AIAHL) which was established as a Special Purpose Vehicle (SPV) by the Government of India.

The Company's fleet is deployed to operate 100(+) departures per day across network of 58 destinations which includes one international destination Jaffna in Sri Lanka.

OVERVIEW- CIVIL AVIATION INDUSTRY

With the constant rise in the population of the working group and the widening middle class demography, the Aviation Industry in India is expected to witness unprecedented demand. As per DGCA, the passengers carried by domestic airlines during January - December 2022 were 1232.45 Lakhs as against 838.14 Lakhs in the previous year thereby registering annual growth of 47.05 % and monthly growth of 13.69 %.

The Government has been instrumental in developing policies to give boost to the aviation sector. For this, UDAN-RCS scheme has been launched by the Government which aims to increase air connectivity by providing affordable, economically viable, and profitable travel on regional routes. The Government has set a target to operationalize 1,000 UDAN routes and to further develop 100 unserved and underserved airports/heliports/water aerodromes (including 68 aerodromes) by 2024.

AIR TRAVEL GROWTH

The Indian Aviation is on a path of recovery and exhibited significant recovery in terms of passenger movement. As per the report submitted by IBEF, the number of airplanes is expected to reach 1,100 planes by 2027. In Financial Year 2022-23, airports in India pegged the domestic passenger traffic to reach 270.34 million, a 62.1 % growth annually and international passenger traffic to reach 56.9 million, a 157% growth annually as compared to Financial Year 2021-22.

INDIA TO BE THIRD LARGEST AVIATION MARKET

India has become the third-largest domestic aviation market in the world and is expected to overtake the UK to become the third-largest air passenger market by 2024.

Indian aviation is expected to undergo massive expansion and transformation in the years to come on the back of strong economic growth, favourable demographics, and infrastructure investments.

FUEL PRICES

Fuel prices account approximately for about 40% of airline's total cost of operations, while the same for ATR operations would be around 32 % of its operational cost. In the beginning of the FY 2021-22, due to COVID pandemic and economic slowdown, fuel prices went down to provide relief to the airlines, but later it has been consistently increasing.

The ATF pricing in India is fixed based on the International Import Prices and it is linked to the benchmark of Platt's publication of fees on board Arabian Gulf ATF prices. India has introduced a new pricing mechanism for ATF (jet fuel) beginning Q3 FY 2022-23. The new price mechanism which replaces the Import Parity Price based system has been benchmarked on the MOPAG or Mean of Platts Arab Gulf and could bring in more parity between global crude price and jet fuel price in India. The new pricing mechanism is "more transparent" and cushion airlines from ATF price fluctuations.

NEW CIVIL AVIATION POLICY – REGIONAL CONNECTIVITY SCHEME

The Regional Connectivity Scheme "Ude Desh ka Aam Nagrik" (UDAN) introduced by the Government, which will run for 10 years from 2017, will work to revive existing airstrips and airports. Under this scheme in 1st round of bidding, Government had awarded approximately 132 regional routes.

In the Ist (132 routes), 2nd (311 routes), 3rd (287 routes), 3.1 (44 routes), 4th (94 routes), 4.1 (174 routes), 4.2 (186 routes), 4.3 (10 routes) and 5.0 (148 routes) round of Regional Connectivity Scheme (RCS) have been awarded to airlines and helicopter operators with the aim of enhancing flight services to hilly and remote areas. Under the scheme airline operators have to offer half of their seats at discounted rates as decided by the Government. Airline also gets support from the Government on account of Viability Gap Funding (VGF) for the seats offered under discounted rate.

With the introduction of RCS, a number of new routes to unserved and underserved airports have opened up for Alliance Air and it has been awarded 17 routes, 28 routes, 40 routes, 12 routes, 14 routes, 08 routes,02 routes & 06 routes in the Ist, 2nd, 3rd, 3.1, 4th, 4.1, 4.2 and 4.3 rounds respectively of the bidding process. Alliance Air had actively participated in the RCS-UDAN round 5.0 round of Regional Connectivity Scheme (RCS) bidding and awarded with 10 routes.

The Hon'ble Prime Minister flagged off the first UDAN flight on the Shimla-Delhi sector on 27th April, 2017 and Alliance Air has the privilege of being the launch carrier. Alliance Air had launched 101 routes as on 31st March, 2023 and also holds the credit for the first airline to complete commencement of operations on all the awarded routes in the first round of bidding. Under Wings India 2018 organized by FICCI in association with Government of India, Alliance Air has been declared as the winner of '**Best Airlines and Helicopter under RCS**'. Further, Alliance Air has received an award for "**Best Airline Operator**" under RCS UDAN Scheme in Wings India 2022.

RCS UDAN completed 6 successful years on 22nd November, 2022. As operation to unserved and underserved airports has incentivized by the Government, it will stimulate traffic on regional routes connecting Tier-2 & 3 cities. Alliance Air, with its young fleet of ATR aircraft can take a position of dominance in the regional market. It, therefore, plans to participate agressively in the subsequent rounds of RCS bidding as well.

PERFORMANCE OF THE COMPANY DURING THE YEAR

The Company registered a net loss of Rs. 565.77 Crores during the Financial Year 2022-23 as compared to a net loss of Rs. 447.39 Crores in the Financial Year 2021-22. There was an increase in a net loss of Rs. 118.38 Crores although there was an increase in the operating revenue of Rs. 1098.42 Crores in the FY 2022-23 from Rs. 717.53 Crores in the Financial Year 2021-22 which resulted the reduction in operating loss of Rs. 73.50 Crores in the Financial Year 2022-23 as against the operating loss of Rs.136.75 Crores in the Financial Year 2021-22. The yield per passenger was reduced to Rs. 6,438/- in the FY 2022-23 comparing the previous Financial Year i.e. Rs. 6,497/-. Pax Carriage was 0.165 Crores in 2022-23 as against 0.108 Crores in the FY 2021-22. Aircraft Utilisation had increased from 7.00 hours per day in the FY 2021-22 to 8.10 hours per day in the FY 2022-23.

- Revenue from Operations increased from Rs. 717.53 Crores in the FY 2021-22 to Rs. 1,098.42 Crores in the FY 2022-23, an increase of 53% over the previous year.
- Passenger Revenue increased by Rs. 225.75 Crores due to an increase in passenger carriage by 0.057 Crores, a 53% increase over the previous year.
- EBT, Charters, Code Share & misc. revenue increased by Rs. 65.51 Crores (from Rs. 2.86 Crores to Rs. 68.37 Crores).
- ATF cost increased by Rs.198.40 Crores due to an increase in operation by 40% resulting in higher consumption & 51% increase in fuel price.
- Due to increase in operations, salaries increased by Rs.25.15 Crores, Consumption of Spares increased by Rs.13.51 Crores, Airport Charges increased by Rs.13.62 Crores, Handing Charges increased by Rs.14.07 Crores and MRO billing increased by Rs.6 Crores due to the induction of 2 new ATR 42-600 aircraft.
- The total expenditure increased to Rs. 1670.73 Crores in the FY 2022-23 from Rs. 1171.50 Crores in the FY 2021-22 due to finance costs comprising of iInterest paid to the Holding Company and Related Parties and the impact of devaluation of INR currency affecting future leased liability payments on account of revaluation of lease liability for Right to Use Assets (Ind As 116).
- The operating loss (EBIT) for the Financial Year 2022-23 was Rs. 73.50 Crores as against Rs. 136.75 Crores in the Financial Year 2021-22. The operating loss of Rs.73.50 Crores was due to the effect of price escalation on ATF amounting to Rs. 126.48 Crores and Rs. 8.41 Crores was due to devaluation of INR.

- ASKMs had increased from Rs.76.6 Crores in the FY 2021-22 to Rs.101.4 Crores in FY 2022-23. RPKMs had increased from Rs.49.8 Crores in the FY 2021-22 to Rs.69.9 Crores in FY 2022-23.

FUTURE PLANS

Presently, the Company has a fleet of 21 aircraft consisting of 18 ATR 72-600, 2 ATR 42-600 and 1 Dornier DO-228 aircraft. The Company's fleet is deployed to operate 100 (+) departures per day across network of 58 destinations which includes one international destination Jaffna in Sri Lanka (as on 31st March, 2023). The Company has deployed made in India Dornier 228 aircraft in the month of April 2022 and has inducted two ATR 42-600 in its fleet in the month of July 2022 & September 2022. In the FY 2019-2020, the Company had started its International Operations at Jaffna in Sri Lanka, however, due to COVID restrictions on international air travel, the operations were put on hold till 11th December, 2022. Alliance Air resumed its international operations to Sri Lanka from 12th December, 2022.

Alliance Air also plans to add 14 more RCS routes PAN India in the year 2023-24. Alliance Air holds the credit for operating maximum flights in the highly challenging north-eastern region of India. In near future, Alliance Air looks forward for the new opportunities to expand its flight operations in the Domestic and International sectors.

CORPORATE GOVERNANCE

Alliance Air Aviation Limited was in compliance with the guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE), wherever applicable during the year. The quarterly returns/annual returns on Corporate Governance were filed with the authorities concerned within the stipulated time. The Company, based on self-evaluation, falls under 'Excellent' grade for the compliance of DPE Corporate Governance Guidelines for both the Financial Years 2021-22 and 2022-2023. The DPE has also awarded 'Excellent' grading to AAAL for compliance of DPE Corporate Governance Guidelines during FY 2021-22.

ACKNOWLEDGEMENT

I take this opportunity to thank AI Assets Holding Limited, the Airport Authority of India, the Bureau of Civil Aviation Security, Director General of Civil Aviation and the Ministry of Civil Aviation for their unstinted support. I also acknowledge the support extended by all other authorities including banks and regulatory agencies and assure that we will continue our growth trajectory, taking the Company to greater heights. I would like to thank my colleagues on the Board for their valuable guidance.

I would like to thank all employees of the Company for their contribution and support to transform Alliance Air as the first choice of the travelling public.

On behalf of the Board, I seek your continued support, as always.

Sd/-
(Satyendra Kumar Mishra)
Chairman

Vision

To be a safe and reliable airline providing the best travel experience to its guests.

Mission

Our mission is to connect people, places, and cultures. We aim to enable people to have access to safe, secure, sustainable and affordable air services in a world-class aviation environment and to make every flight special and memorable for our guests.

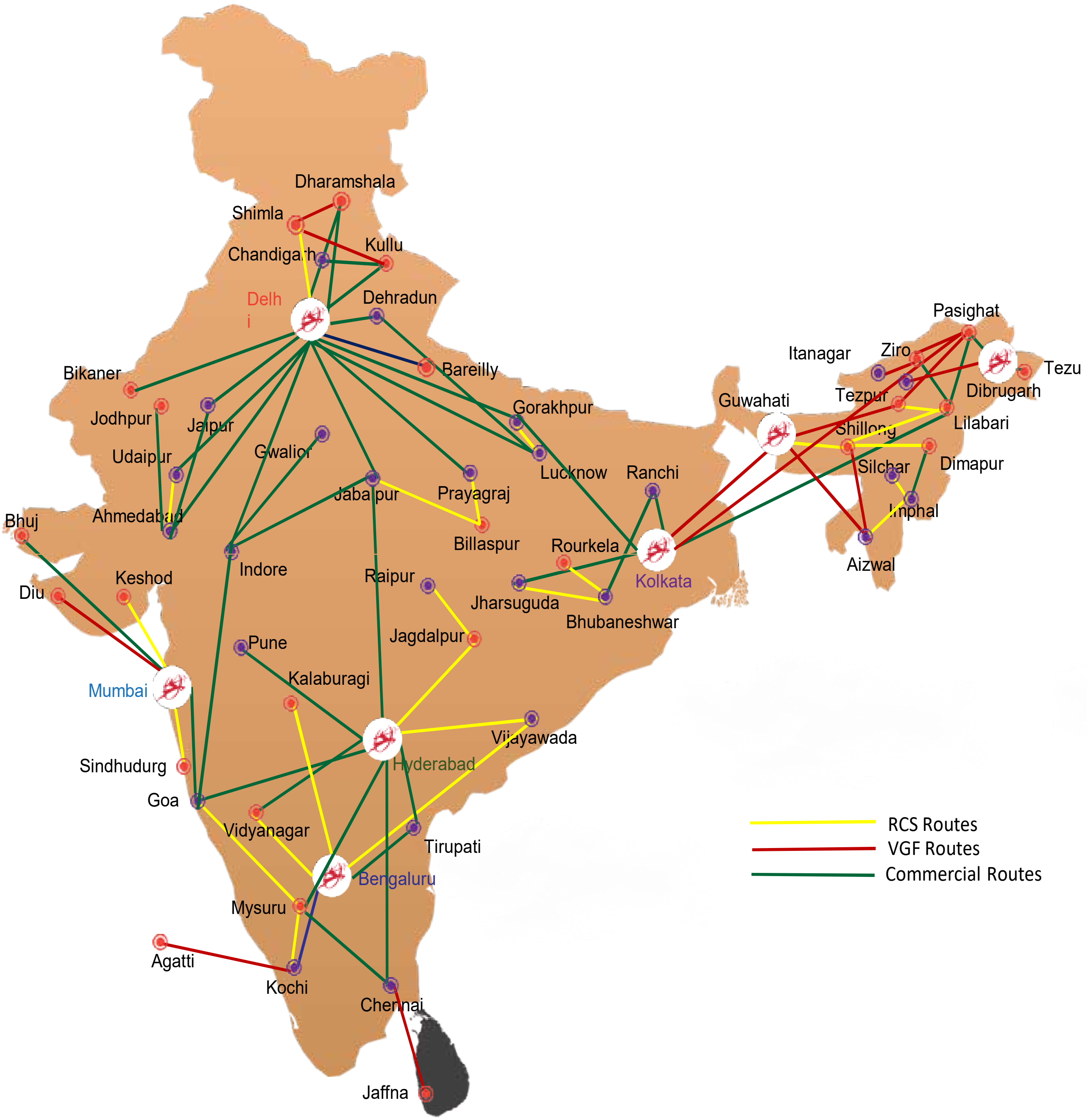
FLEET

ATR 72-600 (18 aircraft)
70/72 seater

ATR 42-600 (2 aircraft)
48 seater

Dornier Do-228 (1 aircraft)
17 seater

NETWORK


Dharamshala
Shimla
Chandigarh
Kullu
Delhi
Dehradun
Bikaner
Bareilly
Jodhpur
Jaipur
Gorakhpur
Udaipur
Gwalior
Lucknow
Ranchi
Jabalpur
Prayagraj
Bhuj
Ahmedabad
Billaspur
Rourkela
Indore
Raipur
Kolkata
Diu
Keshod
Jharsuguda
Bhubaneshwar
Pune
Jagdalpur
Mumbai
Kalaburagi
Vijayawada
Sindhudurg
Hyderabad
Goa
Vidyanagar
Tirupati
Bengaluru
Mysuru
Agatti
Kochi
Chennai
Jaffna
Pasighat
Itanagar
Ziro
Tezu
Guwahati
Tezpur
Dibrugarh
Shillong
Lilabari
Silchar
Dimapur
Imphal
Aizwal
RCS Routes
VGF Routes
Commercial Routes

DIRECTORS' REPORT

Dear Members,

The Directors of your Company present the 40th (Fortieth) Annual Report together with Audited Financial Statements, Auditor's Report and Comments of the Comptroller and Auditor General of India for the year ended 31st March, 2023.

FINANCIAL PERFORMANCE OF THE COMPANY

The financial performance for the year under review vis-a-vis the previous year was as under:

(Rs. in Crores)

Particulars	**2022-23**	**2021-22**
Operating Revenue		
Schedule Revenue	**654.14**	428.39
Non-Schedule Revenue	**375.91**	286.28
Other Operating Revenue	**68.37**	2.86
Other Income	**6.54**	6.58
Total Revenue	**1,104.96**	724.11
Total Expenses	**1,671.53**	1,170.54
Tax Expense	**-**	1.30
Other Comprehensive Income	**0.80**	0.37
Net Profit/(Loss) for the year before tax	**(566.57)**	(446.43)
Net Profit/(Loss) for the year after tax & Comprehensive Income	**(565.77)**	(447.39)
Share Capital	**402.25**	402.25

The total revenue of the Company for the Financial Year 2022-23 was Rs.1,104.96 Crores as compared to Rs. 724.11 Crores in the Financial Year 2021-22. The total expenses for the Financial Year 2022-23 were Rs. 1,671.53 Crores as compared to the total expenses of Rs.1,170.54 Crores in the Financial Year 2021-22. The net loss before tax for the Financial Year 2022-23 was Rs. 566.57 Crores as against the net loss of Rs 446.43 Crores in the Financial Year 2021-22. The net loss after Tax & Comprehensive Income for the Financial Year 2022-23 was Rs.565.77 Crores as against the net loss of Rs.447.39 Crores in the Financial Year 2021-22.

INFORMATION ON STATE OF AFFAIRS OF THE COMPANY

Alliance Air Aviation Limited (AAAL) is a wholly-owned subsidiary of AI Assets Holding Limited (AIAHL). The Company is in the business of air transportation which includes mainly passenger and cargo services and other related services in India.

During the Financial Year, the Company has expanded its fleet by inducting two ATR 42-600 and one Dornier aircraft to its existing fleet of 18 ATR 72-600 aircraft. The total fleet now stands at 21 aircraft as on 31st March, 2023. For more detailed information on State of Affairs of the Company, please refer Management Discussion and Analysis Report forming part of the report.

SHARE CAPITAL

Authorized Share Capital

As on 31st March, 2023, the Authorized Share Capital of the Company was Rs.2,000 Crores divided into Twenty Crores Equity Shares of Rs.100 each.

Issued, Subscribed and Paid up Share Capital

As on 31st March 2023, the Issued, Subscribed and Paid-up Share Capital of the Company was Rs.402.25 Crores divided into Four Crores Two Lakhs Twenty Five Thousand Equity Shares of Rs.100 each.

The Ministry of Finance, Department of Expenditure vide its OM No.27(01)/PFC-I/2023 dated 20th April, 2023 had conveyed the approval for Financial Support of Rs. 600 Crores (in two equal installments of Rs. 300 Crores) to Alliance Air Aviation Limited in the form of equity infusion to the Holding Company, AI Assets Holding Limited for onward investment in Alliance Air Aviation Limited subject to the certain conditions as stipulated in the aforesaid OM.

Accordingly, the Board of Directors at their meeting held on 20th June, 2023 approved the issue of 3,00,00,000 Equity Shares of Rs.100/-each on the right basis. However, the same were allotted to AI Assets Holding Limited on 27th June, 2023. After an allotment of 3,00,00,000 Equity Shares, the Paid- Up Share Capital of the Company increased from Rs. 402.25 Crores to Rs.702.25 Crores.

CHANGES IN THE SHARE CAPITAL, IF ANY

During the year, there was no change in the paid up share capital of the Company.

CHANGE IN NATURE OF BUSINESS

During the year, there was no change in the nature of business of the Company.

DIVIDEND

In terms of Section 123 of the Companies Act, 2013, the dividend could not be considered due to accumulated losses.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCTION AND PROTECTION FUND

Since there was no unpaid/unclaimed dividend for the past years, the provision of Section 125 of the Companies Act, 2013 did not apply.

AMOUNTS TRANSFERRED TO RESERVES

In view of the accumulated losses, the Board of Directors have decided not to transfer any amount to reserves during the year.

HUMAN RESOURCES

The staff strength of the Company at the end of the Financial Year was 952 (849) contractual employees excluding 6 on deputation from AIESL and 05 employees on deputation from Indian Air Force. All the employees of the Company are on the Fixed Term Employment Agreement basis. Out of the 952 contractual employees, 283 (29.73%) were female employees.

Cadre-wise, as on 31st March, 2023, there were 211 Pilots, 200 Cabin Crew and remaining 541 were other categories of employees.

Category wise, as on 31st March, 2023, there were 136 employees belonging to SC, 51 employees belonging to ST and 178 employees belonging to OBC categories.

Region wise, as on 31st March, 2023, there were 602 employees from Northern Region, 59 employees from Western Region, 134 employees from Eastern Region, 156 employees from Southern Region and 1 from International Region.

IMPLEMENTATION OF RESERVATION POLICY

The Reservation Policy has been implemented as per the Presidential Directives issued in the year 1975 along with the revised Directives effective 1991 and 1996.

SC/ST/OBC– Number of employees as on 31st March, 2023

Total No. of employees	Total No. of SC employees	% of SC employees	Total No. of ST employees	% of ST employees	Total No. of OBC employees	% of OBC employees
952	136	14.29	51	5.36	178	18.70

IMPLEMENTATION OF OFFICIAL LANGUAGE - USE OF HINDI

To fulfill the objectives of the Official Language Policy of the Government, the Company played meaningful role in promoting the usage of Hindi at all levels. Officers/ Staff were encouraged to work more and more in Hindi. Hindi Pakhwara was conducted wherein Officers/ Staff participated with enthusiasm. Prizes and awards were distributed to winners and participants during the function.

CONTRIBUTION TO EXCHEQUER

The Company has contributed Rs. 19.25 Crores (Rs.12.33 Crores) to Government exchequer by way of Sales Tax and other levies on Aviation Turbine Fuel.

COMPLIANCE WITH RTI ACT, 2005

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

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

During the Financial Year 2022-23, 9 Requests/Appeals were received and all RTI requests/appeals related to Alliance Air have been disposed off during the Financial Year 2022-23.

INFORMATION ABOUT SUBSIDIARY/JV/ASSOCIATE COMPANY

The Company does not have any Subsidiary, Joint Venture or Associate Company.

MATERIAL CHANGES AND COMMITMENTS

In terms of the provisions of Section 134(3)(l), no material changes have occurred which have affected the financial position of the Company between 31st March, 2023 and the date of Board's Report except the following:

The Ministry of Finance, Department of Expenditure vide its OM No.27(01)/PFC-I/2023 dated 20th April, 2023 had conveyed the approval for Financial support of Rs. 600 Crores (in two equal installments of Rs. 300 Crores) to Alliance Air Aviation Limited in the form of equity infusion to the Holding Company, AI Assets Holding Limited for onward investment in Alliance Air Aviation Limited subject to the certain conditions as stipulated in the aforesaid OM.

Accordingly, the Board of Directors at their meeting held on 20th June, 2023 approved the issue of 3,00,00,000 Equity Shares of Rs.100/-each on the right basis. However, the same were allotted to AI Assets Holding Limited on 27th June, 2023. After an allotment of 3,00,00,000 Equity Shares, the Paid- Up Share Capital of the Company increased from Rs. 402.25 Crores to Rs.702.25 Crores.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

A detailed Management Discussion and Analysis Report is given separately.

MEETINGS OF THE BOARD OF DIRECTORS

During the Financial Year 2022-23, the Company held six meetings (including adjourned & re-adjourned meetings) of the Board of Directors as per Section 173 of Companies Act, 2013 which is summarized below:

Sr. No.	Date of Meeting	Board Strength	No. of Directors Present
1.	29.04.2022	4	4
2.	14.07.2022	4	3
3.	16.09.2022	4	3
4.	11.10.2022	4	3
5.	02.02.2023	4	4
6.	17.03.2023	4	4

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirm: -

(a) That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

(b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit and loss of the Company for that period;

(c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) The Directors have prepared the Annual Accounts on a going concern basis;

(e) The Company being unlisted sub clause (e) of section 134(3) is not applicable.

(f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

AUDIT COMMITTEE

The Audit Committee comprised of 4 Directors. In the absence of Independent Directors on the Board of the Company, the Audit Committee is chaired by the Government Director.

Due to the reconstitution of the Board by the Ministry of Civil Aviation (MoCA) vide its OM dated 18th January, 2023 and 28th February, 2023, the Audit Committee was reconstituted by the Board in its 179th and 180th meeting held on 2nd February, 2023 and 17th March, 2023 respectively. As on 31st March, 2023, the following were the members of the Audit Committee:

Name of the Director	Position held in the Committee	Category of the Director
Shri Asangba Chuba Ao	Chairman	Government Nominee Director
Shri Satyendra Kumar Mishra	Member	Chairman (Government Nominee Director)
Shri Pranjol Chandra	Member	Government Nominee Director
Shri Brajesh Kumar Srivastava	Member	Government Nominee Director

The Board has accepted the recommendations of the Audit Committee.

NOMINATION & REMUNERATION COMMITTEE

The constitution of the Nomination & Remuneration Committee under section 178 of Companies Act, 2013 has been exempted for the unlisted wholly-owned subsidiary companies vide notification no. GSR 880(E), dated 13-07-2017. Alliance Air Aviation Limited, being an unlisted wholly-owned subsidiary Company of AI Assets Holding Limited thus got exempted from these provisions.

AUDITORS

The Comptroller & Auditor General of India (CAG) has appointed M/s S K Kapoor & Co., Chartered Accountants, Delhi as Statutory Auditors of the Company for the FY 2022-23.

Qualifications or adverse remarks in the Auditors' Report which require any clarification/ explanation along with reply of management thereto are attached herewith in the Report.

The Notes on Financial Statements are self-explanatory and needs no further explanation.

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL

The Comptroller & Auditor General of India (C&AG) in its Supplementary Audit under Section 143(6) read with Section 129(4) of the Companies Act, 2013, has issued "Nil" comments on the Financial Statements for the year ended 31st March, 2023. The comments of Comptroller & Auditor General of India (C& AG) form part of this Report.

SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Board has appointed M/s Agarwal S. & Associates, Company Secretaries, New Delhi, to conduct Secretarial Audit for the Financial Year 2022-23.

The Secretarial Audit Report for the Financial Year ended 31st March 2023 is annexed to this Report.

Management's Reply on the observation contained in the Secretarial Audit Report are as under:

Auditors Observations

"Non- Compliance with section 149(1)(a) of the Companies Act, 2013 with respect to the composition of the Board of Directors of the Company- the Company do not have the woman director in the Board during the period from 18th of January 2023 to 31st of March 2023."

Management's Comments

This is a statement of fact.

As per the provisions of Article 117 of its Articles of Association of the Company, AI Assets Holding Limited in consultation with the Government of India shall control the composition of the Board of Directors of the Company. Upon cessation of Smt Usha Padhee on the Board of AAAL effective 18th January, 2023, there is no woman director appointed on the Board and the Company has taken up the matter with AI Assets Holding Limited, Holding Company.

LOANS, GUARANTEES AND INVESTMENTS

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the provisions of Section 186 are not applicable to the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

The particulars as required under the provisions of Section 134(3) (m) of the Companies Act, 2013 in respect of conservation of energy and technology absorption are given below:

(A) Conservation of energy-

The management is highly conscious of the criticality of the conservation of energy at all operational levels particularly of aviation turbine fuel which is leading source of energy for aviation activity. Adequate measures are taken to reduce energy consumption whenever possible by using energy efficient equipment and technology infusion. These measures among other includes maintenance of engine and airframe, flight planning, training to operational staff, regular analysis etc.

(B) Technology absorption-

(**i**) **the efforts made towards technology absorption**. Mobility solutions are being exercised so that the workforce can operate anywhere effectively and efficiently. ERP Solution from SAP India has been licensed for Financial Accounting and Human Capital Management and the same is in final stages of integration with other IT Systems for effective resource planning and control.

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution. -Cost saving has been achieved by moving from fixed infrastructure to shared cloud infrastructure and incorporating wireless/mobility options of telco.

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year)-

(a) the details of technology imported: Aircraft Communication Addressing and Reporting System (ACARS).

(b) the year of import: 2021-2022

(c) whether the technology been fully absorbed: the technology is partially implemented and expected to be implemented by December 2023 fully.

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and: It's as per Project Delivery timelines and some part is pending due to regulatory approvals that have been applied for.

(iv) the expenditure incurred on Research and Development. : None

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

	Particulars	**Current Year 2022-23**	**Previous Year 2021-22**
		(Rs. in Crores)	**(Rs. in Crores)**
A.	**Expenditure on Imports (CIF) during the year ended 31st March, 2023**		
	- Aircraft Spares Parts & Tools	**33.39**	15.13
	- Capital Items-Ground Support Equipment Airframe Rotables and Aero Engg. Rotables	**18.18**	0.59
B.	**Expenditure on Consumption during the year ended 31st March, 2023**		
	- Imported Spares & Components	**21.15**	16.55
	- Indigenous Spares	**Nil**	Nil

	Particulars	Current Year 2022-23	Previous Year 2021-22
		(Rs. in Crores)	(Rs. in Crores)
C.	**Earnings in Foreign Currency**		
	- Interline Revenue	**2.51**	Nil
D.	**Expenditure in Foreign Currency**		
	- Aircraft Lease & Maintenance Charges	**394.63**	370.68
	- Purchase of Stores & Equipment	**51.57**	15.71
	- Technical Literature	**3.10**	2.25
	- Training & travelling	**0.11**	0.13
	- Legal Charges	**0.25**	0.24
	- Fuel & Landing/Parking	**4.23**	Nil
	- PSS related	**1.37**	Nil

DEPOSITS

The Company has not accepted any deposits during the year.

MSE COMPLIANCE

It always has been the endeavor of AAAL to support Micro and Small Enterprises (MSEs) and local suppliers. AAAL has taken a number of steps including implementing the Public Procurement Policy of the Government of India to procure the items specified from MSEs. The actual procurement from MSEs during the Financial Year 2022-23 was Rs.14.77 Crores.

SIGNIFICANT & MATERIAL ORDERS

During the Financial Year 2022-23, no significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The provisions of Section 135 of Companies Act, 2013 relating to Corporate Social Responsibility is not applicable to the Company as the Company has not earned any profits during the year.

COMPLIANCE WITH THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The details of Sexual Harassment cases reported in the Company during the Financial Year 2022-2023, are as under: -

i. Complaints of Sexual Harassment received during the relevant year -02 (case closed).

ii. Number of cases pending for more than ninety days- Nil.

iii. Number of workshops or awareness programmes carried out in connection with sexual harassment:

General awareness programmes are normally conducted periodically. Besides this, Do's and Don'ts's prohibit of Sexual Harassment Posters were also displayed at all work places.

iv. Remedial measures taken by the Company:

In line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, an Internal Complaints Committee (ICC) has been set up to deal with the complaints and also spread awareness in the organization.

CORPORATE GOVERNANCE

The Company has complied with the requirements of Corporate Governance with the exception of appointment of Independent Directors on the Board.

The report on Corporate Governance in compliance of the provisions of Companies Act, 2013 and DPE guidelines on Corporate Governance issued by the Department of Public Enterprises, Government of India is annexed at **Annexure A**.

RISK MANAGEMENT

The Company is in the process of formulating the Risk Management Policy with the following objectives:

- Provide an overview of the principles of Risk Management
- Explain the approach adopted by the Company for Risk Management
- Define the Organizational Structure for effective Risk Management
- Develop a "risk" culture that encourages all employees to identify risks and associated opportunities and to respond to them with effective actions
- Identify, assess and manage existing and new risks in a planned and coordinated manner with minimum disruption and cost, to protect and preserve Company's human, physical and financial assets.

ANNUAL RETURN

In compliance with Section 92(3) and Section 134(3)(a) of the Act of the Companies Act, 2013, a copy of your Annual Return for the year ended 31st March, 2023 will be hosted on the website of the Company at https://plone.allianceair.in/allianceair/en/assets/annual-report-and-mgt9/form-mgt-7-2022-23.pdf. Further, an Extract of Annual Return is available at **Annexure-B**.

DECLARATION OF INDEPENDENCE

AAAL is a wholly owned subsidiary of AI Assets Holding Limited. As per the provisions of Article 117 of the Articles of Association of the Company, the number of Directors of the Company shall not be less than three and not more than twelve all of whom shall be appointed by AI Assets Holding Limited, who in turn can do so subject to the directions of the Government of India.

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

The following changes have occurred in the constitution of Directors and KMP of the Company during the Financial Year 2022-23:-

Sr. No	Name	Designation	Date of Appointment	Date of Cessation	Mode of Cessation
1.	Shri Vikram Dev Dutt	Chairman	27th January, 2022	28th February, 2023	Ceased to Chairman
2.	Shri Satyendra Kumar Mishra	Chairman	01st March, 2023	-	-
3.	Smt Usha Padhee	Director	25th January, 2022	18th January, 2023	Ceased to Director
4.	Shri Deepak Sajwan	Director	27th January, 2021	18th January, 2023	Ceased to Director
5.	Shri Asangba Chuba Ao	Director	18th January, 2023	-	-
6.	Shri Brajesh Kumar Srivastava	Director	18th January, 2023	-	-

PERFORMANCE EVALUATION OF BOARD, ITS COMMITTEES AND INDIVIDUALS

As per the Notification dated 5th June, 2015 of the Ministry of Corporate Affairs, the provisions of Section 134(3) (p) of the Companies Act, 2013 shall not apply in case the Directors are evaluated by the Ministry, which is administratively in charge of the Company as per its own evaluation methodology. Alliance Air Aviation Limited, being a Government Company, the performance evaluation is carried by the MOCA, Government of India, as per the applicable Government guidelines.

POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

Alliance Air Aviation Limited, being a Government Company, is exempted to furnish information under Section 134 (3) (e) of the Companies Act, 2013 as per the Notification dated 5th June, 2015 of the Ministry of Corporate Affairs.

PARTICULARS OF EMPLOYEES

Alliance Air Aviation Limited, being a Government Company, its Directors are appointed / nominated by the Government of India as per the Government / DPE Guidelines which also include fixation of pay criteria, determining qualifications and other matters.

As per the Ministry of Corporate Affairs exemption Notification dated 5th June, 2015, the provisions of Section 134(3) (e) are not applicable to a Government Company. Consequently, the details on Company's policy on Directors' appointment as specified in Section 178 (3) are not provided.

Similarly, disclosure of the ratio of the remuneration of each Director to the median employee's remuneration and other such details including the statement showing the names and other particulars of every employee of the Company, who, was in receipt of remuneration in excess of the limits set out in the Rules, are not provided.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that were entered into during the Financial Year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

Exemption from the first and second proviso to sub-Section (1) of Section 188 with regard to obtaining approval of the Company in General Meeting, has been provided to a Government Company in respect of contracts or arrangements entered into by it with any other Government Company.

All Related Party Transactions are placed before the Audit Committee and also the Board for approval.

Particulars of contracts or arrangements or transactions in Form AOC-2 are attached as **Annexure C.**

REPORTING OF FRAUDS BY AUDITORS

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and / or Board under Section 143(12) of Act and Rules framed thereunder.

INTERNAL CONTROL SYSTEMS

The Company internal control systems are designed to ensure operational efficiency, accuracy and promptness in Financial reporting and compliance with laws and regulations. The internal control system is supported by an internal audit process for reviewing the adequacy and efficiency of the internal controls, including its systems and processes and compliance with regulations and procedures. Internal Audit Reports are discussed with the management and are reviewed by the Audit Committee of the Board, which also reviews the adequacy and effectiveness of the internal controls.

DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016

During the year under review, there were no applications made or proceedings pending in the name of the Company under the Insolvency and Bankruptcy Code, 2016.

DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE-TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS

During the year under review, there has been no one time settlement of Loans taken from Banks and Financial Institutions.

MAINTENANCE OF COST RECORDS

During the period under review, the provision of section 148 of the Companies Act, 2013 relating to maintenance of cost records does not applicable to the Company.

ACKNOWLEDGEMENTS

The Board sincerely appreciates the Company's valued customers in India and abroad for using the services of Company and looks forward to their continued support and confidence.

The Board also gratefully acknowledges the support and guidance received from AI Assets Holding Limited, the Bureau of Civil Aviation Security, the Ministry of Civil Aviation and various Ministries of the Government of India to the Company's operations and development plans. The Board expresses their grateful thanks also to the DGCA, the Comptroller and Auditor General of India, the Ministry of Corporate Affairs, the Statutory Auditors, Secretarial Auditors, Internal Auditors, the Airports Authority of India, other Govt. Departments, airlines and agents.

For and on behalf of the Board

Sd/-
(Satyendra Kumar Mishra)
Chairman

Place: New Delhi
Date: 22 September, 2023

MANAGEMENT DISCUSSION & ANALYSIS REPORT

ANALYSIS OF FINANCIAL PERFORMANCE

Revenue

- ❖ The total revenue earned during the year was Rs.1,104.96 Crores as against Rs. 724.11 Crores during 2021-22.

Expenditure

- ❖ The total expenditure incurred during the year were Rs 1,671.53 Crores compared to the previous year's figure of Rs. 1,170.54 Crores.

HUMAN RESOURCES

Staff Strength

As on 31st March, 2023, AAAL had 952 employees on Fixed Term Employment Agreement basis. In addition, there were 6 employees on deputation from AIESL and 05 employees on deputation from Indian Air Force. The Industrial Relation scene remained peaceful during the period 1st April, 2022 to 31st March, 2023.

FLEET POSITION

As on 31st March, 2023, aircraft available in AAAL fleet are as under:

Aircraft	MSN	TYPE
VT-AII	1197	ATR 72-212A
VT-AIT	1226	ATR 72-212A
VT-AIU	1246	ATR 72-212A
VT-AIV	1252	ATR 72-212A
VT-AIW	1272	ATR 72-212A
VT-AIX	1268	ATR 72-212A
VT-AIY	1273	ATR 72-212A
VT-AIZ	1279	ATR 72-212A
VT-RKC	1381	ATR 72-212A
VT-RKD	1383	ATR 72-212A
VT-RKE	1421	ATR 72-212A
VT-RKF	1423	ATR 72-212A
VT-RKG	1427	ATR 72-212A
VT-RKH	1434	ATR 72-212A
VT-RKJ	1439	ATR 72-212A
VT-RKK	1445	ATR 72-212A
VT-RKL	1456	ATR 72-212A
VT-RKM	1463	ATR 72-212A
VT-UDA	1608	ATR 42-600
VT-UDB	1609	ATR 42-600
VT-KNP	HAL-K/DO228/4130	Do-228

ON TIME PERFORMANCE AND TECHNICAL DISPATCH RELIABILITY

i) Aircraft on time performance during the year 2022-23 was as under:

On Time performance (OTP)	
Period	**OTP**
FY 2022-23	78.50

ii) Aircraft technical dispatch reliability during the year 2022-23 as compared to previous year was as under:

Aircraft Type	Period	Technical Dispatch Reliability
ATR 72-600	FY 2021-22	98.94%
ATR 72-600	FY 2022-23	99.06%
ATR 42-500		99.38%
Do-228		99.13%

AIRCRAFT UTILIZATION

Aircraft utilization during the Financial Year 2022-23 was as under:

Financial Year	Flying Hrs. Utilization	Block Hrs. Utilization
2022-23	43101:55	54805:36

MARKETING INITIATIVES

Performance during the year 2022-23 was as under:

No. of Stations: 58

Average Departures per day: 110

Revenue Performance

Month	Revenue Passengers	Passenger Revenue, EBT, Mail, Cargo	RCS + VGF (Revenue)	Charter Revenue	Other Revenue	Total Operating Revenue
AI Migrated PNR	-	47.47	-	-	15.26	62.73
April-2022	1,31,847	33.57	32.92	-	2.93	69.42
May-2022	1,35,620	43.96	32.96	0.24	3.58	80.74
June-2022	1,30,825	45.27	29.48	-	3.95	78.70
July-2022	1,22,221	44.17	30.01	0.62	3.89	78.69
August-2022	1,22,932	46.55	29.14	-	3.93	79.62
September-2022	1,25,985	55.15	28.09	0.58	4.50	88.32
October-2022	1,46,301	57.67	28.98	0.09	5.05	91.79
November-2022	1,43,881	52.90	30.96	0.73	4.54	89.13
December-2022	1,69,591	68.64	32.32	0.45	6.33	107.75
January-2023	1,46,514	51.91	32.04	-	5.03	88.97
February-2023	1,36,581	46.54	29.35	4.64	4.42	84.96

Month	Revenue Passengers	Passenger Revenue, EBT, Mail, Cargo	RCS + VGF (Revenue)	Charter Revenue	Other Revenue	Total Operating Revenue
March-2023	1,34,580	60.33	29.75	2.56	4.95	97.59
Total	**16,46,878**	**654.14**	**365.99**	**9.91**	**68.37**	**1,098.41**

Physical Statistics

Month	Estimated Seat Capacity	% Seat Factor	OTP	Total Number of Departures
April-2022	1,95,300	67.51%	74.20%	3,205
May-2022	1,86,097	72.88%	76.20%	3,279
June-2022	1,81,349	72.14%	74.90%	3,229
July-2022	1,83,329	66.67%	79.60%	3,297
August-2022	1,89,111	65.01%	81.20%	3,385
September-2022	1,94,112	64.90%	81.10%	3,261
October-2022	2,06,216	70.95%	82.80%	3,617
November-2022	2,00,822	71.65%	83.10%	3,453
December-2022	2,23,623	75.84%	75.00%	3,570
January-2023	2,18,538	67.04%	74.90%	3,783
February-2023	1,99,979	68.30%	75.90%	2,809
March-2023	2,12,392	63.36%	82.50%	3,402
FY 2022-23	**23,90,866**	**68.90%**	**78.50%**	**40,290**

New Routes introduced in the FY 2022-23

Routes	Frequency	Effective
Dibrugarh/Pasighat/Lilabari	2 times per week	12th April, 2022
Mumbai/Keshod/Mumbai	3 times per week	16th April, 2022
Chennai/Mysore/Chennai	Daily	12th August, 2022
Delhi/Shimla/Delhi	Daily	26th September, 2022
Silchar/Imphal/Silchar	Daily	25th November, 2022
Bilaspur/Indore/Bilaspur	4 times per week	3rd October, 2022
Jabalpur/Indore/Jabalpur	3 times weekly	4th October, 2022
Gwalior/Indore/Gwalior	3 times weekly	4th October, 2022
Lilabari/Tezpur/Lilabari	4 days per week	30th October, 2022
Imphal/Aizawl/Imphal	4 days per week	30th October, 2022
Ziro/ Lilabari/Ziro	4 days per week	30th October, 2022
Delhi/Jaisalmer/Delhi	3 flights per week	30th October, 2022
Shillong/ Lilabari/Shillong	3 days per week	31st October, 2022
Hollangi/Zero/Hollangi	2 days a week	29th November, 2022

Routes	Frequency	Effective
Hollangi/Passighat/Hollangi	2 days a week	30th November, 2022
Shimla/Dharamshala/Shimla	3 days per week	9th December, 2022
Shimla/Kullu/Shimla	4 days per week	9th December, 2022
Udaipur/Ahmedabad/Udaipur	Daily	9th December, 2022
Hyderabad/Tirupati/Hyderabad	Daily	9th December, 2022
Bengaluru/Vidyanagar/Bengaluru	Daily	9th December, 2022
Hyderabad/Vidyanagar/Hyderabad	Daily	9th December, 2022
Chennai/Jaffna/Chennai	4 days a week	12th December, 2022
Bhubaneswar/Rourkela/Bhubaneswar	Daily	7th January, 2023
Delhi / Amritsar / Delhi	Daily	26th March, 2023
Delhi / Dehradun / Jammu / Dehradun / Delhi	3 flights per week	26th March, 2023
Guwahati/Dibrugarh/Guwahati	4 flights per week	26th March, 2023
Delhi/Indore/Delhi	4 flights per week	26th March, 2023
Indore/Goa/Indore	2 flights per week	26th March, 2023
Prayagraj/Dehradun/Prayagraj	3 flights per week	27th March, 2023
Dehradun/Jammu/Dehradun	3 flights per week	28th March, 2023
Jabalpur-Hyderabad-Jabalpur	3 flights per week	28th March, 2023
Gorakhpur/Kolkata/Gorakhpur	2 flights per week	28th March, 2023

New routes proposed in the FY 2023-24

Routes	Flight Type	Frequency
Jorhat-Passighat-Jorhat	RCS	Daily
Delhi-Bhatinda-Delhi	RCS	Daily
Bangalore-Salem-Bangalore	RCS	Daily
Cochin-Salem-Cochin	RCS	Daily
Amritsar-Shimla-Amritsar	RCS	Daily
Amritsar-Kullu-Amritsar	RCS	Daily

NORTH EAST OPERATIONS

North East flights operated in the FY 2022-23

Route	Frequency	Flight Type
Guwahati-Tezpur-Passighat-Tezpur-Guwahati	3 flights per week	VGF
Kolkata-Guwahati-Kolkata	Daily	VGF
Kolkata-Lilabari-Kolkata	Daily	VGF
Kolkata-Guwahati-Aizawl-Shillong & vice versa	4 flights per week	VGF
Guwahati-Dimapur-Imphal & vice versa	Daily	VGF
Guwahati-Shillong-Dimapur & vice versa	4 flights per week	VGF

ACHIEVEMENTS

- Alliance Air inducted the Dornier 228 on 6th April, 2022 and launched flight on 12th April, 2022 from Dibrugarh to Pasighat & Lilabari.
- Alliance Air successfully migrated to the new PSS-Paxlink (Collins Aerospace) system effective 15th April, 2022.
- Alliance Air has commenced 99 routes out of 129 routes awarded to it in RCS UDAN 4.3 rounds. All efforts are being made to commence flights on the remaining routes subject to airports being made operational for ATR 72-600/ATR 42-600 type of aircraft.
- Alliance Air also deployed flights to operate into newly opened–up airports besides expanding to other existing Airports in the Northeast Region.
- Alliance Air with the support of Arunachal Pradesh government commenced flights to Tezu, Ziro and Itanagar.
- Alliance Air recommenced its international operations to Jaffna in Sri Lanka effective 12th December, 2022.
- Competitive Charter rates were introduced.
- Alliance Air sponsored an Invitational Golf Tournament held in Shimla.
- Special focus on corporate business, network distribution, MICE and student segment.
- Har Ghar Tiranga campaign was celebrated from 13th August, 2022 to 15th August, 2022.
- Strategic push to nurture and motivate mid level agents through incentive for improved sales on Alliance Air network.
- A CSR activity all women group of NGO was conducted from Mumbai to Keshod in October 2023.
- Inaugural contents for multiple flight launches.
- Radio Advertisements were made for intra Himachal Pradesh flights and for new Rajasthan flights (Delhi-Jaisalmer-Delhi, Delhi-Udaipur-Delhi & Udaipur-Ahmedabad-Udaipur).
- To enhance sales OTAs, Tour Operators, Brick & Mortar Agents, (Both IATA & Non IATA) agents were appointed across India. A General Sales Agent (GSA) has been designated in Sri Lanka.
- Enhanced free baggage allowance for Students.
- Ancillary Services offered for Advance Seat Selection.
- Advance purchase of Excess Domestic Baggage.
- A focused SMS and email Marketing initiative was launched.
- Engaged in Digital Marketing on social media platforms through video campaigns.

- Implemented banner displays on Online Travel Agencies (OTA) to highlight new flights and promotions.
- Extensive media coverage at both national and regional levels to showcase the introduction of multiple new routes.
- Call Centre has been established in Chennai and Pune to handle customer inquiries.
- A dedicated website "www.allianceair.in" has been launched for online services.

AWARDS

- Alliance Air was felicitated by Govt. of Odisha for successfully operating 34 Charters during FIH World Cup on Bhubaneswar – Rourkela – Bhubaneswar routes.
- Alliance Air won "**Wings India 2022 Award"** for Active Participation under RCS -UDAN scheme of Government of India.

FARES DURING 2022-23

The airline offered reasonable market prices throughout the period of 2022-23, considering various factors including:

- Seasonal variations.
- VGF / RCS sectors.
- Flight frequency
- Direct / indirect routes
- Competitor fares

PROMOTIONAL SCHEMES

- Monsoon Sale, Weekend Sale, Festive Sale, Weekend Sale, November Sale, End of Month Sale, Year End Sale, Republic Day Sale, Holi Sale and Navratri Sale was floated during the year.
- Attractive Cut & pay Incentives and PLB Scheme was offered.
- Group Fares were offered in the market.

PASSENGER COMPLAINTS RESOLUTION

Proactive complaints resolution was undertaken during the Financial Year 2022-23:-

Quarter	Complaints Received	Complaints Closed
Q1	650	650
Q2	638	638
Q3	263	263
Q4	211	211
FY 2022-23	**1762**	**1762**

ENGINEERING INITIATIVES

Various economy measures adopted and achievements made thereon highlighting the specific items / areas, quantifying the amounts so saved.

- GMSA negotiations with M/s ATR and billing reduced of approx. Rs. 4 Crores of total billing.
- Now, engine PT packs removal at our facility, on the cost of P&W, approx saving of Rs.20 Lakhs on the same per set removal.
- Optimized Aircraft maintenance programme.
- NAV data package reconcile with vendor and billing reduced.
- Reduced TAT on scheduled maintenance to get more availability of the fleet.
- Streamlined the technical procurement & logistics section, to ensure right material, right place at right time.

A brief note on the steps taken to reduce the expenditure on the aviation fuel. Measures taken for improving maintenance and the savings affected may also be indicated.

Fuel tester tool procured by AAAL and same is handover to AIESL for manage fuel imbalance snag in the ATR 72-600 fleet.

A brief note on Engineering and Maintenance including Bases, new shops, major works, outstations;

- No of Night Halt Bases–07 (Delhi, Hyderabad, Kolkata, Mumbai, Bangalore, Guwahati, Dibrugarh).
- Rotable spares (Fire extinguishers, Oxygen bottles, Batteries, SSCVR, SSFDR, ELT, wheels assy, brakes etc.) of AAAL are being serviced at AIESL and other vendor shops across Delhi, Hyderabad, Kolkata and Mumbai.

Details of Engineering Services provided to other Airlines/Organization and Engineer's Training Programme:

As per the MOU signed between AIESL and AAAL, all AME's (certifying staff) have been hived off and transferred from AAAL to AIESL. Hence, all aircraft-related Engineering training is being managed by AIESL.

Plan for 2023-24 with special reference to aircraft utilisation, availability of Engineers, new routes/services, utilisation of facilities etc. and also plan for fleet expansion.

- In Dornier project, another aircraft VT-KNQ induction is awaited due for caption issue.
- We are in process to expend our aircraft utilization in international sector such as further extension of our operation from Jaffna to other Sri Lanka cities.

FLIGHT SAFETY

The Company has independent Flight Safety Department which functions as per the DGCA requirements in proactive manner. Under proactive function, the Flight Safety Department does FOQA (Flight

Operational Quality Assurance) which require continuous monitoring of flight data i.e., of SSFDR & CVR and internal Safety audit of the base station as well as safety inspection of line stations, airfield inspection, spot checks and ramp inspection.

Total 70 incidents were reported in the FY 2022-23, out of which 46 cases were investigated by the Permanent Investigation Board (PIB) of the Company with DGCA. Left 23 occurrences were not considered significant for PIB by O/o DAS (NR) and 1(TA/RA) case is under investigation by DGCA.

In the Financial Year 2022-23, 'Nil' Serious Incident was reported.

Total 19 Bird hit/strike occurrences were reported in the Financial Year 2022-23 & damage was observed on ATR 72-600 aircraft VT-RKH dated 24th March, 2023. The respective aerodrome authorities as well as DGCA were informed about these occurrences for corrective measures.

To ensure safety of aircraft following measures are taken up by Flight Safety Department: -

- Internal Audit of base station (Delhi) & Safety Audit of 24 Line stations was carried out as per approved audit plan 2022-23.
- For SMS Implementation & Quality Assurance throughout the organisation SQMS (Safety & Quality Management System Software) was procured by Alliance Air & initial training has been imparted to various Departments for implementation of the Software.
- FOQA trends on quarterly basis are being shared with Training Department for Amber & Red values to emphasise during Training session.
- As per FDAP programme, crew were timely cautioned, advised and counselled for Red exceedances.
- SAG (Safety Action Group) meetings are being conducted every month & employees are encouraged to submit Voluntary report. Total 84 voluntary reports were received and closed for the year 2022-23.
- Load and trim sheet of respective fleets are being monitored on monthly basis and spot checks are being performed as per CAR.
- The recommendations of Permanent Investigation Board are circulated to the concerned departments for necessary action & implementation on monthly basis.
- In house SRM/SRBM are conducted in the month of May (2022), October (2022) & March 2023.
- Envisaging for IOSA registration of Alliance Air, Flight Safety has initiated the process of IOSA & SRM training by IATA in the month of March 2023.

INFORMATION TECHNOLOGY

Core IT infrastructure has been bifurcated from Air India post disinvestment and Alliance Air is now self-reliant with Zero Trust Network Architecture (work from anywhere securely) on cloud for Headquarters at Terminal-1 IGIA and 58 Airports with built in redundancy. All Hosted applications are available through

Internet in the network. End User Devices are upgraded, and latest software has been implemented. Cost savings has been achieved by implementing cloud-based security and remote management of 58 airports from central location. Airport infrastructure has been implemented with low-cost devices, peripherals without hiring Airport operators' infrastructure. This has resulted in savings in capex and opex.

Alliance Air now has its own independent email domain, email relay server, SMS Gateway and its own GSM based Voice network on cloud as pay per use model and has achieved savings on this front too."

OPERATIONS

A brief note on the steps taken to reduce the expenditure on Aviation Fuel. Measures taken for shortening of flights routes, optimization of flights, improving flight technique/ maintenance and savings affected may also be indicated.

Measures taken for Fuel Saving by the Operations Department:

1. Computerized Flight Plan (CFP) has been successfully implemented for all Alliance Air flights for the last 02 years.

   CFP optimizes the flight level to fly to destination based on the actual wind, trip distance and actual weight of the aircraft, as a result overall fuel consumption is reduced. CFP also predicts the exact fuel required to fly to destination based on the actual takeoff weight, whereby carrying extra fuel is avoided which also gives higher payload especially RTOW restricted runways.

2. Descent speed for all Alliance Air flights (ATR 72-600 aircraft) was revised, as a result there is fuel saving of approximately 77280 kg per week (approx 560 flights per week) and a cost saving of approximately Rs. 8.19 Lakhs per week. This change also helps flight crew to fly stabilized approaches.

3. Alternates are selected in such a way that they are at minimum distance from destination. Hence block fuel requirement decreases which enables higher pay load and fuel saving.

4. Concept of Fuel Tankering is being utilized and fuel tankering circular is being issued every fortnight by Operations Department. Close coordination is being done between Operations and Finance Department to ensure accurate, updated and revised fuel prices at every station depending on whether the sector is being operated as a commercial flight or RCS flight.

5. Ground cooling unit is being used at selected metro stations wherever available instead of Hotel Mode thereby reducing fuel consumption.

6. Pilots are encouraged to conduct straight in approach/ visual approach as much possible which reduce track miles travelled by the aircraft.

7. Single Engine Taxi in post landing is being followed by Alliance Air cockpit crew in adherence to ATC procedures.

8. Continuous Descent Technique from top of descent is encouraged to cockpit crew instead of level of segments which aids in fuel saving. It also helps in noise abatement regulations.

9. Alliance Air has received RNP approach approval from DGCA in the month of August 2023. This approval will assist AAAL to operate to Airfeilds with lower minima and assist pilot in reducing track-miles required to conduct and approach at destinations. This approach will also enhance safety levels of Alliance Air flights.

FUEL TANKERING

Aircraft fuel cost at each station differs due to variation of local taxes. In order to reduce expenditure on fuel, the efforts are made to uplift extra fuel from where the cost of fuel price is lower if payload permits (Under load condition) & within regulated landing weight (RLW) & regulated take-off weight (RTOW) limits. There are also other factors which lead to extra consumption of fuel such as weather & payload.

Presently, Alliance Air is doing fuel tankering on monthly basis on an average 60 sectors. Operations Department issues fuel tankering circular once a month. Based on the fuel price difference, sectors for fuel tankering are finalized.

Aircraft type-wise number of Pilots trained as Commander and Co-Pilots with training flying hours and change in training pattern, if any.

No. of Pilots trained as Commanders & Co Pilots (2022-2023)

	No. of Pilots Trained/Upgraded (ATR 72-600)					
	P1 (Including Transition Captains and PIC Upgrade)	P2	DEs	TRIs	SFIs	LTCs
Total Pilots	10	16	-	4	1	2

No. of Pilots trained as Commanders & Co Pilots (2022-2023)

	No. of Pilots Trained/Upgraded (DO-228)					
	P1 (Including Transition Captains)	P2	DEs	TRIs	SFIs	LTCs
Total Pilots	1	1	-	-	-	1

Number of performance/ technical/endorsement refresher courses/ training conducted along with the number of participants-Pilots/Cabin Crew etc.

Type of Training	Number of P1	Number of P2
INITIAL CRM	09	23
JOINT CRM	45	65
FIRE SMOKE DOOR DRILL TRAINING	44	51
INITIAL DGR	08	21
DGR	41	20
ATRP COURSE	08	00
ATR 72-600 SPECIAL OPS MANUAL Training	02	06
ATR 72-600 Recurrent TRI Ground Training	02	00
ATR 72-600 Recurrent LTC Ground Training	02	00

Type of Training	Number of P1	Number of P2
ATR 72-600 PIC Upgrade Ground Training	00	04
ATR 72-600 Online Recurrent Ground Training	81	77
ATR 72-600 Online Extended Refresher Training	01	03
ATR 72-600 OCC OPS Manual for New Pilots	00	06
ATR 72-600 Recurrent LTC Ground Training	02	00
SEP FIRE SMOKE DOOR DRILL Training	04	02
SEP TRAINING	02	06
ATR 72-600 OCC for New Pilots	07	17
ATR 72-600 Incident Corrective Ground Training	02	00
ATR 72-600 Extended Refresher Ground Training	02	00
ATR 72-600 Corrective LTC Ground Training	01	00
LTC TO TRI UPGRADE Ground Training	04	00
ATR 42-600 Differences Ground Training	67	47
Extended Refresher Training	01	02
DO-228 CRM Training	02	00
DO-228 LTC Refresher Ground Training	01	00
DO-228 OCC OPS Manual Ground Training	02	00
DO-228 OCC With Extended Refresher Ground Training	05	00

A note on the status of Pilots' training.

Total 11 PIC and Co-Pilot 17 has been release from 01.04.2022 to 31.03.2023.

Details of Simulator Training imparted (2022-23)

Simulator Training Details

S. No	Simulator Training Details	Consolidated details No. of hours for P1 and P2
1	April, 2022	233:45
2	May, 2022	319:00
3	June, 2022	365:15
4	July, 2022	262:30
5	August, 2022	152:00
6	September, 2022	349:15
7	October, 2022	186:00
8	November, 2022	291:15
9	December, 2022	124:00
10	January, 2023	252:45
11	February, 2023	148:00
12	March, 2023	133:30

Various economy measures adopted and achievements made thereon highlighting the specific items/areas, quantifying the amount so saved

The key economic measures adopted by the Operation Department are as below:-

- Fuel/Energy conservation related measure: Fuel Tankering is being closely monitored and fuel tankering circulars are issued once a month.
- Crew availability is monitored to maximize utilization.

- Phasing of expat pilots: Successfully phased out Expat Contracts in Alliance Air. Presently, there are 12 expat pilots of which 11 pilots are on Indian Contract (AAAL FTEA).
- Crew transport is being clubbed on all routes reducing the vehicle usages, this has considerably lowered the transport cost to the Company.
- Optimum utilization of cockpit crew across bases for smooth transition of flight operations.
- Monitoring of SOD movement for flight operations and training purposes. SOD is planned on 9I flights to the extent possible as a cost saving measures.
- Permanent posting of cockpit and cabin crew to make bases independent so as to avoid hotel and SOD.
- Meetings/counselling/briefing/interviews are being conducted through Webex/video conferences to reduce the cost incurred on SOD/Transport/Hotac/meals. This is also a time saving measure.
- Full support is extended to the Marketing/Network Planning and other related departments for charter operations at all times. Any revenue generating opportunity by the organization is encouraged.
- AVSEC trainings are conducted at respective bases to avoid crew movement, hotac and time involved in travelling.
- Airline Type Rating Programme (ATRP): Alliance Air introduced the ATRP in June 2019 and sucessfully trained 09 pilots @ 25 Lakhs per candidate. Revenue of approx Rs. 2.25 Crores was generated through the programme.
- Trainings are being conducted for other airline pilots and cabin crew, this is helping Alliance Air in generating additional revenue. AAAL trainers are being used for simulator training of other organizations which is generating additional revenue.
- A Bond is being taken from pilots undergoing command upgrade to ensure their continuous services to the airline post upgradation.

GOING CONCERN

The Company is a wholly-owned subsidiary of AI Assets Holding Ltd. (AIAHL) and has full support from the Government of India to make the Company fully operational after the disinvestment of Air India Ltd.

The Company has taken various measures to improve its operational efficiencies and cost control measures.

The Company during the Financial Year expanded its fleet by inducting two ATR 42-600 and one Dornier aircraft to its existing fleet of 18 ATR-72 600 aircraft. The total fleet now stands at 21 aircraft as on 31st March, 2023. All the aircraft are suitable for serving smaller / unserved / underserved airports in the country.

Alliance Air is entrusted to operate the routes allotted by the Ministry of Civil Aviation under RCS & VGF scheme especially in the remote areas for successfully implementing of UDAN scheme and always taking the challenge to fly to critical airfields, fulfilling the aspiration of Government of India to achieve the desired goal of UDAN scheme to connect the tier 2 & tier 3 cities and to discharge the social obligation as directed by Government of India.

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 127. Out of allotted routes, the Company operated 101 routes as on 31st March, 2023 (previous year 81 routes).

Further, the Ministry of Civil Aviation vide their letter DO. No. AV.17046/72/2019-AI dated 6th April, 2023 categorically stated that Alliance Air is a going concern and has assured that Government will make all endeavor to clear the dues towards ATF supply to Alliance Air.

Alliance Air has already received in principal approval from Ministry of Finance dated 20th April, 2023 towards Financial support of Rs. 600 Crores. As per approval, the first tranche of Rs. 300 Crores has been released to Alliance Air which will reduce its finance costs .

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. Post-Covid 19, AAAL is on the path of recovery and EBIT shows a positive trend. Alliance Air is heading its way to reversing the trend of adverse Financial parameters in this Financial Year 2023-24 and thereafter further consolidating the gains.

Since the Company expects improvement in Operational and Financial Performances and the Company has support from the Government of India to make the Company fully operational, hence the Financial Statements of the Company have been prepared on the "Going Concern" basis despite having accumulated losses and net-worth being eroded."

RISK MITIGATION STRATEGIES

The Company continuously monitors the risk perceptions and takes preventive action for mitigation of risks on various fronts.

INTERNAL CONTROL SYSTEMS

The Company had appointed M/s Thakur Vaidyanath Aiyar & Co., Chartered Accountants, New Delhi as Internal Auditors for the year 2022-23 to carry out various internal audit assignments such as tax compliance, risk assessment & mitigation, strengthening internal control process etc.

Annexure A

REPORT ON CORPORATE GOVERNANCE

The Report on the Corporate Governance for the Financial Year 2022-23 in compliance of provisions of the Companies Act, 2013 and DPE Guidelines issued by the Department of Public Enterprises, Government of India is given as below:

1. Company's Philosophy on Code of Corporate Governance

The Company firmly believes in and has consistently practiced good Corporate Governance. The Company's essential character is shaped by the values of transparency, professionalism and accountability. The Company is committed to attain the highest standard of Corporate Governance. The philosophy of the Company in relation to Corporate Governance is to ensure transparency in all its operations, make disclosures and enhance all stakeholders' value within the framework of laws and regulations.

2. Board of Directors

Alliance Air Aviation Limited (AAAL) is a Public Sector Undertaking and a wholly-owned subsidiary of AI Assets Holding Limited (AIAHL). Its Directors are appointed by the Holding Company in consultation with Government of India. As per the Articles of Association of the Company, the number of Directors shall not be less than three and not more than twelve.

Composition of Board as on 31st March, 2023:

S. No.	Name of Director	Designation
1.	Shri Satyendra Kumar Mishra Chairman & Managing Director, AI Assets Holding Limited	Chairman & Nominee Director
2.	Shri Asangba Chuba Ao Joint Secretary, DT Division, Ministry of Civil Aviation	Nominee Director
3.	Shri Pranjol Chandra Director, Ministry of Civil Aviation	Nominee Director
4.	Shri Brajesh Kumar Srivastava Deputy Secretary, Ministry of Civil Aviation	Nominee Director

- In pursuance of OM issued by the Ministry of Civil Aviation dated 18-01-2023 regarding the constitution of the Board of subsidiaries of AIAHL inter alia AAAL, Smt Usha Padhee and Shri Deepak Sajwan ceased from the Board of AAAL and Shri Asangba Chuba Ao and Shri Brajesh Kumar Srivastava appointed on the Board of AAAL w.e.f 18-01-2023. The Board placed on record its appreciation of the valuable services rendered by Smt Usha Padhee and Shri Deepak Sajwan during their tenure as Directors of the Company.

- Further, the Ministry of Civil Aviation vide its order dated 28-02-2023 had assigned the additional charge for the post of Chairman and Managing Director (CMD) of AI Assets Holding Limited (AIAHL) to Shri Satyendra Kumar Mishra, Joint Secretary, MoCA, for a period of three months w.e.f. 01-03-2023 or till the regular appointment of CMD, AIAHL, whichever is earlier, by virtue of the appointment of Shri Vikram Dev Dutt as Director General in the Directorate General of Civil Aviation (DGCA).

In view of the above order, Shri Satyendra Kumar Mishra, Chairman & Managing Director, AIAHL had been appointed as Nominee Director and elected as Chairman, in his ex-officio capacity on the Board of Alliance Air Aviation Limited w.e.f. 01-03-2023 for the further Board and General Meetings till any further communication from MoCA/AIAHL. Further, Shri Vikram Dev Dutt, Nominee Director & Chairman ceased from the Board of AAAL w.e.f 28-02-2023. The Board placed on record its appreciation of the valuable services rendered by Shri Vikram Dev Dutt during his tenure as Chairman of the Company.

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

3. Board Procedure

The meetings of the Board of Directors were generally held at the registered office of the Company, New Delhi via Video Conferencing (VC)/ physical mode or at the Corporate office of the Holding Company. The meetings are scheduled well in advance. In case of exigencies or urgency, resolutions are passed by circulation. The Board meets at least once a quarter to review the operating performance of the Company. The agenda for the meetings is prepared by the officials of the concerned departments and approved by the CEO & the Chairman. The Board papers are circulated to the Directors in advance. The members of the Board have access to all information and are free to recommend inclusion of any matter in the agenda for discussion. Senior executives are invited to attend the Board meetings and provide clarification as and when required. Action Taken Reports are put up to the Board periodically. To enable better and more focused attention on the affairs of the Company, the Board delegates certain matters to Committees of the Board set up for the purpose.

Details regarding the Board Meetings, Annual General Meeting, Directors' attendance thereat, Directorships and Committee positions held by the Directors are as under:

Board Meetings:

Six Board Meetings were held during the Financial Year 2022-23 on the following dates:-

29th April, 2022 (175th Meeting)

14th July, 2022 (176th Meeting)

16th September, 2022 (177th Meeting)

11th October, 2022 (178th Meeting)

2nd February, 2023 (179th Meeting)

17th March, 2023 (180th Meeting)

Particulars of Directors including their attendance at the Board/Shareholders' meetings during the Financial Year 2022-23:

Name of the Director	Academic Qualifications	Attendance Particulars		
		No. of Board Meetings		
		Held	Attended	Last AGM Attended
Shri S. K. Mishra Chairman & Managing Director, AI Assets Holding Limited Chairman (Appointed w.e.f 01-03-2023)	M. Tech (Applied Geology) M.A. (Public Policy), IRS (IT:1990)	6	1	Yes
Shri Vikram Dev Dutt, Chairman & Managing Director, AI Assets Holding Limited Chairman (Appointed w.e.f 27-01-2022 and ceased w.e.f 28-02-2023)	B.Tech. & PGDM, IAS (UT:93)	6	5	Yes
Shri Pranjol Chandra Director, Ministry of Civil Aviation Director (Appointed as Director w.e.f 11-02-2022)	B.E. Mechanical	6	6	Yes
Shri Deepak Sajwan Deputy Secretary, Ministry of Civil Aviation Director (Appointed as Director w.e.f 27-01-2021 and ceased w.e.f 18-01-2023)	Post Graduate	6	1	No
Shri Brajesh Kumar Srivastava Deputy Secretary, Ministry of Civil Aviation Director (Appointed as Director w.e.f 18-01-2023)	Post Graduate	6	2	No

Name of the Director	Academic Qualifications	Attendance Particulars		
		No. of Board Meetings		
		Held	Attended	Last AGM Attended
Smt Usha Padhee Joint Secretary, DT Division, Ministry of Civil Aviation Director (Appointed as Director w.e.f 25-01-2022 and ceased w.e.f 18 -01-2023)	Bachelor of Engineering (Civil), Visvesvaraya Technological University, Karnataka, masters in Public Administration (MPA), University of Birmingham, United Kingdom	6	4	No
Shri Asangba Chuba Ao Joint Secretary, DT Division, Ministry of Civil Aviation Director (Appointed as Director w.e.f 18-01-2023)	MA (Eng Litt.) & MA (Public Administration)	6	2	No

Directorships and Memberships of Board Committees

Details of Directorships and memberships in the various committees as held by the Directors of the Company are as under:

Name of the Director	Details of Directorships held in other Companies excluding AAAL	Memberships held in Committees as on 31st March 2023
Shri S. K. Mishra Chairman & Managing Director, AI Assets Holding Limited Chairman (Appointed w.e.f 01-03-2023)	Chairman & Managing Director AI Assets Holding Limited w.e.f 01-03-2023 Chairman AI Airport Services Limited w.e.f 01-03-2023 AI Engineering Services Limited w.e.f 01-03-2023 Hotel Corporation of India Limited w.e.f 01-03-2023	AAAL Chairman HR Committee w.e.f 01-03-2023 Flight Safety Committee w.e.f 01-03-2023 Member Audit Committee w.e.f 01-03-2023 AIASL Chairman Corporate Social Responsibility Committee

Name of the Director	Details of Directorships held in other Companies excluding AAAL	Memberships held in Committees as on 31st March 2023
	Director AI Airport Services Limited w.e.f. 02-02-2017 AI Engineering Services Limited w.e.f. 02-02-2017 AI Assets Holding Limited w.e.f 22-01-2018	Member Audit Committee AIESL Chairman Corporate Social Responsibility Committee Member Audit Committee AIAHL Chairman Nomination & Remuneration Committee Member Audit Committee
Shri Vikram Dev Dutt, Chairman & Managing Director, AI Assets Holding Limited Chairman (Appointed w.e.f 27-01-2022 and ceased w.e.f 28-02-2023)	Chairman and Managing Director AI Assets Holding Limited till 28-02-2023 Chairman AI Airport Services Limited (AIASL) till 28-02-2023 AI Engineering Services Limited (AIESL) till 28-02-2023 Hotel Corporation of India Limited (HCI) till 28-02-2023 Director Port Blair Smart Projects Limited	AAAL Chairman HR Committee till 28-02-2023 Flight Safety Committee till 28-02-2023 Member Audit Committee till 28-02-2023 AIASL Chairman Corporate Social Responsibility Committee till 28-02-2023 Member Audit Committee till 28-02-2023 AIESL Chairman Corporate Social Responsibility Committee till 28-02-2023 Member Audit Committee till 28-02-2023 AIAHL Member Audit Committee till 28-02-2023

Name of the Director	Details of Directorships held in other Companies excluding AAAL	Memberships held in Committees as on 31st March 2023
Shri Pranjol Chandra Director, Ministry of Civil Aviation Director (Appointed as Director w.e.f 11-02-2022)	Director Hotel Corporation of India Ltd.(HCI)	AAAL Member Audit Committee HR Committee Flight Safety Committee HCI Member Audit Committee
Shri Deepak Sajwan Deputy Secretary, Ministry of Civil Aviation Director (Appointed as Director w.e.f 27-01-2021 and ceased w.e.f 18-01-2023)	Director Hotel Corporation of India Limited (HCI) till 14-12-2022	AAAL Member Audit Committee till 18-01-2023 HR Committee till 18-01-2023 Flight Safety Committee till 18-01-2023 HCI Member Audit Committee till 14-12-2022
Shri Brajesh Kumar Srivastava Deputy Secretary, Ministry of Civil Aviation Director (Appointed as Director w.e.f 18-01-2023)	Director Hotel Corporation of India Limited (HCI) w.e.f 14-12-2022	AAAL Member Audit Committee w.e.f 18-01-2023 HR Committee w.e.f 18-01-2023 Flight Safety Committee w.e.f 18-01-2023 HCI Member Audit Committee w.e.f 14-12-2022
Smt Usha Padhee Joint Secretary, DT Division, Ministry of Civil Aviation Director (Appointed as Director w.e.f 25-01-2022 and ceased w.e.f 18 -01-2023)	Director Rohini Heliport Limited Pawan Hans Limited	AAAL Chairperson Audit Committee till 18-01-2023 Member HR Committee till 18-01-2023 Flight Safety Committee till 18-01-2023 Pawan Hans Ltd Member Nomination & Remuneration Committee till 16-10-2022

Name of the Director	Details of Directorships held in other Companies excluding AAAL	Memberships held in Committees as on 31st March 2023
Shri Asangba Chuba Ao Joint Secretary, DT Division, Ministry of Civil Aviation Director (Appointed as Director w.e.f 18-01-2023)	Director Rohini Heliport Limited Pawan Hans Limited	AAAL Chairman Audit Committee w.e.f 18-01-2023 Member HR Committee w.e.f 18-01-2023 Flight Safety Committee w.e.f 18-01-2023 Pawan Hans Ltd Member Nomination & Remuneration Committee

4. Code of Conduct

In terms of requirements of DPE guidelines on Corporate Governance for CPSEs, the Board has adopted Code of Conduct for the Directors and Senior Management. There is a system of affirming compliance with the Code by the Board Members and Senior Management Personnel of the Company. A declaration of compliance signed by the Chief Executive Officer of the Company is enclosed with the Report.

5. Audit Committee

As part of the Corporate Governance process and in compliance with the provisions of the Companies Act, 2013 and DPE Guidelines, the Audit Committee of the Board has been constituted. Due to the reconstitution of the Board of Directors by the Ministry of Civil Aviation (MOCA) vide its OM dated 18-01-2023 and 28-02-2023, the Audit Committee was reconstituted by the Board in its 179th and 180th meeting held on 02-02-2023 and 17-03-2023 respectively.

As on 31st March, 2023, the following were the members of the Audit Committee:

Shri Asangba Chuba Ao	Chairman
Shri Satyendra Kumar Mishra	Member
Shri Pranjol Chandra	Member
Shri Brajesh Kumar Srivastava	Member

The Terms of Reference of the Audit Committee are:

- To recommend for appointment, remuneration and terms of appointment of auditors of the Company;
- To review and monitor the auditor's independence and performance and effectiveness of audit process;
- To review the Internal Audit program & ensure co-ordination between the Internal & External

Auditors as well as determine whether the Internal Audit function is commensurate with the size and nature of the Company's Business;

- To discuss with the Auditor before the audit commences the nature & scope of the audit;
- To examine the Financial Statements and the Auditors' Report thereon;
- To review the Statutory Auditor's Report, Management's response thereto and to take steps to ensure implementation of the recommendations of the Statutory Auditors;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters;
- To consider any other matter as desired by the Board.

The Audit Committee met five times during the year to review various issues including inter- alia Annual Accounts of the Company for the year before submission to the Board, on the following dates:

29th April, 2022 (26th Meeting)

14th July, 2022 (27th Meeting)

11th October, 2022 (28th Meeting)

2nd February, 2023 (29th Meeting)

17th March, 2023 (30th Meeting)

Attendance at the Audit Committee Meetings:

Name of the Member	No. of Meetings Attended
Smt Usha Padhee	3
Shri Asangba Chuba Ao	2
Shri Vikram Dev Dutt	3
Shri Satyendra Kumar Mishra	1
Shri Pranjol Chandra	5
Shri Deepak Sajwan	1
Shri Brajesh Kumar Srivastava	2

- *Shri Asangba Chuba Ao appointed as Chairman of the Audit Committee vice Smt Usha Padhee w.e.f 18th January, 2023.*
- *Shri Satyendra Kumar Mishra appointed as Member of the Audit Committee vice Shri Vikram Dev Dutt w.e.f 1st March, 2023.*
- *Shri Brajesh Kumar Srivastava appointed as Member of the Audit Committee vice Shri Deepak Sajwan w.e.f 18th January, 2023.*

6. General Meetings during the last three years:

The details of these meetings are given below:

AGM/EGM	Date and time of the Meeting	Venue
37th Annual General Meeting	29th December, 2020 At 1130 Hours	Held through Video Conferencing (VC)
38th Annual General Meeting	12th November, 2021 At 1130 Hours	Alliance Bhawan, Domestic Terminal-I, IGI Airport, New Delhi-110037
Extra Ordinary General Meeting	27th January, 2022 At 12 Noon	Alliance Bhawan, Domestic Terminal-I, IGI Airport, New Delhi-110037
39th Annual General Meeting	30th December, 2022 At 1100 Hours	Alliance Bhawan, Domestic Terminal-I, IGI Airport, New Delhi-110037

7. Disclosures and Statutory Compliances:

Adequate Disclosures pertaining to Director's interest, related party transactions, maintenance of statutory registers have been taken and placed periodically before the Board of Directors to take informed decisions, with the Board following a clear policy of specific delegation and authorization of designated officers to handle the business matters. MCA Filings with respect to disclosures, intimations, allotments and appointments have been made in a time bound manner with no pending matters. The Company, based on self-evaluation, falls under 'Excellent' grade for the compliance of DPE Corporate Governance Guidelines for both the Financial Years 2021-22 and 2022-23. The DPE has also awarded 'Excellent' grading to AAAL for compliance of DPE Corporate Governance Guidelines during the Financial Year 2021-22.

8. CEO/CFO Declaration:

The Chief Executive Officer and Chief Financial Officer have certified in writing with respect to the truth and fairness of the Financial Statements, due compliances, and financial reporting which was placed before the Board & Audit Committee and forms part of this report.

For and on behalf of the Board

Sd/-
(Satyendra Kumar Mishra)
Chairman

Place: New Delhi
Date: 22 September, 2023

CODE OF CONDUCT

DECLARATION

I hereby declare that all the Board Members & Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors for the year ended 31st March, 2023.

Sd/-
(Vineet Sood)
Chief Executive Officer
Alliance Air Aviation Limited

Place : New Delhi
Date : 22 September, 2023

DECLARATION BY CHIEF EXECUTIVE OFFICER & CHIEF FINANCIAL OFFICER

To,
The Board of Directors,
Alliance Air Aviation Limited,

We, Vineet Sood , Chief Executive Officer and Ambar Kumar Mondal, Chief Financial Officer of Alliance Air Aviation Limited (hereinafter “the Company”), do hereby certify that:

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief:

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

   b) these statements give a true and fair view of the state of affairs of the Company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including Accounting Standards, applicable laws and regulations.

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

3. We accept overall responsibility for the Company’s internal control system for financial reporting. This is monitored by the internal audit function, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal audit works with all levels of management and statutory auditors, and reports significant issues to the Audit Committee of the Board of Directors.

   The Auditors and Audit Committee are apprised of any corrective action taken with regard to significant deficiencies and material weaknesses.

4. We indicate to the Auditors and to the Audit Committee:

   a) Significant changes in internal control over financial reporting during the year;

   b) Significant changes in accounting policies during the year;

5. We further declare that all Board Members and Senior Managerial Personnel have affirmed compliance with the code of conduct during the year ended 31st March, 2023.

For **Alliance Air Aviation Limited**

Sd/-	Sd/-
Vineet Sood	**Ambar Kumar Mondal**
Chief Executive Officer	**Chief Financial Officer**
PAN: AVYPS1251Q	PAN: AEGPM0223D

Place: New Delhi
Date: 14 June, 2023

Annexure B to Directors' Report for the year 2022-23

FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

As on Financial Year ended on 31.03.2023

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U51101DL1983GOI016518
2.	Registration Date	13/09/1983
3.	Name of the Company	Alliance Air Aviation Limited (Formerly known as Airline Allied Services Limited)
4.	Category/Sub-category of the Company	Government Company
5.	Address of the Registered office & contact details	'Alliance Bhawan', Domestic Terminal, IGI Airport, New Delhi -110037
6	Whether listed Company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited C-101, 247 Park, L.B.S. Marg Vikhroli (West) Mumbai – 400083 +91 22 49186000

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the Company shall be stated) -

S. No	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the Company
1.	To establish, maintain and operate international and domestic air transport services, scheduled and non-scheduled, in all the countries of the world for the carriage of passengers, freight, mail and for any other purposes.	511	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANY:

S. No.	Name and Address of the Company	CIN/GIN	Holding / Subsidiary / Associate	% of Shares	Applicable Section
1	AI Assets Holding Limited 2nd Floor, Air India Reservation Building, Safdarjung Airport, New Delhi-110003	U74999DL2018GOI328865	Holding	100%	2 (46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-04-2022]				No. of Shares held at the end of the year [As on 31-03-2023]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters	-	-	-	-	-	-	-	-	-
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.*	40,225,000	0	40,225,000	100	40,225,000	0	40,225,000	100	0.00
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	**40,225,000**	**0**	**40,225,000**	**100**	**40,225,000**	**0**	**40,225,000**	**100**	**0.00**
B. Public Shareholding	**Not Applicable**								
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds/UTI	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify) Foreign Banks	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-

Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-04-2022]				No. of Shares held at the end of the year [As on 31-03-2023]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions	**Not Applicable**								
a) Bodies Corp. (Market Maker + LLP)	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-04-2022]				No. of Shares held at the end of the year [As on 31-03-2023]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
i) Non-Resident Indians	-	-	-	-	-	-	-	-	-
ii) Non-Resident Indians - Non Repatriable	-	-	-	-	-	-	-	-	-
iii) Office Bearers	-	-	-	-	-	-	-	-	-
iv) Directors	-	-	-	-	-	-	-	-	-
v) HUF	-	-	-	-	-	-	-	-	-
vi) Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
vi) Foreign Nationals	-	-	-	-	-	-	-	-	-
vii) Clearing Members	-	-	-	-	-	-	-	-	-
viii) Trusts	-	-	-	-	-	-	-	-	-
ix) Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Public Shareholding (B) = (B)(1)+ (B)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**40,225,000**	**0**	**40,225,000**	**100**	**40,225,000**	**0**	**40,225,000**	**100**	**- 0.00**

* *Bodies Corporate: 100% Shareholding is with Body Corporate i.e. AI Assets Holding Limited through its Nominees.*

B) Shareholding of Promoter-

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1.	AI Assets Holding Limited along with its Nominees	40,225,000	100	NIL	40,225,000	100	NIL	-

C) Change in Promoters' Shareholding (please specify, if there is no change):

There was no change in Promoters Shareholding during the year.

S. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding at end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	**At the beginning of the year**				
	AI Assets Holding Ltd	40,225,000	100	40,225,000	100
	Changes during the year	NIL	NIL	NIL	NIL
	At the end of the year				
	AI Assets Holding Ltd	40,225,000	100	40,225,000	100

D) Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs): Not Applicable

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding at end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**NOT APPLICABLE**				
2					
3					
4					
5					
6					
7					
8					
9					
10					

E) Shareholding of Directors and Key Managerial Personnel: NIL

(Amount in Rs.)

S. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding at the end of year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	NIL	-	-	-	-
	(Note : Equity Shares are held by Nominees of AI Assets Holding Limited only, which includes directors also)				

V. INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amount in Rs.)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness (current year)	Total Indebtedness (previous year)
Indebtedness at the beginning for the Financial Year					
i) Principal Amount	-	24,31,18,30,288.20	-	24,31,18,30,288.20	20,65,72,26,817.88
ii) Interest due but not paid	-	-	-	-	-
iii) Interest accrued but not due	-	-	-	-	-
Total (i +ii+iii)	**-**	**24,31,18,30,288.20**	**-**	24,31,18,30,288.20	**20,65,72,26,817.88**
Change in Indebtedness during the Financial Year	-		-	-	-
Addition	-	2,39,94,45,293.32	-	2,39,94,45,293.32	3,66,34,66,161.32
Reduction	-	-	-	-	-
Net Change	**-**	**2,39,94,45,293.32**	**-**	2,39,94,45,293.32	**3,66,34,66,161.32**
Indebtedness at the end of the Financial Year					
i) Principal Amount	-	24,55,67,88,897.51	-	24,55,67,88,897.51	22,48,34,91,016.97
ii) Interest due but not paid	-	2,15,44,86,684.00	-	2,15,44,86,684.00	1,83,72,01,962.22
iii) Interest accrued but not due	-		-	-	-
Total (i +ii+iii)	**-**	**26,71,12,75,581.51**	**-**	**26,71,12,75,581.51**	**24,32,06,92,979.19**

* *Indebtedness for the current year includes provisions for an amount of Rs. 2,15,29,98,527.00*

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rs.)

S. No	Particulars of Remuneration	Name of MD/WTD/ Manager					Total Amount
1	Gross salary	-	-	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-	-	-	-	-
2	Stock Option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-

S. No	Particulars of Remuneration	Name of MD/WTD/ Manager					Total Amount
4	Commission as % of profit others, specify.	-	-	-	-	-	-
5	Others : (PF, DCS, House Perks tax etc)	-	-	-	-	-	-
	Total (A)	-	-	-	-	-	-
	Ceiling as per the Act	-	-	-	-	-	-

* *There are no Managing, Whole Time Directors in the Company during the year 2022-23 except CEO. The details of CEO have been provided under KMP.*

B Remuneration to other directors-Not applicable

Sr No.	Particulars of Remuneration	Name of Directors					Total Amount
1	Independent Directors	-	-	-	-	-	-
	Fee for attending Board Committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify (Fees for attending Board Sub Committee Meetings)	-	-	-	-	-	-
	Total(1)	-	-	-	-	-	-
2	Other Non-Executive Directors	-	-	-	-	-	-
	Fee for attending Board Committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	-		-	-
	Total (B)=(1+2)	-	-	-	-	-	-
	Total Managerial Remuneration	-	-	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-	-	-
		-	-	-	-	-	-

C. Remuneration To Key Managerial Personnel other than MD/Manager/WTD:

(Amount in Rs.)

S. No.	Particulars of Remuneration	CEO	CS	CFO	Total
		Shri Vineet Sood	Smt. Shilpa Bhatia	Shri Ambar Kumar Mondal	
1	Gross Salary	40,13,750	7,94,851	17,91,250	**65,99,851**
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-

S. No.	Particulars of Remuneration	CEO Shri Vineet Sood	CS Smt. Shilpa Bhatia	CFO Shri Ambar Kumar Mondal	Total
	Others, specify.	-	-	-	-
5	Others: (PF, DCS, House Perks tax etc.)	-	-	-	-
	Total	**40,13,750**	**7,94,851**	**17,91,250**	**65,99,851**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY			**NIL**		
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS			**NIL**		
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT			**NIL**		
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board

Sd/-
(Satyendra Kumar Mishra)
Chairman

Place: New Delhi
Date: 22 September, 2023

Annexure C to Directors' Report for the year 2022-23

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis:

There were no contracts or arrangements or transactions entered during the year ended 31^{st} March, 2023, which were not at arm's length basis.

2. Details of contracts or arrangements or transactions at arm's length basis.

All contracts /arrangements/transactions entered by the Company with related parties under Section 188(1) of the Act during the Financial Year 2022-23 were on an arm's length basis, in the ordinary course of business which were duly approved in the 176^{th} Board Meeting held on 14^{th} July, 2022. The details of contacts or arrangements or transactions at arm's length basis are as follows:

Name of Related Party and Nature of Relation	Nature of transaction	Duration of transaction	Salient terms of transaction	(Amount in Rs. Crores)
AI Assets Holding Limited (AIAHL) (Holding Company)	**Expenditure**	1^{st} April 2022- 31^{st} March 2023	Expenditure	
	1. Space Charges			0.20
	2. Interest			215.44
	Total			**215.64**
AI Engineering Services Ltd (AIESL) (Subsidiary of AI Assets Holding Limited)	**Expenditure**	1^{st} April 2022- 31^{st} March 2023	Expenditure	
	1. Repair Other			55.95
	2. Manpower			2.68
	3. Training			0.02
	4. Interest			17.28
	Total			**75.93**
AI Airport Services Ltd. (AIASL) (Subsidiary of AI Assets Holding Limited)	**Expenditure**	1^{st} April 2022- 31^{st} March 2023	Expenditure	
	1. Handling Charges			28.20
	2. Interest			9.45
	Total			**37.65**
	Income		Income	
	SOD, Logo & Penalty raised by AAAL			0.42
	Total			**0.42**

Hotel Corporation of India Limited (Subsidiary of AI Assets Holding Limited)	**Expenditure**	1st April 2022-31st March 2023	Expenditure	
	Hotel Accommodation			0.16
	Total			**0.16**
	Income		Income	
	Logo Usage			0.14
	Total			**0.14**

For and on behalf of the Board

Sd/-
(Satyendra Kumar Mishra)
Chairman

Place: New Delhi
Date: 22 September, 2023

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2023

{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,
Alliance Air Aviation Limited

We have conducted the Secretarial Audit of the Compliance of applicable statutory provisions and the adherence to good Corporate Practices by **Alliance Air Aviation 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 my opinion thereon.

Based on our verification of the Company's books, papers, Minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and Compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31st March, 2023 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; - **Not Applicable**

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; - **Not Applicable**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-**Not Applicable**

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

(e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.

(vi) Compliances/processes/systems under other specific applicable Laws (as applicable to the industry), as listed below, are not being verified by us.

(a) Aircraft Act, 1934 and the Rules made thereunder

(b) Carriage by Act 1972 and the Rules made thereunder

(c) Airport Authority of India Act, 1994

(d) The Aircraft (Carriage of Dangerous Goods) Rules, 2003 and the Rules made thereunder

(e) The Civil Aviation Requirements issued by Directorate General of Civil Aviation

(f) The Aircraft(Security) Rules, 2011

(g) International Conventions

(h) Acts prescribed under Environmental Protection.

(i) Tokyo Convention Act, 1975

(j) Anti-Hijacking Act 1982/1994

(k) Suppression of Unlawful acts against Safety of Civil Aviation Act, 1982/1994

(l) Airports Economic Regulatory Authority of India Act, 2008

(m) The Consumer Protection Act, 2019

(n) The Gratuity Act and Rules, 1972

(o) The Contract Labour (Regulations & Abolition) Act, 1970

(p) The Bonus Act, 1965

(q) Payment of Wages Act, 1936

(r) Employment Exchange Act

(s) The Employees Provident Funds and Miscellaneous Provisions Act, 1952

(t) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

We have also examined compliance with the applicable clauses of the following:

(a) Secretarial Standards issued by the Institute of Company Secretaries of India. -Generally Complied with

(ii) The SEBI (Listing Obligation & Disclosure Requirements) Regulation 2015- **Not Applicable.**

(iii) DPE Guidelines on Corporate Governance of CPSE.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, and Standards etc. mentioned above, subject to the following observations:

"Non- Compliance with section 149(1)(a) of the Companies Act, 2013 with respect to the composition of the Board of Directors of the Company- the Company do not have the woman director in the Board during the period from 18th of January 2023 to 31st of March 2023."

We further report that the Board of Directors of the Company is duly constituted except to DPE Guidelines. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Generally, adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes, if any.

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

We further report that during the audit period, there were no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws.

*For **Agarwal S. & Associates**,*
Company Secretaries,
ICSI Unique Code: P2003DE049100
Peer Review Cert. No.: 2725/2022

Sd/-
CS Anjali
Partner
ACS No.: 65330
CP No.: 26496

Place: New Delhi
Date: 22 September, 2023
UDIN: A065330E001056155

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

"Annexure A"

To,
The Members,
Alliance Air Aviation Limited

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our Responsibility is to express an opinion on these secretarial records, based on our inspection of records produced before us for Audit.

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

3. We have not verified the correctness and appropriateness of Financial records and Books of Accounts of the Company and our report is not covering observations/comments/ weaknesses already pointed out by the other Auditors.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations, happening of events, etc.

5. The Compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis and to give our opinion whether Company has proper Board-processes and Compliance-mechanism in place or not.

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

For ***Agarwal S. & Associates,***
Company Secretaries,
ICSI Unique Code: P2003DE049100
Peer Review Cert. No.: 2725/2022

Sd/-
CS Anjali
Partner
ACS No.: 65330
CP No.: 26496

Place: New Delhi
Date: 22 September, 2023

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF ALLIANCE AIR AVIATION LIMITED FOR THE YEAR ENDED 31ST MARCH, 2023

The preparation of Financial Statements of **ALLIANCE AIR AVIATION LIMITED** for the year ended 31st March, 2023 in accordance with the Financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the Company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the Financial Statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 14th June, 2023.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the Financial Statements of **ALLIANCE AIR AVIATION LIMITED** for the year ended 31st March, 2023 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the Statutory Auditor and Company personnel and a selective examination of some of the accounting records.

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

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

Sd/-
(Atoorva Sinha)
Principal Director of Audit (infrastructure)
New Delhi

Place: New Delhi
Date: 29 August, 2023

INDEPENDENT AUDITOR'S REPORT

To,
The Members of Alliance Air Aviation Limited
Report on the Audit of Ind AS Financial Statements

Opinion

We have audited the accompanying Financial Statements of ***Alliance Air Aviation Limited*** (hereinafter referred to as "the Company"), which comprise the Balance Sheet as at 31st March, 2023, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Financial Statements, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its loss, total comprehensive income, its cash flows and the Changes in Equity for the year ended on that date.

Basis for Opinion

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

Responsibilities of Management for the 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 of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of Ind AS Financial Statements

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

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

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

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Emphasis of Matter

Attention is drawn to following notes:

Notes No. 40 which states that the Financial Statements of the Company have been prepared on going concern basis for the reasons stated therein in spite of continuous accumulated losses and net worth of the Company fully eroded.

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

Information other than the Ind AS Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Ind AS Financial Statements and our auditor's report thereon.

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the 'Other reports', 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, if required.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure "A"**, statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. We are enclosing our report in terms of Section 143(5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in the **Annexure "B"**, on the directions and sub-directions issued by the Comptroller and Auditor General of India.

3. (A) As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Company does not have any branch offices which maintains any books of accounts hence this para is not applicable.

(d) The Balance Sheet, the Statement of Profit and Loss (including the Statement of Other Comprehensive Income) the Statement of Cash Flows and Statement of Changes in Equity dealt with by this report are in agreement with the books of accounts.

(e) In our opinion, the aforesaid Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

(f) We have not come across any observation on the financial transactions or matters which have any adverse impact on the functioning of the Company.

(g) On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

(h) We have not across any qualification, reservation or adverse remarks relating to maintenance of accounts and other matters connected therewith hence we are not making any comment under this para.

(i) With respect to the adequacy of the Internal Financial Controls with reference to these Ind AS Financial Statements of the Company and operating effectiveness of such controls, refer to separate report in **Annexure "C"** to this report.

(j) The provisions of Section 197 read with Schedule V of Companies Act 2013 relating to Managerial Remuneration are not applicable to the Company, being a Government Company in terms of MCA Notification no. G.S.R. 463(E) dated 5th June, 2015.

(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

a. The Company has disclosed the impact of pending litigations as at 31st March, 2023 on its financial position in its Financial Statements – Refer Note 29 to the Financial Statements.

b. The Company did not have any long-term contract including derivative contracts for which there were any material forceable losses hence the Company has not made any provision for the same.

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

d. i. 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 persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

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

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and

iii. Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under subclause (d) (i) and (d) (ii) contain any material mis-statement.

e. The Company has not declared any dividend during the year; hence, this para is not applicable.

f. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the Financial Year ended 31 March, 2023.

For **S.K. Kapoor & Co.**
Chartered Accountants
FRN - 000745C

Sd/-
(V.B. Singh)
Partner
Membership Number – 073124
UDIN – 23073124BGYRAD2978

Place: New Delhi
Date: 14 June, 2023

Annexure "A" to the Independent Auditor's Report

Referred to in Paragraph 1 under 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Alliance Air Aviation Limited on the accounts of the Company for the year ended 31st March, 2023

Report on the Companies (Auditor's Report) Order, 2020 (CARO) under Section 143(11) of Companies Act, 2013 ("Companies Act")

(i) **a.** **A.** The Company has maintained proper records showing full particulars, including quantitative details and situations of Property, Plant and Equipment and ROU assets accounted as per Ind AS 116.

B. The Company has maintained proper records showing full particulars of intangible assets.

b. According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company conducts physical verification of the Property, Plant and Equipment on biennial basis. Physical verification of property plant and equipment was conducted during the previous year in Delhi, Kolkata and Hyderabad stations as per policy of the Company and the discrepancies observed were adjusted in books of accounts of the Company in the previous year.

c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not hold any immovable property, hence, the provisions of clause 3(i)(c) of the order is not applicable to the Company.

d. According to the information and explanations given to us and on the basis of our examination of the records of the Company, no revaluation of Property Plant and Equipment (including Right of Use Assets) or Intangible assets or both has been done by the Company during the year. Accordingly, the provisions of clause 3(i)(d) of the order is not applicable to the Company.

e. According to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988). Accordingly, the provisions of clause 3(i)(e) of the order is not applicable to the Company.

(ii) (a) As per the information and explanation given to us, the exercise of physical verification of inventories is done on biennial basis. During the previous year, physical verification of inventories at Delhi, Kolkata and Hyderabad was conducted by the Company in which shortage of Rs 52.22 million and excess of Rs 5.22 million were observed. Pending approval from the Competent Authority, a net provision amounting to Rs. 31.13 million, over and above the existing provision of Rs. 15.86 million was created during the previous year for the shortages.

There is no progress in assessment of actual loss by the Company incurred on account of shortages observed during previous year. 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. (Refer note no. 30 (b) forming part of Financial Statements.)

(b) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits, from any banks or financial institutions on the basis of security of current assets. Accordingly, the provisions of clause 3(ii)(b) of the order is not applicable to the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, the provisions of clause 3 (iii) (a) to (f) are not applicable to the Company.

(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans to director and any other party and the Company has not made any investments, given any guarantee and security. Accordingly, the provisions of clause 3(iv) of the order is not applicable to the Company.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposit from the public within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposit) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) order are not applicable to the Company.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013, for the services rendered by the Company. Accordingly, the provisions of clause 3(vi) of the order is not applicable to the Company.

(vii) a. On the basis of our examination of the books of accounts, and records of the Company, we have observed that the Company was regular in depositing undisputed statutory dues including Goods and Services Tax, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty o Excise, Value Added Tax, Cess and other statutory dues with appropriate authorities except TDS.

Tax deducted at source has not been deposited regularly. An amount of Rs. 136.39 million for the months July to September 2022 in respect of Tax Deducted at source under different sections is outstanding for more than 6 months as on 31st March, 2023.

b. According to the information and explanations given to us, there are no statutory dues which are pending on account of dispute except as mentioned below:

Name of statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount (Rs. millions)
Income Tax Act, 1961	Income Tax	ITAT, New Delhi	A.Y. 2000-2001	22.57
Income Tax Act, 1961	Income Tax	ITAT, New Delhi	A.Y. 2004-2005	28.04

(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, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) a. In the books of Company, an amount of Rs 23738.78 million is appearing as short-term borrowing from Holding Company (M/s AI Assets Holding Ltd) as on 31 March, 2023. As per the decision of the Board of the Holding Company, the interest is being charged @ 9% p.a., calculated on average outstanding balance.

Another amount of Rs. 562.5 million is also appearing as short-term borrowing. This amount has been received from AIAHL during 2021-22 on which interest is being provided @ 1% p.a. as per the board approval of AIAHL. Another amount of Rs 257 million has been received from AIAHL during the year 2022-23 at which interest@9% has been charged by AIAHL. Pending terms and conditions of repayment, this advance has been accounted as short-term borrowing.

Since, no schedule for repayment has been fixed for both the loans, therefore we cannot comment upon this clause in the matter of default in repayment of loan and interest thereon.

b. According to the information and explanation given to us and on the basis of our examination of the books of accounts, and records of the Company, the Company has not been declared wilful defaulter by any bank or financial institution or other lender.

c. According to the information and explanation given to us and on the basis of our examination of the books of accounts, and records of the Company, no term loans have been taken by the Company. Therefore, the provisions of clause 3(ix)(c) of the order is not applicable to the Company.

d. According to the information and explanation given to us and on the basis of our examination of the books of accounts, and records of the Company, no funds on short term basis have been raised by the Company. Therefore, the provisions of clause 3(ix)(d) of the order is not applicable to the Company.

e. According to the information and explanation given to us and on the basis of our examination of the books of accounts, and records of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. Therefore, the provisions of clause 3(ix)(e) of the order is not applicable to the Company.

f. According to the information and explanation given to us and on the basis of our examination of the books of accounts, and records of the Company, Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Therefore, the provisions of clause 3(ix)(f) of the order is not applicable to the Company.

(x) a. No moneys have been raised by way of initial public offer or further public offer (including debt instruments) during the year by the Company. Accordingly, the provisions of clause 3 (x)(a) of the order is not applicable to the Company.

b. The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, the provisions of clause 3 (x)(b) of the order is not applicable to the Company.

(xi) a. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company has been noticed or reported during the year. Accordingly, the provisions of clause 3 (xi)(a) of the order are not applicable to the Company.

b. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the year. Accordingly, the provisions of clause 3 (xi)(b) of the order are not applicable to the Company.

c. As per the information and explanation given to us by the Company no whistle blower complaints were received by the Company during the year. Accordingly, the provisions of clause 3 (xi)(c) of the order are not applicable to the Company.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the Financial Statements as required by the applicable Indian Accounting Standards.

(xiv) a. Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

b. We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) a. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

b. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

c. The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

d. According to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Accordingly, the requirements of clause 3(xvi)(d) are not applicable.

(xvii) The Company has incurred cash losses in the current Financial Year as well as in the immediately preceding Financial Year which are specified as below:

Particulars	Current Year	Previous Year
Net Profit after Tax and before Other Comprehensive Income	(5665.73)	(4477.63)
Add: Non-cash expenses		
Depreciation and ammortization	2617.77	2410.11
Unrealized gain/ loss on foreign exchange	(285.88)	(174.36)
Cash Loss during the year	**(3333.84)**	**(2241.88)**

(xvii) There has been no resignation of the Statutory Auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of Financial liabilities, other information accompanying the Financial Statements, our knowledge of the Board of Directors and management plans supported by the Government of India 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 the Company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the Balance Sheet date, will get discharged by the Company as and when they fall due.

(xx) a. In view of continuous losses incurred by the Company, the provisions of Section 135 are not applicable to the Company, accordingly the provisions of clause 3 (xx)(a) of the order are also not applicable to the Company.

b. In view of continuous losses incurred by the Company the provisions of Section 135 are not applicable to the Company, accordingly the provisions of clause 3 (xx)(b) of the order are not applicable to the Company.

(xxi) The Company is not required to prepare consolidated Financial Statements. Accordingly, the provisions of clause 3 (xxi) of the order are not applicable to the Company.

For **S.K. Kapoor & Co.**
Chartered Accountants
ICAI Firm Registration Number – 000745C

Sd/-
(V.B. Singh)
Partner
Membership Number – 073124
UDIN – 23073124BGYRAD2978

Place: New Delhi
Date: 14 June, 2023

Annexure "B" to the Independent Auditor's Report

Referred to in paragraph 2 under "Report on other legal and Regulatory requirement section of our report of even date to the members of Alliance Air Aviation Ltd on the Financial Statements for the year ended 31st March 2023

S. No.	Direction u/s 143(5) of the Companies Act 2013	Auditor's Reply on Action taken on the directions	Impact on Financials
1)	Whether the Company has system in place to process all the accounting transactions through IT System? If yes, the implications of processing of accounting transactions outside IT System on the integrating of the accounts along with the financial implication if may be stated.	The Company has system in place to process all accounting transactions through IT System i.e., SAP (Systems Applications and Products in data processing). Alliance Air has operationalised the new PSS system since 15th April, 2022 and the daily transaction report being generated through PSS system is being verified with the flown PNR data. However, the Company is availing the services of an outside agency for the processing of data relating to passengers, cargo, baggage and other revenue through PSS system, which is outside the Company's IT System. As per the records and information available as per industry practice parent Company is complying all necessary norms to ascertain the integrity, authenticity and accuracy of the data processed by the outsourced agency.	NIL
2)	Whether there is any restructuring of an Existing loan or case 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)	Not Applicable. The Company is not availing any loan from any bank, financial institutions or any other lender except the financial support from the Parent Company.	NIL

S. No.	Direction u/s 143(5) of the Companies Act 2013	Auditor's Reply on Action taken on the directions	Impact on Financials
3)	Whether funds (Grants / Subsidy etc) received / receivable for specific Schemes from Central / State Government or its agencies were properly accounted for / utilised as per its terms and conditions. List the cases of deviations	No fund received / receivable for specific schemes from central / state agency during the year except amount received / receivable under Regional Connectivity Schemes (RCS) and Viability Gap Funding (VGF) which has been properly accounted for in the books of accounts.	NIL

For **S.K. Kapoor & Co.**
Chartered Accountants
FRN – 000745C

Sd/-
(V.B. Singh)
Partner
Membership Number – 073124
UDIN – 23073124BGYRAD2978

Place: New Delhi
Date: 14 June, 2023

Compliance Certificate

We have conducted the audit of accounts of ***Alliance Air Aviation Limited*** (Formerly Known as Airline Allied Services Limited) for the year ended 31st March, 2023 in accordance with the directions / sub-directions issued by the Comptroller & Auditor General of India under section 143 (5) of the Companies Act, 2013 and certify that we have complied with all the Directions / Sub Directions issued to us.

For **S.K. Kapoor & Co.**
Chartered Accountants
FRN:000745C

Sd/-
(V.B. Singh)
Partner
M No.073124
UDIN – 23073124BGYRAD2978

Place: New Delhi
Date :14 June, 2023

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

Referred in paragraph 3(f) under the heading "Report on other Legal and Regulatory Requirements" of our report on the Financial Statements of Alliance Air Aviation Limited

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

Opinion

We have audited the internal financial controls over financial reporting of ***Alliance Air Aviation Limited*** ("the Company") as of 31st March, 2023 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

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 and such internal financial controls over financial reporting were operating effectively as at 31st March, 2023, based on the internal financial controls over financial reporting criteria established by the Company considering the components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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 the audit of internal financial control over financial reporting (the Guidance Note) 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over Financial reporting with reference to these Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal Financial controls, 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 with reference to 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 over financial reporting with reference to these Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these 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 judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over financial reporting with reference to these Financial Statements

A Company's internal financial controls over financial reporting with reference to these 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 control over financial reporting with reference to these 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 Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and

3. Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls over financial reporting with reference to Financial Statements

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

For **S.K. Kapoor & Co.**
Chartered Accountants
ICAI FRN – 000745C

Sd/-
(V.B. Singh)
Partner
Membership Number – 073124
UDIN : 23073124BGYRAD2978

Place: New Delhi
Date: 14 June, 2023

MANAGEMENT'S REPLIES TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF THE ALLIANCE AIR AVIATION LIMITED FOR THE FINANCIAL YEAR 2022-23

Audit Observations	Management Replies
Opinion We have audited the accompanying Financial Statements of ***Alliance Air Aviation Limited*** (hereinafter referred to as "the Company"), which comprise the Balance sheet as at 31st March 2023, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Eequity and the Statement of Cash Flows for the year then ended, and notes to the Financial Statements, and a summary of significant accounting policies and other explanatory information. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.	
Basis for Opinion We conducted our audit of the Financial Statements in accordance with the Standards on Auditing (SAs) specified under Ssection 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Financial Statements.	

Audit Observations	Management Replies
Responsibilities of Management for the 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 of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the 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. That Board of Directors of the Company are also responsible for overseeing the Company's financial reporting process.	
Auditor's Responsibilities for the Audit of Ind AS Financial Statements Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.	

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

Audit Observations	Management Replies
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.	
Emphasis of Matter **Attention is drawn to following notes:** Notes No. 40 which states that the Financial Statements of the Company have been prepared on going concern basis for the reasons stated therein in spite of continuous accumulated losses and net worth of the Company fully eroded. Our opinion is not modified in respect of the above matter.	
Information Other than the Ind AS Financial Statements and Auditor's Report thereon The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Ind AS Financial Statements and our auditor'sreport thereon. Our opinion on the Ind AS Financial Statements does not cover the other information and we do not express any formof assurance conclusion thereon. In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the 'Other reports', 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, if required.	

Audit Observations	**Management Replies**
Report on Other Legal and Regulatory Requirements 1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure "A"**, statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.	
2. We are enclosing our report in terms of Section 143(5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in the **Annexure "B"**, on the directions and sub-directions issued by the Comptroller and Auditor General of India.	
3. (A) As required by Section 143(3) of the Act, we report that: (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.	
(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.	
(c) The Company does not have any branch offices which maintains any books of accounts hence this para is not applicable.	
(d) The Balance Sheet, the Statement of Profit and Loss (including the Statement of Other Comprehensive Income) the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of accounts.	
(e) In our opinion, the aforesaid Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.	
(f) We have not come across any observation on the financial transactions or matters which have any adverse impact on the functioning of the Company.	
(g) On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.	

Audit Observations	Management Replies
(h) We have not across any qualification, reservation or adverse remarks relating to maintenance of accounts and other matters connected therewith hence we are not making any comment under this para.	
(i) With respect to the adequacy of the Internal Financial Controls with reference to these Ind AS Financial Statements of the Company and operating effectiveness of such controls, refer to separate report in **Annexure "C"** to this report.	
(j) The provisions of Section 197 read with schedule V of Companies Act, 2013 relating to Managerial Remuneration are not applicable to the Company, being a Government Company in terms of MCA Notification no. G.S.R. 463(E) dated 5th June, 2015.	
(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us: a. The Company has disclosed the impact of pending litigations as at 31st March, 2023 on its financial position in its Financial Statements – Refer Note 29 to the Financial Statements.	
b. The Company did not have any long-term contract including derivative contracts for which there were any material forceable losses hence the Company has not made any provision for the same.	
c. There were no amounts which were required to be transferred to the Investors education and protection fund by the Company.	
d. i. 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 persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall: • directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or	
• provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.	

Audit Observations	Management Replies
i. The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall: • directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or	
• provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and	
ii. Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under subclause (d) (i) and (d) (ii) contain any material mis-statement.	
e. The Company has not declared any dividend during the year; hence, this para is not applicable.	
f. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the Financial Year ended 31st March, 2023.	

MANAGEMENT'S REPLIES TO "ANNEXURE A" TO THE INDEPENDENT AUDITORS' REPORT

Referred to in Paragraph 1 under 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Alliance Air Aviation Limited on the accounts of the company for the year e ded 31st March, 2023

Report on the Companies (Auditor's Report) Order, 2020 (CARO) under Section 143(11) of Companies Act, 2013 ("Companies Act")

Audit Observations	**Management Replies**
(i) a. A. The Company has maintained proper records showing full particulars, including quantitative details and situations of Property, Plant and Equipment and ROU assets accounted as per Ind AS 116. **B.** The Company has maintained proper records showing full particulars of intangible assets.	This is statement of fact. This is statement of fact.
b. According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company conducts physical verification of the Property, Plant and Equipment on biennial basis. Physical verification of property plant and equipment was conducted during the previous year in Delhi, Kolkata and Hyderabad stations as per policy of the Company and the discrepancies observed were adjusted in books of accounts of the Company in the previous year.	Suitable disclosure has been made in Note no. 30(a).
c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not hold any immovable property, hence the provisions of clause 3(i)(c) of the order is not applicable to the Company.	This is statement of fact.
d. According to the information and explanations given to us and on the basis of our examination of the records of the Company, no revaluation of Property Plant and Equipment (including Right of Use Assets) or Intangible assets or both has been done by the Company during the year. Accordingly, the provisions of clause 3(i)(d) of the order is not applicable to the Company.	This is 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, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988). Accordingly, the provisions of clause 3(i)(e) of the order is not applicable to the Company.	This is statement of fact.

Audit Observations	Management Replies
(ii) (a) As per the information and explanation given to us, the exercise of physical verification of inventories is done on biennial basis. During the previous year, physical verification of inventories at Delhi, Kolkata and Hyderabad was conducted by the Company in which shortage of Rs. 52.22 million and excess of Rs. 5.22 million were observed. Pending approval from the Competent Authority, a net provision amounting to Rs. 31.13 million, over and above the existing provision of Rs. 15.86 million was created during the previous year for the shortages. *There is no progress in assessment of actual loss by the Company incurred on account of shortages observed during previous year. 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. (Refer note no. 30 (b) forming part of Financial Statements.)*	This is statement of fact.
(b) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits, from any banks or financial institutions on the basis of security of current assets. Accordingly, the provisions of clause 3(ii)(b) of the order is not applicable to the Company.	This is statement of fact.
(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, the provisions of clause 3 (iii) (a) to (f) are not applicable to the Company.	This is statement of fact.
(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans to director and any other party and the Company has not made any investments, given any guarantee and security. Accordingly, the provisions of clause 3(iv) of the order is not applicable to the Company.	This is statement of fact.
(v) The Company has not accepted any deposits or amounts which are deemed to be deposit from the public within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposit) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) order are not applicable to the Company.	This is statement of fact.

<table>
<tr><th>Audit Observations</th><th>Management Replies</th></tr>
<tr><td>(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013, for the services rendered by the Company. Accordingly, the provisions of clause 3(vi) of the order is not applicable to the Company.</td><td>This is statement of fact.</td></tr>
<tr><td>(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 Goods and Services Tax, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues with appropriate authorities except TDS.

Tax deducted at source has not been deposited regularly. An amount of Rs. 136.39 million for the months July to September 2022 in respect of Tax Deducted at Source under different sections is outstanding for more than 6 months as on 31st March, 2023.</td><td>This is statement of fact.</td></tr>
<tr><td>b. According to the information and explanations given to us, there are no statutory dues which are pending on account of dispute except as mentioned below:</td><td>This is statement of fact.</td></tr>
<tr><td>
<table>
<tr><th>Name of statute</th><th>Nature of Dues</th><th>Forum where dispute is pending</th><th>Period to which the amount relates</th><th>Amount (in Rs. millions)</th></tr>
<tr><td>Income Tax Act, 1961</td><td>Income Tax</td><td>ITAT, New Delhi</td><td>A.Y. 2000-2001</td><td>22.57</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income Tax</td><td>ITAT, New Delhi</td><td>A.Y. 2004-2005</td><td>28.04</td></tr>
</table>
</td><td></td></tr>
<tr><td>(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, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.</td><td>This is statement of fact.</td></tr>
<tr><td>(ix) a. In the books of Company, an amount of Rs. 23738.78 million is appearing as short-term borrowing from holding Company (M/s AI Assets Holding Ltd) as on 31st March, 2023.As per the decision of the Board of the holding Company, the interest is being charged @ 9% p.a., calculated on average outstanding balance. Another amount of Rs. 562.5 million is also appearing as short-term borrowing. This amount has been received from AIAHL during FY 2021-22 on which interest is being provided @ 1% p.a. as per the Board approval of AIAHL.</td><td>This is statement of fact.</td></tr>
</table>

Audit Observations	Management Replies
Another amount of Rs 257 million has been received from AIAHL during the year 2022-23 at which interest @9% has been charged by AIAHL. Pending terms and conditions of repayment, this advance has been accounted as short-term borrowing. Since, no schedule for repayment has been fixed for both the loans, therefore we cannot comment upon this clause in the matter of default in repayment of loan and interest thereon.	
b. According to the information and explanation given to us and on the basis of our examination of the books of accounts, and records of the Company, the Company has not been declared wilful defaulter by any bank or financial institution or other lender.	This is statement of fact.
c. According to the information and explanation given to us and on the basis of our examination of the books of accounts, and records of the Company, no term loans have been taken by the Company. Therefore, the provisions of clause 3(ix)(c) of the order is not applicable to the Company.	This is statement of fact.
d. According to the information and explanation given to us and on the basis of our examination of the books of accounts, and records of the Company, no funds on short term basis have been raised by the Company. Therefore, the provisions of clause 3(ix)(d) of the order is not applicable to the Company.	This is statement of fact.
e. According to the information and explanation given to us and on the basis of our examination of the books of accounts, and records of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. Therefore, the provisions of clause 3(ix)(e) of the order is not applicable to the Company.	This is statement of fact.
f. According to the information and explanation given to us and on the basis of our examination of the books of accounts, and records of the Company, Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Therefore, the provisions of clause 3(ix)(f) of the order is not applicable to the Company.	This is statement of fact.
(x) a. No moneys have been raised by way of initial public offer or further public offer (including debt instruments) during the year by the Company.Accordingly, the provisions of clause 3 (x)(a) of the order is not applicable to the Company.	This is statement of fact.

Audit Observations	**Management Replies**
(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, the provisions of clause 3 (x)(b) of the order is not applicable to the Company.	This is statement of fact.
(xi) a. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company has been noticed or reported during the year. Accordingly, the provisions of clause 3 (xi)(a) of the order are not applicable to the Company.	This is statement of fact.
b. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the year. Accordingly, the provisions of clause 3 (xi)(b) of the order are not applicable to the Company.	This is statement of fact.
c. As per the information and explanation given to us by the Company no whistle blower complaints were received by the Company during the year. Accordingly, the provisions of clause 3 (xi)(c) of the order are not applicable to the Company.	This is statement of fact.
(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.	This is statement of fact.
(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the Financial Statements as required by the applicable Indian Accounting Standards.	This is statement of fact. Suitable disclosure has been made in Note No. 35.
(xiv) a. Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.	This is statement of fact.
b. We have considered the internal audit reports of the Company issued till date for the period under audit.	This is statement of fact.

Audit Observations	Management Replies
(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.	This is statement of fact.
(xvi) a. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.	This is statement of fact.
b. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.	This is statement of fact.
c. The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.	This is statement of fact.
d. According to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Accordingly, the requirements of clause 3(xvi) (d) are not applicable.	This is statement of fact.
(xvii) The Company has incurred cash losses in the current financial year as well as in the immediately preceding financial year which are specified as below:	This is statement of fact.

Particulars	Current Year	Previous Year
Net Profit after Tax and before Other Comprehensive Income	(5665.73)	(4477.63)
Add: Non-cash expenses		
Depreciation and ammortization	2617.77	2410.11
Unrealized gain/ loss on foreign exchange	(285.88)	(174.36)
Cash Loss during the year	**(3333.84)**	**(2241.88)**

Audit Observations	Management Replies
(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.	This is 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 realisation of financial assets and payment of financial liabilities, other information accompanying the Financial Statements, our knowledge of the Board of Directors and management plans supported by the Government of India and based on our examination of	

Audit Observations	Management Replies
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 the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due..	This is statement of fact. The Company being a wholly owned subsidiary of AI Assets Holding Ltd. (AIAHL) has full support from Government of India to make the Company fully operational, for which Ministry of Finance has already given in principal approval for financial support of Rs. 600 crores to Alliance Air.
(xx) a. In view of continuous losses incurred by the Company, the provisions of Section 135 are not applicable to the Company, accordingly the provisions of clause 3 (xx)(a) of the order are also not applicable to the Company.	This is statement of fact.
b. In view of continuous losses incurred by the Company the provisions of Section 135 are not applicable to the Company, accordingly the provisions of clause 3 (xx)(b) of the order are not applicable to the Company.	This is statement of fact.
(xxi) The Company is not required to prepare consolidated Financial Statements. Accordingly, the provisions of clause 3 (xxi) of the order are not applicable to the Company.	This is statement of fact.

MANAGEMENT'S REPLIES TO "ANNEXURE B" TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 2 under "Report on other Legal and Regulatory Requirements section of our report of even date to the members of Alliance Air Aviation Ltd on the Financial Statements for the year ended 31st March, 2023

S. No.	Direction u/s 143(5) of the Companies Act, 2013	Auditor's Reply on action taken on the directions	Impact on financials	Management Replies
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 integrating of the accounts along with the financial implication if may be stated.	The Company has system in place to process all accounting transactions through IT System i.e., SAP (Systems Applications and Products in data processing). Alliance Air has operationalised the new PSS system since 15th April, 2022 and the daily transaction report being generated through PSS system is being verified with the flown PNR data. However, the Company is availing the services of an outside agency for the processing of data relating to passengers, cargo, baggage and other revenue through PSS system, which is outside the Company's IT System. As per the records and information available as per industry practice parent Company is complying all necessary norms to ascertain the integrity, authenticity and accuracy of the data processed by the outsourced agency.	NIL	This is a statement of fact.
2)	Whether there is any restructuring of an Existing loan or case 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)	Not Applicable. The Company is not availing any loan form any bank, financial institutions or any other lender except the financial support from the parent Company.	NIL	This is a statement of fact.

S. No.	Direction u/s 143(5) of the Companies Act, 2013	Auditor's Reply on action taken on the directions	Impact on financials	Management Replies
3)	Whether funds (Grants / Subsidy etc) received / receivable for specific Schemes from Central / State Government or its agencies were properly accounted for / utilised as per its terms and conditions. List the cases of deviations	No fund received / receivable for specific schemes from central / state agency during the year except amount received / receivable under Regional Connectivity Schemes (RCS) and Viability Gap Funding (VGF) which has been properly accounted for in the books of accounts.	NIL	This is a statement of fact.

ANNEXURE – "C" TO THE INDEPENDENT AUDITOR'S REPORT

Referred in paragraph 3(f) under the heading "Report on other Legal and Regulatory Requirements" of our report on the Financial Statements of Alliance Air Aviation Limited

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

Audit Observations	Management Replies
Opinion We have audited the internal financial controls over financial reporting of ***Alliance Air Aviation Limited*** ("the Company") as of March 31, 2023 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date. 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 and such internal financial controls over financial reporting were operating effectively as at 31st March, 2023, based on the internal financial controls over financial reporting criteria established by the Company considering the components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.	
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 the audit of internal financial control over financial reporting (the Guidance Note) 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.	This is a statement of fact.
Auditor's Responsibility Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Financial Statements 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	

Audit Observations	Management Replies
Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, 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 with reference to 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 over financial reporting with reference to these Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these 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 judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting with reference to Financial Statements.	
Meaning of Internal Financial Controls over financial reporting with reference to these Financial Statements A Company's internal financial controls over financial reporting with reference to these 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 control over financial reporting with reference to these 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;	This is a statement of fact.
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and	This is a statement of fact.

Audit Observations	**Management Replies**
3. Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial Statements.	This is a statement of fact.
Inherent Limitations of Internal Financial Controls over financial reporting with reference to Financial Statements Because of the inherent limitations of internal financial controls over financial reporting with reference to these Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these Financial Statements to future periods are subject to the risk that the internal financial controls over financial reporting with reference to these Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.	

BALANCE SHEET AS AT 31ST MARCH, 2023

Particulars	Note No.	As at 31st March, 2023 (In Rs. Million)	As at 31st March, 2022 (In Rs. Million)
ASSETS :			
1 **Non-Current Assets**			
(a) Property, Plant & Equipment	2(a)	365.86	207.80
(b) Right-of-Use Assets	2(b)	20,171.06	19,673.86
(c) Other Intangible Assets	2(c)	82.00	25.80
(d) Financial Assets:			
i) Trade Receivables		-	-
ii) Other Financial Assets	3	1,038.80	847.65
(e) Income Tax Assets (Net)	4	612.79	387.72
(f) Deferred Tax Assets (Net)		-	-
(g) Other Non-Current Assets	5	6,105.19	4,434.94
2 **Current Assets**			
(a) Inventories	6	341.43	284.68
(b) Financial Assets:		-	-
i) Trade Receivables	7	1,007.45	805.13
ii) Cash and Cash equivalents	8	149.54	145.04
iii) Bank balances other than (ii) above	9	801.31	867.90
vi) Other Financial Assets	10	76.32	108.90
(c) Other Current Assets	11	506.28	260.93
TOTAL ASSETS		**31,258.02**	**28,050.35**
EQUITY AND LIABILITIES :			
1 **Equity**			
(a) Equity Share Capital	12	4,022.50	4,022.50
(b) Other Equity	13	(40,665.74)	(35,008.02)
2 **Liabilities**			
(i) **Non-Current Liabilities**			
(a) Financial Liabilities			
i) Borrowings		-	-
ia) Lease Liabilities	14	21,383.58	19,856.31
ii) Trade Payable			
(A) total outstanding dues of micro enterprises and small enterprises; and		-	
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.		-	-
(iii) Other Financial Liabilities			
(b) Provisions	15	793.90	677.33
(c) Deferred Tax Liabilities (Net)		-	-
(d) Other Non-Current Liabilities		-	-
(ii) **Current Liabilities**			
(a) Financial Liabilities			
i) Borrowings	16	24,558.28	23,907.78
ia) Lease Liabilities	17	3,252.68	2,608.93
ii) Trade Payables	18	-	-
(A) total outstanding dues of micro enterprises and small enterprises; and		-	2.41
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		16,445.69	11,100.56
(iii) Other Financial Liabilities	19	415.11	545.83
(b) Provisions	20	5.21	4.34
(c) Other Current Liabilities	21	1,046.81	332.38
TOTAL EQUITY & LIABILITIES		**31,258.02**	**28,050.35**

As per our Separate report of even date

For and on behalf of the Board of Directors of
Alliance Air Aviation Limited

For S.K. Kapoor & Co.
Chartered Accountants
Firm Registration Number: 000745C

Sd/-
Satyendra Kumar Mishra
Chairman
DIN: 07728790

Sd/-
Brajesh Kumar Srivastava
Director
DIN: 09835338

Sd/-
V.B. Singh
(Partner)
ICAI Membership Number.: 073124
UDIN: 23073124BGYRAD2978

Sd/-
Vineet Sood
Chief Executive Officer

Sd/-
Ambar Kumar Mondal
Chief Financial Officer

Sd/-
Shilpa Bhatia
Company Secretary
Membership No. ACS 49386

Place: New Delhi
Date: 14 June, 2023

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2023

	Particulars	Note No	Amount for the period Apr' 22 to March'23 (In Rs. Million)	Amount for the period Apr' 21 to March'22 (In Rs. Million)
I	**Revenue**			
1	From Operations	22		
	i) Scheduled Traffic Services		6,541.43	4,283.90
	ii) Non Schedule Traffic Services		3,759.07	2,862.82
	iii) Other Operating Revenue		683.68	28.57
2	Other Income	23	65.41	65.81
II	**Total Revenue (1+2)**		**11,049.59**	**7,241.10**
III	**Expenses**			
	Aircraft Fuel & Oil		3,681.34	1,697.29
	Other Operating Expense	24	3,742.54	3,037.01
	Purchase of Stock-in-Trade		-	-
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		-	-
	Employee benefit expenses	25	1,525.39	1,262.41
	Finance Costs	26	4,988.07	3,172.19
	Depreciation and Amortization expenses	2 (a to c)	2,617.77	2,410.11
	Other Expenses	27	160.21	126.42
IV	**Total Expenses**		**16,715.32**	**11,705.43**
V	**Profit/(Loss) before exceptional items and tax (II - IV)**		**(5,665.73)**	**(4,464.33)**
VI	**Exceptional Items**		-	-
VII	Profit/(Loss) before tax (V - VI)		**(5,665.73)**	**(4,464.33)**
VIII	**Tax expense:**			
1	Current Tax		-	-
2	IncomeTax for Earlier Years		-	**13.30**
3	Deferred Tax		-	-
IX	**Profit/(Loss) for the year after tax (VII-VIII)**		**(5,665.73)**	**(4,477.63)**
X	**Other Comprehensive Income**			
	A Items that will not be reclassified to Statement of profit and loss			
	- Remeasurements of defined Benefit Plans		**8.01**	**3.71**
	- Income tax relating to items that will not be reclassified to profit or loss		-	-
XI	**Total Comprehensive Income for the period (Comprising Profit/(Loss) and Other Comprehensive Income for the period)**		**(5,657.72)**	**(4,473.92)**
XII	**Earnings per equity share (In Rupees)**	28		
	(1) Basic		(140.85)	(111.31)
	(2) Diluted		(140.85)	(111.31)

As per our Separate report of even date

For and on behalf of the Board of Directors of Alliance Air Aviation Limited

For S.K. Kapoor & Co.
Chartered Accountants
Firm Registration Number: 000745C

Sd/-
Satyendra Kumar Mishra
Chairman
DIN: 07728790

Sd/-
Brajesh Kumar Srivastava
Director
DIN: 09835338

Sd/-
V.B. Singh
(Partner)
ICAI Membership Number.: 073124
UDIN: 23073124BGYRAD2978

Sd/-
Vineet Sood
Chief Executive Officer

Sd/-
Ambar Kumar Mondal
Chief Financial Officer

Sd/-
Shilpa Bhatia
Company Secretary
Membership No. ACS 49386

Place: New Delhi
Date: 14 June, 2023

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2023

A. Equity Share Capital **(Amount in Rs. Million)**

Balance as an 01.04.2023	Changes in Equity Share Capital due to prior period errors Share	Restated balance as on 01.04.2023	Changes in equity share capital during the current year	Balance as on 31.03.2023
4,022.50	-	4,022.50	-	4,022.50

Balance as an 01.04.2022	Changes in Equity Share Capital due to prior period errors Share	Restated balance as on 01.04.2022	Changes in equity share capital during the current year	Balance as on 31.03.2022
4,022.50	-	4,022.50	-	4,022.50

B.(1.) Other Equity (Current Year) **(Amount in Rs. Million)**

PARTICULARS	Retained Earnings	Other Comprehensive Income	Total
Balances as at 1.04.2022	(35,016.89)	8.88	(35,008.02)
Profit/ (Loss) for the year	(5,665.73)	-	(5,665.73)
Other Comprehensive Income for the year	-	8.01	8.01
Total Comprehensive Income	**(40,682.62)**	**16.89**	**(40,665.74)**
Balance as at 31.03.2023	**(40,682.64)**	**16.88**	**(40,665.74)**

B.(2.) Other Equity (Previous Year) **(Amount in Rs. Million)**

PARTICULARS	Retained Earnings	Other Comprehensive Income	Total
Balance as at 1.04.2021	(30,539.27)	5.16	(30,534.10)
Profit/ (Loss) for the year	(4,477.63)	-	(4,477.63)
Other Comprehensive Income for the year	-	3.71	3.71
Total Comprehensive Income	**(35,016.89)**	**8.87**	**(35,008.02)**
Balance as at 31.03.2022	**(35,016.89)**	**8.88**	**(35,008.02)**

As per our Separate report of even date

For and on behalf of the Board of Directors of
Alliance Air Aviation Limited

For S.K. Kapoor & Co.
Chartered Accountants
Firm Registration Number: 000745C

Sd/-
Satyendra Kumar Mishra
Chairman
DIN: 07728790

Sd/-
Brajesh Kumar Srivastava
Director
DIN: 09835338

Sd/-
V.B. Singh
(Partner)
ICAI Membership Number.: 073124
UDIN: 23073124BGYRAD2978

Sd/-
Vineet Sood
Chief Executive Officer

Sd/-
Ambar Kumar Mondal
Chief Financial Officer

Sd/-
Shilpa Bhatia
Company Secretary
Membership No. ACS 49386

Place: New Delhi
Date: 14 June, 2023

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2023

Particulars	(Amount in Rs. Million) 2022-2023		(Amount in Rs. Million) 2021-2022	
(A) CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit or Loss before Tax as per Statement of Profit & Loss A/c		**(5,665.73)**		**(4,464.33)**
Add/(Less)- Adjustments for Non-Operating Expenses/Income and Non-Cash Items				
Depreciation and amortisation expenses	2,617.77		2,410.11	
Provisions / Un-claimed Liabilities Written Back	(20.19)		(0.16)	
Interest, Finance Cost and Exchange difference on Leases as per Ind-AS 116	2,173.46		820.48	
Interest and Finance Costs	12.92		21.52	
Interest Income on Deposits	(45.22)		(42.04)	
Prov. for Income Tax	-		-	
Unrealised Foreign Exchange Gain and Loss	(285.88)		(174.36)	
Bad Debt Recovered	-		(1.19)	
Loss/ Gain on Disposal of Assets	-		0.01	
Interest on Income Tax Refund	-		(23.61)	
Provision for obsolescence of spares	66.47		34.83	
		4,519.33		**3,045.59**
Operating Profit/(Loss) before working capital changes		**(1,146.40)**		**(1,418.74)**
Adjustments for (increase) / decrease in operating assets:				
Other Bank Balances	66.59		46.14	
Other non-current assets	(1,670.25)		(851.08)	
Inventories	(123.22)		(27.97)	
Trade Receivables	(202.32)		(167.33)	
Other Financial Asset	32.58		7.87	
Other Financial Assets-Non Current	(191.15)		(688.10)	
Other Current Assets	(245.34)		6.26	
		(2,333.11)		**(1,674.21)**
Adjustments for increase / (decrease) in operating liabilities:				
Trade Payables	5,648.79		2,135.32	
Other Current Liabilities	714.44		144.81	
Short-Term Borrowing	650.50		3,251.61	
Short-Term Provisions	0.87		0.52	
Other Financial Liabilities	(130.72)		84.26	
Long-Term Provisions	14.90		12.16	
		6,898.78		**5,628.68**
Cash generated from operations		**3,419.27**		**2,535.74**
Less : Income Taxes Paid / (Refunded) Including TDS		(225.07)		120.63
Net Cash from Operating Activities (A)		**3,194.20**		**2,656.37**
(B) CASH FLOW FROM INVESTING ACTIVITIES				
A) Purchase of Fixed Assets	(260.64)		(35.59)	
B) Interest Income on Deposits	45.22		42.04	
C) Sale of Fixed Asset	-		**0.19**	
Net Cash from/(used) in investing activities (B)		**(215.42)**		**6.64**
(C) CASH FLOW FROM FINANCING ACTIVITIES				
a) Conversion of Current Liability into Equity				
b) Lease Payment	(2,961.35)		(2,533.31)	
c) Interest Paid	(12.92)	**(2,974.27)**	**(21.52)**	**(2,554.83)**
Net Cash from/(used) in financing activities (C)		**-**		**-**
(D) NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)		**4.51**		**108.17**
(E) CASH & CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**145.04**		**36.87**
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR (D+E)		**149.55**		**145.04**

Note : The above Statement of Cash Flow has been prepared under the 'Indirect Method' as set out in the IND AS 7 on "Statement of Cash Flows" issued by ICAI.

Previous year Amount have been regrouped /rearranged where ever necessary.

Particulars	(Amount in Rs. Million)	(Amount in Rs. Million)
	2022-23	**2021-22**
Cash and Cash Equivalent comprises:		
Balance with Banks		
In Current Accounts	149.53	145.04
Cash in Hand	0.02	-
Closing Balance	**149.55**	**145.04**

Note : The above Statement of Cash Flow has been prepared under the 'Indirect Method' as set out in the IND AS 7 on "Statement of Cash Flows" issued by ICAI.

As per our Separate report of even date

For and on behalf of the Board of Directors of
Alliance Air Aviation Limited

For S.K. Kapoor & Co.
Chartered Accountants
Firm Registration Number: 000745C

Sd/-
Satyendra Kumar Mishra
Chairman
DIN: 07728790

Sd/-
Brajesh Kumar Srivastava
Director
DIN: 09835338

Sd/-
V.B. Singh
(Partner)
ICAI Membership Number.: 073124
UDIN: 23073124BGYRAD2978

Sd/-
Vineet Sood
Chief Executive Officer

Sd/-
Ambar Kumar Mondal
Chief Financial Officer

Sd/-
Shilpa Bhatia
Company Secretary
Membership No. ACS 49386

Place: New Delhi
Date: 14 June, 2023

Notes forming part of the IND AS Financial Statements of Alliance Air Aviation Limited for the year ended 31st March, 2023

Note No.1: Summary of Significant Accounting Policies

This note provides a list of significant accounting policies adopted in the preparation of these Financial Statements. These policies have been consistently applied to all the years presented, unless, otherwise stated. All figures of financials are in Rs. (Million), unless otherwise stated.

1. Company Information / Overview:

Background:

Alliance Air Aviation Limited (formerly known as Airline Allied Services Limited), a wholly-owned subsidiary of AI Assets Holding Limited, a Government of India Company, incorporated in India, registered under the Companies Act, 2013 (erstwhile Companies Act, 1956). The Company is in the business of air transportation which includes mainly passenger and cargo services and other related services in India. The Company mainly operates between Tier-2 and Tier-3 cities in India. As at year end, the Company has a fleet of Twenty One aircraft – comprising of Eighteen ATR 72-600 aircraft, Two ATR-42 aircraft and One Dornier aircraft.

The registered office of the Company is situated at Alliance Bhawan, Domestic Terminal-1, I.G.I. Airport, New Delhi – 110037.

The Board of Directors approved the Financial Statements for the year ended March 31, 2023 and authorized for issue on 14-06-2023.

2. Basis of preparation of Financial Statements:

(i) Statement of Compliance:

The Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with section 133 of the Companies Act, 2013 and presentation requirements of Division II of Schedule III to the Companies Act, 2013 (as amended from time to time), relevant provisions of the Act and other accounting principles generally accepted in India. The Financial Statements are prepared on going concern basis following accrual system of accounting.

The Financial Statements were authorized for issue by the Board of Directors of the Company on 14-06-2023.

(ii) Basis of Measurement:

The Financial Statements have been prepared under the historical cost convention except, for the following assets and liabilities which have been measured at fair value:

- certain financial assets and liabilities measured at fair value (Refer accounting policy regarding financial instruments);
- employee benefit obligations (Refer Note 36 for accounting policy)

Historical cost is the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition or the amount of proceeds received in exchange for the obligation, or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(iii) Recent Pronouncements:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2015, applicable from April 1, 2023 as below:

- Ind AS 1 – Presentation of Financial Statements

  The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose Financial Statements. The Company does not expect this amendment to have any significant impact in its Financial Statements.

- Ind AS 12 – Income Taxes

  The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its Financial Statements.

- Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

  The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in Financial Statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in Financial Statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its Financial Statements.

(iv) Critical accounting estimates / judgments:

In preparing these Financial Statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. However, the actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates where necessary are recognized prospectively.

Significant areas of estimation and judgments (as stated in the respective Accounting Policies) that have the most significant effect on the Financial Statements are as follows:

a) Impairment of Assets

b) Measurement of useful life and residual values of property, plant and equipment and the assessment as to which components of the cost may be capitalized

c) Basis of classification of a Property as Investment Property

d) Basis of classification of Non-Current Assets held for sale

e) Estimation of Costs of Re-delivery.

f) Recognition of Deferred Tax Assets and Minimum Alternative Tax credit entitlement is determined on the basis of the probability of recovery.

g) Recognition and measurement of defined benefit obligations

h) Judgment required to ascertain lease classification

i) Measurement of grant date Fair Values and Expected Credit Loss (ECL)

j) Judgment is required to ascertain whether it is probable or not that an outflow of resources embodying economic benefits will be required to settle the taxation disputes and legal claim.

k) Fair value measurement of Financial Assets and Liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements

I. Operating cycle & Classification of Current & Non-Current:

Current - Non-Current classification

Presentation of assets and liabilities in the Financial Statement has been made based on current /non-current classification provided under the Company Act 2013.

Deferred tax assets and liabilities are classified as non-current assets and liabilities**.**

Operating cycle

The Company being in service sector, there is no specific operating cycle; however, 12 months period has been adopted as “the Operating Cycle” in-terms of the provisions of Schedule III to the Companies Act 2013.

II. Property, Plant and Equipment

A. Initial Recognition and measurement

a) The cost of an item of property, plant and equipment is recognized as an asset if,

(i) it is probable that future economic benefits associated with the item will flow to the entity; and

(ii) the cost of the item can be measured reliably.

b) An item of Property Plant and Equipment that qualifies for recognition as an asset shall be measured at its cost.

The cost of an item of property, plant and equipment comprises:

(i) Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;

(ii) Incidental costs incurred pertaining to the acquisition and bringing the asset to the location and condition necessary for it to be capable of operating in a manner intended by management and interest on loans borrowed where ever applicable, up to the date of putting the concerned asset to its working condition for its intended use.

c.) If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate component of property, plant and equipment.

B. Subsequent Recognition and Measurement

Subsequent costs are included in the asset's carrying amount or recognized as separate assets, as appropriate, only when it is probable that the future economic benefits associated with expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to Statement of Profit and Loss at the time of incurrence.

The Company has adopted Cost Model as per Ind-AS 16 "Property Plant and Equipment" and Property, Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

C. Depreciation /Amortization

a) Depreciation is provided on straight-line method over the useful life of the Property, Plant and Equipment as prescribed in the Schedule II of the Companies Act 2013 (except as otherwise stated), keeping a residual value of 5% of the original cost. Useful lives of Property, Plant & Equipment are reviewed by the management at each year end.

b) In the case where life of the Plant, Property and Equipment has not been prescribed under Schedule II of the Companies Act, 2013 the same have been determined by technically qualified persons and approved by the Board of Directors, keeping a residual value of 5% of the original cost as stated hereunder:

1. Rotables:

Aircraft Rotables are depreciated over the residual average useful life of the related 'aircraft fleet' from the relevant year of purchase.

2. Ground Support Equipment (GSE):

Depreciation on Ground Support Equipment specific to leased ATR aircraft is provided based on the completed aircraft lease months over the total aircraft lease months from the date of use.

c) Major scheduled overhaul costs relating to engine and airframe are identified as separate components are depreciated over the expected lives between major overhauls.

d) Cost incurred on major modifications/refurbishment on modernization/ conversion carried to be depreciated over the useful life.

e) Depreciation is calculated on a pro-rata basis for assets purchased/sold during the period.

Depreciation has been charged based on the following useful lives:

Particulars of Assets	Useful Lives
Plant & Equipment	5 Years
Furniture & Fixtures	10 years
Vehicle	8 Years
Data Processing Equipment's	3 Years
Ground Support Equipment's (ATR)	(As per above mentioned policy at **II C b (2.))**
Medical Equipment's	15 Years
Airframe Rotables	Based on Lease Period
Aero Engine Rotables	Based on Lease Period

D. Derecognition:

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of property, plant and equipment (calculated as the difference between the net disposal proceeds/ fair value and the carrying amount of property, plant and equipment) is included in the Statement of Profit and Loss when property, plant and equipment is derecognized. The carrying amount of any component accounted as a separate component is derecognized, when replaced or when the property, plant and equipment to which the component relates gets derecognized.

E. Physical Verification of Assets:

Physical Verification of Assets is done on a rotational basis so that every asset is verified in every two years. Based on the Physical Verification Report, the discrepancies observed, if any, are reconciled with records and accordingly, accounting action, if any, is taken in the books of accounts.

III. Non- Current Assets held for Sale

Assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale in its present condition rather than through continuing use. The net book value of such assets, are transferred from the block of fixed assets to “Assets held for Sale” at lower of the “carrying value” or “Fair Value less cost to sell”. No depreciation is provided, once the asset is transferred to Assets Held for Sale.

An Impairment Loss is recognized for any initial or subsequent write-down of the asset to fair value less cost to sell. A gain is recognized for any subsequent increases in fair value less cost to sell of an asset, but not in excess of any cumulative impairment loss previously recognized.

IV. Intangible Assets

A. Initial Recognition and measurement:

Intangible assets are acquired and recognized only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of assets can be measured reliably.

Intangible assets are recorded at cost of acquisition including incidental costs related to acquisition and installation.

Cost of an intangible assets includes its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and any directly attributable cost of preparing the asset for its intended use.

Intangible assets acquired by the Company, which have finite useful lives, are recognized at cost. Subsequent measurement is done at cost less accumulated amortization and accumulated impairment losses.

B. Subsequent recognition and measurement

Subsequent costs are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure on intangible assets is recognized in the Statement of Profit and Loss, as incurred.

C. Amortization

Intangible assets which have finite useful lives are amortized on straight- line method over a period of legal right to use as per the contract period.

The amortization period and the amortization method of intangible assets with a finite useful life is reviewed at each Financial Year end and adjusted prospectively, wherever required.

An intangible asset having an infinite useful life is not amortized as per paragraph 107 of Ind-AS 38, however, these assets are reviewed for impairment periodically by management and the impairment is carried out, if necessary.

The Residual Value of Intangible Asset with Finite Useful Life is considered as zero.

Intangible assets with finite useful life are evaluated for recoverability annually and whenever there is any indication that their carrying amounts may not be recoverable. The excess of carrying amount over its recoverable amount is recognized as an impairment loss.

D. Derecognition

An Intangible Asset shall be derecognized:

a) On disposal; or

b) when no future economic benefits are expected from its use or disposal.

Gain or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

V. Leases

The Company has applied following practical expedient for calculation of Lease Liability-

Use of single average discount rate to portfolio of leases of similar assets in similar economic environment with similar conditions for end date.

A. As lessee:

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

- The contact involves the use of an identified asset, and;
- The Company has substantially all of the economic benefits from use of the asset through the period of the lease, and;
- The Company has the right to direct the use of the asset.

1) Right of Use Assets:

a) Initial Recognition and Measurement:

At the commencement date, the rights of use assets (ROU Assets) are measured at cost. The cost includes-

a) An amount equal to the lease liabilities
b) Any lease payments made before commencement date
c) Any Indirect cost
d) An Estimate of cost to be incurred in respect of Re-delivery obligations
e) Less, any incentives received from the Equipment manufacturer in the terms of lease.

b) Subsequent Measurement:

After the commencement date, the ROU Assets are measured in accordance with the accounting policy for Property, Plant and Equipment, i.e., ROU are measured at cost, less accumulated depreciation and accumulated impairment losses.

ROU Assets are also correspondingly adjusted to reflect any re-measurement impact in the lease liabilities on account of lease modifications.

ROU Assets will be subject to impairment as per Policy stated in clause no. VII.

2) Lease Liabilities:

a) Initial Recognition and Measurement:

At the commencement date the Company measures lease liabilities at the present value of lease payments that are not paid at that date. The lease liabilities include –

a) Lease Rentals

b) Payment of Penalties for termination of lease if lease term reflects the Company exercising the option to terminate

c) Less, any incentives receivable

The lease payments are discounted using interest rate implicit in the lease, if that are readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

Incremental Borrowing Rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU Assets in a similar economic environment.

b) Subsequent Measurement:

After the commencement date the amount of lease liabilities is increased to reflect the accretion of interest and reduced by the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is lease modification, including lease modification in the lease term, lease payment or assessment of an option to purchase the underlying asset. The lease liabilities are re-measured by discounting the revised lease payments using revised discount rate at the effective date of modification.

3) Lease Term:

At the commencement date, the Company determines the lease term which represents non-cancellable period of initial lease for which the asset is expected to be used, together with the periods covered by an option to extend and terminate the lease, if Company is reasonably certain at commencement date to exercise the extension or termination option.

4) Depreciation:

Depreciation on assets held as ROU is charged to Statement of Profit and loss on straight line basis from the commencement date to the earliest of the end of useful life of the ROU Asset or end of lease term.

5) Other Leases:

Lease payments associated with any other leases which 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.

6) Provision for Re-delivery

The Company has in its fleet, aircraft on lease. As contractually agreed under the lease contracts, the aircraft have to be redelivered to the lessors at the end of the lease term under stipulated contractual return conditions. At inception of the lease, the redelivery obligations are determined by management based on historical trends and data, and are capitalized to the Right of Use Asset at the present value of expected outflow, where effect of the time value of money is material and credited to Provision for Re-delivery under liabilities.

7) Manufacturer's Credit (Cash & Non-Cash Incentives):

Manufacturer Credit means cash incentives & non-cash-based incentives in the form of any rebates, discounts, incentive payments, and other credits which are provided by OEM (Original Equipment Manufacturer) and subsequently passed on to the customer by the Lessor at the time of Lease Agreement.

Cash incentives:

The Company receives incentives from OEM (Original Equipment Manufacturer) or the Lessor in connection with acquisition of aircraft under lease. These incentives are recorded as reduction to the carrying amount of Right to Use Assets at the commencement of lease of the respective aircraft or aircraft components.

Non-Cash Incentives:

Non-cash incentives are recorded as and when due to the Company by setting up a deferred asset and a corresponding deferred incentive. These incentives are recorded as a reduction to the cost of related aircraft and aircraft components in case of owned aircrafts. In case of aircrafts held under leases, the incentives are recorded as reduction to the carrying amount of right to use assets at the commencement of lease of the respective aircraft or aircraft components taken on lease.

VI. Inventories:

A. Inventory

1.) Inventories primarily consist of stores and spares and loose tools (other than those which meet the criteria of property, plant and equipment).

2.) Expendable / consumables are charged off in case of initial issue, except issued for capital works which are expensed off when the work order is closed on the completion of repair work.

B. Valuation of Inventories

1) Inventories primarily include stores, spares and loose tools. The same are valued at lower of cost and Net Realizable Value ('NRV').

2) Cost of inventories comprise all costs of purchase after deducting non-refundable rebates and discounts and all other costs incurred in bringing the inventories to their present location and condition and is determined on weighted average basis.

3) At the year end, Freight Duty & Insurance is expensed off on the basis of the ratio of closing inventory to Consumption of Inventory during the year. Unallocated custom duty paid on aircraft spares is shown under Inventory.

C. Diminution in value of inventories

1.) Obsolescence provision for aircraft stores and spare parts:

i. Provision is made for the non-moving inventory exceeding a period of five years (net realizable value of 5%) except for (ii) & (iii) below and netted off from the value of inventory.

ii. Inventory of Aircraft Fleet which is phased out, is shown at estimated realizable value unless the same can be used in other Aircraft.

iii. Provision in respect of inventories exclusively relating to aircraft on dry / wet lease, is made on the basis of the completed lease period compared to the total lease period as at the year-end.

2.) Full Obsolescence Provision for non-aircraft stores and spares is made for non-moving inventory exceeding a period of five years.

3.) Spares retrieved from the cannibalization of the scrapped aircraft are accounted for at Rupee One.

VII. Impairment of Non-Financial Assets:

The Company assesses at each Balance Sheet date whether there is any indication that carrying amount of its non-financial asset has been impaired. If any such indication exists, the provision for impairment is made in accordance with Ind AS-36 by estimating the "recoverable Amount" of the asset.

Impairment Testing:

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Recognition of Impairment Loss:

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the Statement of Profit and Loss.

Reversal of Impairment Loss:

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

A reversal of an impairment loss for an asset shall be recognized immediately to statement of profit and loss.

VIII. Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Government grants shall be recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses, the related costs for which the grants are intended to compensate.

Government grants that become receivable as compensation for expenses or losses incurred in a previous period are recognized in profit or loss of the period in which it becomes receivable.

Government grants related to assets are presented in the balance sheet as deferred income and are recognized in profit or loss on a systematic basis over the expected useful life of the related assets.

IX. Revenue Recognition

A. Revenue from Operation:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Under Ind AS 115, Revenue is recognized upon transfer of control of promised goods or services to customers. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, incentives, amounts collected on behalf of third parties, or other similar items if any as specified in the contracts with the customers.

B. Revenue from different sources is recognized as under:

a) Passenger, Cargo and Mail Revenue

Passenger, Cargo and Mail Revenue are recognized at initial stage when transportation service is provided on flown basis net of discounts given to the passengers, amount collected on behalf of third parties, applicable taxes and airport levies such as passenger service fee, user development fee, etc., if any.

b) Blocked Space arrangements/Code share

Blocked Space arrangements/Code share revenue/expenditure is recognized on an actual basis, based on uplift data received from the code share partners. Wherever details from code share partners are not available, revenue/expenditure is booked to the extent of documents/information received, and adjustments, if any, required are carried out at the time of availability of such information.

c) Viability Gap Funding (VGF) and Regional Connectivity Scheme (RCS)

Viability Gap Funding (VGF) and Regional Connectivity Scheme (RCS) are accounted for on the basis of difference between revenue and cost of operations on accrual basis and the same is treated as Operating Income.

d) Other Operating Revenue

Other Operating Revenue is recognized when goods are delivered or services are rendered.

e) Other Revenue:

i.) Income from Interest is recognized using the effective interest method on a time proportion basis. Income from Rentals is recognized on a time proportion basis.

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

iii.) Warranty claims/ credit notes received from vendors are recognized on acceptance of claim/receipt of credit note.

iv.) Other Items:

Scrap sales, reimbursement from employees availing medical, educational and other leave without pay, claims of interest from suppliers, other staff claims and lost baggage claims, are recognized on cash basis.

X. Borrowing Cost:

- Borrowing cost that are directly attributable to acquisition, construction of qualifying assets including capital work–in-progress are capitalized, as part of the cost of assets, up to the date for its intended use or sale.
- A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use.
- Interest incurred on borrowed funds or other temporary borrowings in anticipation of the receipt of long-term borrowings that are used for acquisition of qualifying assets exceeding the value of Rs. 10.0 million is capitalized at the weighted average borrowing rate on loans outstanding at the time of acquisition.
- Other borrowing costs are recognized as an expense in the period in which they are incurred. Borrowing cost includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

XI. Functional Currency and Presentation Currency:

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("The Functional Currency"). The Financial Statements are presented in Indian Rupee (INR), which is the Company's functional and presentation currency.

XII. Foreign Currency Transactions and Translations:

a) Foreign Currency Monetary Items

   i) Foreign currency Revenue and Expenditure transactions relating to Foreign Stations are recorded at established monthly rates (based on published IATA rates). Interline settlement with Airlines for transportation is carried out at the exchange rate published by IATA for respective month.

   ii) Foreign currency monetary items are translated using the exchange rate circulated by Foreign Exchange Dealers Association of India (FEDAI). Gains/(losses) arising on account of realization/settlement of foreign exchange transactions and on translation of monetary foreign currency assets and liabilities are recognized in the Statement of Profit and Loss.

b) Exchange variation is not considered at the year-end in respect of Debts and Loans & Advances for which doubtful provision exists since they are not expected to be realized.

XIII. Employee Benefits:

A. Short-term employee benefits

Employee benefit liabilities such as salaries, wages and bonus, etc. that are expected to be settled wholly within twelve months after the end of the reporting period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at an undiscounted amount expected to be paid when the liabilities are settled.

B. Post-employment benefit plans

The Retirement Benefits to the employees comprise of Defined Contribution Plans and Defined Benefit Plans.

a) **Defined Contribution Plan** is a post employee benefit plan under which an entity pays fixed contribution into separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Obligations for contributions to defined contribution plans are recognized as an Employee Benefit Expense in statement of profit and loss in the period during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

b) **Defined Benefit Plan is a post employee benefit plan other than defined contribution plan.**

The Company's liability towards Gratuity and provident fund scheme to the extent of interest liability on provident fund contribution are in the nature of defined benefit plan.

The Company pays fixed contribution to the provident fund at predetermined rate to a separate trust, which invests the fund in permitted securities. The contributions to the fund for the year are recognized as expense and are charged to statement of profit and loss. The obligation of the Company is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by Government of India.

The Company has an obligation towards Gratuity. The plan provides for a lumpsum payment to vested employee at the time of retirement, death while in employment or on termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Gratuity plan of the Company is unfunded.

c) **Other Long-Term Employee Benefits**: Benefits in the form of Leave Encashment are accounted as other long-term employee benefits. The Company's net obligation in respect of Leave Encashment is the amount of benefit to be settled in future, that employees have earned in return for their service in the current and previous years. The benefit is discounted to determine its present value. The obligation is measured on the basis of an actuarial valuation using the projected unit credit method. Re-measurement are recognized in Statement of Profit and Loss in the period in which they arise.

XIV. Income tax

Income tax expense comprises current and deferred tax. Current tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in OCI or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

Deferred tax is recognized in profit or loss except to the extent that it relates to items recognized directly in OCI or equity, in which case it is recognized in OCI or equity.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

XV. Provisions, Contingent Liabilities & Contingent Assets:

a) Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. The expense relating to a provision is presented in the statement of profit and loss.

b) Contingent liabilities are disclosed by way of a note in respect of possible obligations that may arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

c) Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent Assets are disclosed where an inflow of economic benefits is probable.

Changes in Provision:

Provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

When discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized as Finance Cost.

XVI. Cash and Cash Equivalents:

Cash and cash equivalents consist of cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

XVII. Earnings per Share:

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

XVIII. Fair Value Measurement:

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to/ by the Company.

XIX. Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A. Financial Assets

(i) Classification

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through Statement of Profit and Loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

(ii) Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Statement of Profit and Loss, transaction costs that are an attributable to the acquisition of the financial asset.

(iii) Subsequent measurement

For purposes of subsequent measurement financial assets are classified in below categories:

a. Financial assets carried at amortized cost

A financial asset other than derivatives and specific investments, is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b. Financial assets at fair value through other comprehensive income

A financial asset comprising specific investment is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

c. **Financial assets at fair value through Statement of Profit and Loss**

A financial asset comprising derivatives which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) De-recognition

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Any gain or loss on derecognition is recognized in the Statement of Profit and Loss

(v) Impairment of other financial assets

The Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss on the financial assets that are trade receivables or contract revenue receivables and all lease receivables etc.

For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition, in which case those financial assets are measured at lifetime ECL. The changes (incremental or reversal) in loss allowance computed using ECL model, are recognized as an impairment gain or loss in the Statement of Profit and Loss.

(vi) Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the counter party does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off, could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

C. Financial Liabilities

(i) Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

(ii) Classification

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through Statement of Profit and Loss. Such liabilities, including derivatives shall be subsequently measured at fair value and net gains and losses, including any interest expense, are recognized in the Statement of Profit and Loss.

A financial liability is classified as FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition.

(iii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below.

a.) Financial liabilities at amortized cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in The Statement of Profit and Loss.

b.) Financial liabilities at fair value through Statement of Profit and Loss

Financial liabilities at fair value through Statement of Profit and Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through Statement of Profit and Loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category comprises derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

(iv) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in the Statement of Profit and Loss.

(v) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

XX. Materiality Threshold Limits:

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

Threshold Items	Unit	Threshold Value
Prior Period Expenditure/Revenue		
- Identification based on Individual limits	Million	15
- Restatement based on overall limit	Million	1% of Turnover of Previous Year
Prepaid Expense	Million	0.010
Foreign Stations	Million	0.050
Domestic Stations	Million	0.010
Contingent Liability & Capital Commitments	Million	0.10
Fair Valuation of Financial Instruments	Million	5.0

As per our Separate report of even date

For and on behalf of the Board of Directors of
Alliance Air Aviation Limited

For S.K. Kapoor & Co.
Chartered Accountants
Firm Registration Number: 000745C

Sd/-
Satyendra Kumar Mishra
Chairman
DIN: 07728790

Sd/-
Brajesh Kumar Srivastava
Director
DIN: 09835338

Sd/-
V.B. Singh
(Partner)
ICAI Membership Number.: 073124
UDIN: 23073124BGYRAD2978

Sd/-
Vineet Sood
Chief Executive Officer

Sd/-
Ambar Kumar Mondal
Chief Financial Officer

Sd/-
Shilpa Bhatia
Company Secretary
Membership No. ACS 49386

Place: New Delhi
Date: 14 June, 2023

NOTE 2(a) : PLANT, PROPERTY & EQUIPMENT FY 2022-23

(Amount in Rs. Million)

Particulars of Assets	Useful life as per schedule II	Gross block as on 31.03.2022	Additions during 2022-23	Sold/ discarded during 2022-23	Gross block as on 31.03.2023	Accumulated Dep. up to 01.04.2022	Depreciation for the year 2022-23	Adjustment made during the year	Cumulative Depreciation as on 31.03.2023	Net block as on 31.03.2023	Net block as on 31.03.2022
		A	B	C	D	E	F	G	H	I	J
PLANT & EQUIPMENT	5 Years	11.58	1.33	0.00	12.91	7.78	1.98	0.00	9.76	3.15	3.80
FURNITURE & FIXTURES	10 years	7.95	2.89	0.00	10.84	3.73	0.84	0.00	4.57	6.27	4.22
VEHICLE	8 Years	2.57	1.14	0.00	3.71	1.54	0.63	0.00	2.18	1.53	1.03
DATA PROCESSING EQUIPMENT	3 Years	23.77	9.43	0.00	33.20	19.69	3.72	0.00	23.40	9.80	4.08
GROUND SUPPORT EQUIPMENT(ATR)	(as per policy)	5.36	0.00	0.00	5.36	5.36	0.00	0.00	5.36	0.00	0.01
AIRFRAME ROTABLES	Based on Lease Period	184.04	94.24	0.00	278.28	124.66	12.76	0.00	137.42	140.86	59.38
AERO ENGINE ROTABLES	Based on Lease Period	148.25	87.53	0.00	235.78	12.96	18.57	0.00	31.52	204.26	135.30
Total as on 31.03.2023		**383.52**	**196.56**	**0.00**	**580.08**	**175.72**	**38.50**	**0.00**	**214.22**	**365.86**	**207.80**

(Amount in Rs. Million)

	Gross block as on 31.03.2021	Additions during 2021-22	Sold/ discarded during 2021-22	Gross block as on 31.03.2022	Accumulated dep. up to 01.04.2021	Depreciation for the year 2021-22	Adjustment made during the year*	Cumulative depreciation as on 31.03.2022	Net block as on 31.03.2022	Net block as on 31.03.2021
	A	B	C	D	E	F	G	H	I	J
Total as on 31.03.2022	**377.24**	**10.04**	**3.76**	**383.52**	**151.30**	**27.98**	**3.58**	**175.70**	**207.80**	**225.94**

NOTE NO 2(b) : Right of use Asset

(Amount in Rs. Million)

Particulars of Assets	Useful Life as per Schedule II	As at 01.04.2022	Additions during 2022-23	Sold/ discarded during 2022-23	Adjustments during 2022-23	Gross block as on 31.03.2023	Accumulated dep. as at 01.04.2022 on account of adoptionof ind as 116	Depreciation for the year 2022-23	Cumulative depreciation as on 31.03.2023	Net carrying value as on 31.03.2023
		a	B	C	D	E	F	G	H	I
ROU ASSET	Based on Lease Period	26704.20	3068.60	0.00	0.00	29772.80	7030.35	2571.39	9601.74	20171.06
Total as on 31.03.2023		**26704.20**	**3068.60**	**0.00**	**0.00**	**29772.80**	**7030.35**	**2571.39**	**9601.74**	**20171.06**

(Amount in Rs. Million)

	As at 01.04.2021	Additions during 2021-22	Sold/ discarded during 2021-22	Gross block as on 31.03.2022	Accumulated dep. as at 01.04.2021	Depreciation for the year 2021-22	Adjustment made during the year*	Cumulative depreciation as on 31.03.2022	Net carrying value as on 31.03.2022
	A	B	C	D	E	F	G	H	I
Total as on 31.03.2022	**26704.20**	**0.00**	**0.00**	**26704.20**	**4648.50**	**2381.84**	**-**	**7030.35**	**19673.85**

NOTE NO 2(c) : Intangible Assets

(Amount in Rs. Million)

Particulars of Assets	Useful life as per schedule II	Gross block as on 31.03.2022	Additions during 2022-23	Sold/ discarded during 2022-23	Gross block as on 31.03.2023	Accumulated dep. up to 01.04.2022	Depreciation for the year 2022-23	Adjustment made during the year*	Cumulative depreciation as on 31.03.2023	Net block as on 31.03.2023	Net block as on 31.03.2022
		a	B	C	D	E	F	G	H	I	J
INTANGIBLE ASSETS - TRADEMARK	Infinite	2.54	0.00	0.00	2.54	0.00	0.00	0.00	0.00	2.54	2.54
INTANGIBLE ASSETS - COMPUTER SOFTWARE	As per Contract	23.55	64.08	0.00	87.63	0.29	7.88	0.00	8.17	79.46	23.26
Total as on 31.03.2023		**26.09**	**64.08**	**0.00**	**90.17**	**0.29**	**7.88**	**0.00**	**8.17**	**82.00**	**25.80**

Amount in Rs. Million

	Gross block as on 31.03.2021	Additions during 2021-22	Sold/ discarded during 2021-22	Gross block as on 31.03.2022	Accumulated dep. up to 01.04.2021	Depreciation for the year 2021-22	Adjustment made during the year*	Cumulative depreciation as on 31.03.2022	Net block as on 31.03.2022	Net block as on 31.03.2021
	A	B	C	D	E	F	G	H	I	J
Total as on 31.03.2022	**0.00**	**26.09**	**0.00**	**26.09**	**0.00**	**0.29**	**0.00**	**0.29**	**25.80**	**0.00**

NOTE NO.- 3

OTHER FINANCIAL ASSETS	As at 31st March, 2023 (In Rs. Million)	As at 31st March, 2022 (In Rs. Million)
Unsecured Considered Good		
Security Deposits (Maturity more than 12 months)	1,038.80	847.65
Unsecured Considered Doubtful		
Advance to Suppliers	9.06	29.30
Less: Impairment Allowances to Doubtful Debts	(9.06)	(29.30)
Total	**1,038.80**	**847.65**

NOTE NO.- 4

INCOME TAX ASSETS (NET)	As at 31st March, 2023 (In Rs. Million)	As at 31st March, 2022 (In Rs. Million)
Advance Payment of Income Tax including TDS	612.79	387.72
Less: Provision for Taxation	-	-
Total	**612.79**	**387.72**

NOTE NO.- 5

OTHER NON CURRENT ASSETS	As at 31st March, 2023 (In Rs. Million)	As at 31st March, 2022 (In Rs. Million)
Advances other than Capital Advances		
Security Deposits (Maintenance Reserve Pot)	4,883.25	3,401.42
GST Input Tax Recoverable	1,221.94	1,033.52
Total	**6,105.19**	**4,434.94**

NOTE NO.- 6

INVENTORIES	As at 31st March, 2023 (In Rs. Million)	As at 31st March, 2022 (In Rs. Million)
Stores and Spare Parts *	608.52	491.37
Loose Tools *	14.07	8.01
Goods in Transit	-	-
Less: Provision for Obsolescence & Shortages	(281.17)	(214.70)
Total	**341.43**	**284.68**

* For valuation refer Significant Accounting Policy clause 3(VI)(B)

NOTE NO.- 7

TRADE RECEIVABLES	As at 31st March, 2023 (In Rs. Million)	As at 31st March, 2022 (In Rs. Million)
Secured Trade Receivables	-	-
Unsecured Trade Receivables		
Trade Receivables Considered good	1,007.45	805.13
Trade Receivable which have significant increase in Credit Risk	-	-
Trade Receivable- Credit Impaired	25.27	25.27
Less: Impairment Allowance for doubtful receivables	(25.27)	(25.27)
Total	**1,007.45**	**805.13**

(In Rs. Million)

Trade Receivables ageing schedule						Current Year
Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	TOTAL
(i) Undisputed Trade receivables – considered good	557.89	65.14	59.95	27.43	297.04	1,007.45
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	0.02	-	-	25.25	25.27
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

(In Rs. Million)

Trade Receivables ageing schedule						Previous Year
Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	TOTAL
(i) Undisputed Trade receivables – considered good	464.62	4.15	39.31	3.01	294.04	805.13
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	0.02	-	-	25.25	25.27
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

NOTE NO.- 8

CASH AND CASH EQUIVALENTS	As at 31st March, 2023 (In Rs. Million)	As at 31st March, 2022 (In Rs. Million)
Balance with Banks		
In Current Accounts	149.53	145.04
In Bank Deposits (Maturity less than 3 Months)	-	-
Cash in hand	0.02	-
Total	**149.55**	**145.04**

NOTE NO.- 9

BANK BALANCES OTHER THAN CASH & CASH EQUIVALENTS	As at 31st March, 2023 (In Rs. Million)	As at 31st March, 2022 (In Rs. Million)
Balance with Banks		
Bank balance in Current Account*	12.00	12.00
In Margin Money Deposits (3 < Maturity < 12)**	789.31	855.90
Total	**801.31**	**867.90**

* The Bank Balance in IOB amounting Rs. 12 million has been marked Lien/Hold U/S 226(3) of Income Tax Act. 1961

** These deposits are under lien to banks as security for availing various non-fund based lines of credit and it includes 10% margin money and accured interest thereon.

NOTE NO.- 10

Other Financial Assets	As at 31st March, 2023 (In Rs. Million)	As at 31st March, 2022 (In Rs. Million)
Unsecured Considered Good		
Advances to Suppliers	76.09	108.80
Advances to Staff	0.23	0.10
Unsecured Considered Doubtful		
Advances to Staff	5.45	5.45
Less: Allowance for Doubtful Staff Advances	(5.45)	(5.45)
Total	**76.32**	**108.90**

NOTE NO.- 11

Other Current Assets	As at 31st March, 2023 (In Rs. Million)	As at 31st March, 2022 (In Rs. Million)
Advance other than Capital advances		
(a) Security Deposits		
Deposit with Authorities	0.11	0.11
Deposits with High Court	222.38	222.38
Less: Provision for Doubtful Deposit	(222.38)	(222.38)
(b) Advances to Related Parties		
Receivable from Related Parties	4.21	3.33
(c) Other Advances		
Prepaid Expenses	160.53	130.51
Receivable from Others	341.42	126.98
Total	**506.27**	**260.93**

NOTE NO.- 12

EQUITY SHARE CAPITAL	As at 31st March, 2023 (In Rs. Million)	As at 31st March, 2022 (In Rs. Million)
Authorised Share Capital	-	-
200,000,000 Equity Shares of Rs.100/- each	20,000	20,000
(Previous Year 200,000,000 Equity Shares of Rs. 100/- each)		
	20,000	**20,000**

EQUITY SHARE CAPITAL	As at 31st March, 2023 (In Rs. Million)	As at 31st March, 2022 (In Rs. Million)
Issued, Subscribed & fully Paid up Share Capital	-	-
402,25,000 Equity Shares of Rs.100/- each, fully paid-up	4,022.50	4,022.50
(Previous Year 402,25,000 Equity Shares of Rs. 100/- each)	-	-
	4,022.50	**4,022.50**

12 (a) Reconciliation of no. of shares	As at 31st March, 2023 No. of Shares	As at 31st March, 2022 No. of Shares
No. of equity shares at the beginning of year	**40,225,000**	40,225,000
Add: No. of equity shares issued	-	-
Less: No. of equity shares redeemed	-	-
No. of equity shares at the closing of the year	**40,225,000**	**40,225,000**

12 (b) Equity Shares: Terms and Conditions/Rights attached for Equity Shares

The Company has only one class of equity shares having a par value of Rs. 100 per share. Each shareholder is eligible for one vote per share held. There is no restriction of payment of dividend. In the liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts proportionate of their shareholding.

12 (c) Equity Shares held by its Holding Company

402,25,000 Equity Shares (Previous Year 4,02,25,000 equity shares) are held by AI Assets Holding Limited, the Holding Company.

12 (d) Details of shareholder holding more than 5% of Equity Shares:

Name of Shareholder	As at 31st March, 2023 (In Rs. Million)	As at 31st March, 2022 (In Rs. Million)
AI Assets Holding Limited (Holding Company)		
Equity Shares	**40,225,000**	**40,225,000**
Total No. of shares	**40,225,000**	**40,225,000**
Percentage of Holding	100%	100%

12 (e) Shares held by promoters		
Nil share are being held by promoters	-	-

NOTE NO.-13

OTHER EQUITY	As at 31st March, 2023 (In Rs. Million)	As at 31st March, 2022 (In Rs. Million)
1. Surplus /(Deficit) in statement of profit & loss		
Opening balance	(35,016.89)	(30,539.26)
Add: Profit / (Loss) for the year	(5,665.73)	(4,477.63)
Closing balance	**(40,682.63)**	**(35,016.89)**

OTHER EQUITY	As at 31st March, 2023	As at 31st March, 2022
	(In Rs. Million)	(In Rs. Million)
2. Other Comprehensive Income		
Opening Balance	8.88	5.16
Add: For the year	8.01	3.71
Closing Balance	**16.89**	**8.87**
Total	**(40,665.74)**	**(35,008.02)**

NOTE NO.- 14

LEASE LIABILITIES	As at 31st March, 2023	As at 31st March, 2022
	(In Rs. Million)	(In Rs. Million)
Lease Liabilities	24,636.26	22,465.24
Less: Current Portion of lease liability (Disclosed as Current Liability in Note 17)	(3,252.68)	(2,608.93)
Non current lease liabilities	21,383.58	19,856.31
TOTAL	**21,383.58**	**19,856.31**

NOTE NO.- 15

PROVISIONS	As at 31st March, 2023	As at 31st March, 2022
	(In Rs. Million)	(In Rs. Million)
Provisions for Employee Benefits		
Provision for Gratuity	80.62	74.67
Less : Current Portion of Gratuity (Disclosed under Note No. 20)	(3.44)	(2.77)
Provision for Leave Enchashment	37.16	35.35
Less : Current Portion of Leave Encashment (Disclosed under Note No. 20)	(1.77)	(1.57)
Other Provisions		
Provision for Re-delivery of Aircraft	681.33	571.65
TOTAL	**793.90**	**677.33**

NOTE NO.-16

CURRENT BORROWINGS	As at 31st March, 2023	As at 31st March, 2022
	(In Rs. Million)	(In Rs. Million)
Loans From Related Parties (Unsecured)		
Due to AI Assets Holding Limited (Holding Company from 25.01.2022)	23,995.78	23,345.28
(Interest @ 9 % has been charged on the Avg. Balance outstanding by AIAHL.)		
Due to AI Assets Holding Limited	562.50	562.50
(The amount of Rs. 562.50 million has been received for renewal of SBLCs in the year 2021-22, on which interest is being provided @1% p.a as per the Board approval of AIAHL. Pending terms and condition of repayment, this advance has been accounted as short term borrowing)		
TOTAL	**24,558.28**	**23,907.78**

NOTE NO.-17

LEASE LIABILITIES	**As at 31st March, 2023 (In Rs. Million)**	**As at 31st March, 2022 (In Rs. Million)**
Current Portion of lease liability **(Refer Note No. 14)**	3,252.68	2,608.93
TOTAL	**3,252.68**	**2,608.93**

NOTE NO.-18

TRADE PAYABLES	**As at 31st March, 2023 (In Rs. Million)**	**As at 31st March, 2022 (In Rs. Million)**
a.) Total outstanding dues of Micro Enterprises and Small Enterprises	-	2.41
b.) Total outstanding dues of Creditor other than Micro Enterprises and Small Enterprises		
- Provision for Expenses	3,131.58	1,276.03
- Vendors in India	9,010.03	6,469.02
- Vendors Outside India	942.68	794.32
- Payable to Related Parties	3,169.96	2,236.42
- Supplier-RAMCO*	111.77	324.77
- Airport Taxes	79.67	-
TOTAL	**16,445.69**	**11,102.97**

*The reconciliation and matching of Supplier- Ramco Ledgers by relating GRN and PO is under process.

(In Rs. Million)

Particulars	**Current Year**				
	Outstanding for following periods from due date of payment				
	Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) MSME	-	-	-	-	**-**
(ii) Others	2227.39	6784.07	2715.73	4718.5	16445.69
(iii) Disputed dues - MSME	-	-	-	-	**-**
(iv) Disputed dues - Others	-	-	-	-	**-**
TOTAL	**2227.39**	**6784.07**	**2715.73**	**4718.50**	**16445.69**

Particulars	**Outstanding for following periods from due date of payment**				
	Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) MSME	2.41	-	-	-	2.41
(ii) Others	5786.52	797.42	2400.87	2115.75	11100.56
(iii) Disputed dues — MSME	-	-	-	-	**-**
(iv) Disputed dues - Others	-	-	-	-	**-**
TOTAL	**5788.93**	**797.42**	**2400.87**	**2115.75**	**11102.97**

NOTE NO.- 19

OTHER CURRENT FINANCIAL LIABILITIES	As at 31st March, 2023 (In Rs. Million)	As at 31st March, 2022 (In Rs. Million)
Earnest Money Deposit	2.01	2.02
Security Deposits	311.44	310.05
Others	101.66	233.76
TOTAL	**415.11**	**545.83**

NOTE NO.- 20

CURRENT PROVISIONS	As at 31st March, 2023 (In Rs. Million)	As at 31st March, 2022 (In Rs. Million)
Provision for Gratuity Liability	3.44	2.77
Current Portion of Gratuity (Disclosed under Note No. 15 above)		
Provision for Leave Enchashment	1.77	1.57
Current Portion of Leave Encashment (Disclosed under Note No. 15)		
TOTAL	**5.21**	**4.34**

NOTE NO.- 21

OTHER CURRENT LIABILITIES	As at 31st March, 2023 (In Rs. Million)	As at 31st March, 2022 (In Rs. Million)
Advance from Agents &Customer	204.04	2.43
Forward Sales	253.38	-
Statutory dues Payable		
- TDS on GST payable	0.95	1.64
- TDS payable as per Income Tax	533.85	258.85
- GST Payable	19.27	33.79
- Provident Fund Payable	4.11	4.30
- Service Tax Payable*	31.13	31.13
- Others-Pro. Tax	0.08	0.24
TOTAL	**1,046.81**	**332.38**

* This amount pertains to M/s Gati however the matter is sub-judice

NOTE NO.- 22

Revenue From Operations	2022-2023 In Rs. Million	2021-2022 In Rs. Million
1. Operational Revenue		
From Sale of Services		
i) Scheduled Traffic Services		
a) Passenger	6,517.90	4,193.48
b) Excess Baggage	9.99	67.80
c) Mail	0.99	3.72
d) Cargo	12.55	18.90
	6,541.43	4,283.90
ii) Non-Schedule Traffic Services		
a) Charter	99.14	20.72
b) Subsidy for Operation from Government	3,659.93	2,842.10
	3,759.07	2,862.82
iii) Other Operating Revenue		
Handling Servicing and Incidental Revenue	683.68	28.57
	683.68	28.57
TOTAL	**10,984.18**	**7,175.29**

NOTE NO.- 23

Other Income	2022-2023	2021-2022
	(In Rs. Million)	(In Rs. Million)
1. Interest on Fixed Deposit	45.22	42.04
2. Interest on Income Tax Refund	-	23.61
3. Others	20.19	
- Provisions No Longer Required Written Back	-	0.16
TOTAL	**65.41**	**65.81**

NOTE NO- 24

	Other Operating Expenses	2022-2023	2021-2022
		In Rs. Million	In Rs. Million
i)	Aircraft Lease, Handling & Maintenance Charges		
	Lease of Aircraft Engine	-	3.45
	Handling	519.70	349.08
	Maintenance	1,961.17	1,790.95
		2,480.87	2,143.48
ii)	Navigation, Landing, Housing & Parking		
	Landing Fees - Scheduled & Other Ops	28.11	16.76
	Housing & Parking Fees	17.22	13.17
	Flight Comm & Navigation Charges	291.27	170.50
		336.59	200.43
iii)	Other Communication Charges		
	Expenses on Reservation System	80.47	268.53
	Postage Telegram & Courier Charges	0.06	0.09
	Telephone & Trunk Call Charges	1.93	1.20
		82.46	269.82
iv)	Passenger Amenities		
	Pax Amenities - Catering On Ground	1.34	2.40
	Pax Amenities - Catering On Board	97.11	53.63
	Pax Amenities - Hotel Expenses	0.41	1.17
	Pax. Call Center Charges	6.88	19.16
	Pax Amenities - News Paper & Magazines	-	0.02
		105.74	76.38
v)	Insurance		
	Insurance - Aircraft	146.71	101.87
	Insurance General	0.09	0.01
		146.80	101.88
vi)	Inventory Consumption		
	Material Consumed-Aircraft	273.08	165.46
	Provision for Obsolescence (Net)	66.47	34.83
		339.55	200.29
vii)	Booking Agency Commission (Net)		
	Commission on Ticket sale	250.52	44.73
		250.52	44.73
	TOTAL	**3,742.54**	**3,037.01**

NOTE NO.- 25

	EMPLOYEE BENEFIT EXPENSES	2022-2023	2021-2022
		(In Rs. Million)	(In Rs. Million)
	1. Salary, Wages and Bonus		
	Salaries - Staff In India	1,352.55	898.86
	Bonus Expense	7.38	7.22
		1,359.93	906.08
	2. Crew Allowances		
	Foreign Contract Pilots Fees & Claims	21.05	231.47
		21.05	231.47
	3. Contribution to Provident and Other Funds		
	CC Provident Fund-Staff in India	20.73	17.18
		20.73	17.18
	4.Staff Welfare Expenses		
	Other Staff Welfare Expenses	23.69	16.92
	Staff Training Expenses	82.29	74.98
		105.98	91.90
	5.Gratuity	15.89	14.43
	6. Leave Encashment	1.80	1.35
	TOTAL	**1,525.39**	**1,262.41**

NOTE NO.-26

FINANCE COST	2022-2023	2021-2022
	(In Rs. Million)	(In Rs. Million)
(i) Interest on Loans:		
- Interest Charged by Holding Company*	2,154.49	1,837.20
(ii) Interest expense on lease liabilities	221.48	207.85
(iii) Impact of Forex on Lease Liability	1,951.97	612.63
(iv) Bank Charges	12.92	21.52
(v) Delayed Payment Charges to Fuel Companies	378.74	255.23
(vi) Interest charged by related parties	268.47	237.76
TOTAL	**4,988.07**	**3,172.19**

* Interest @ 9 %has been charged on the Avg. outstanding balance by AIAHL. Interest @ 1% has been charged on Rs. 562.50 Millions credited by AIAHL in 2021-22.

NOTE NO.- 27

OTHER EXPENSES	2022-2023	2021-2022
	(In Rs. Million)	(In Rs. Million)
Travelling Expenses	63.17	25.04
Rent	89.14	29.12
Repair Charges	0.41	1.37
Hire of Transport	57.12	33.83
Electricity / Heating & Fuel Charges	8.81	6.48
Water Charges	0.01	-
Printing and Stationary	10.48	5.01
Publicity and Sales Promotion	3.19	0.15
Covid Exp.	0.67	8.22
Legal Charges	2.51	2.38
Payment to Auditors	1.21	1.21

OTHER EXPENSES	2022-2023 (In Rs. Million)	2021-2022 (In Rs. Million)
Professional / Consultation Fees & Expenses	45.24	31.63
Provision for Bad & Doubtful Advances	-	-
Input Reversal	29.84	11.83
Exchange Variation (Net)	(253.53)	(125.53)
Fees to DGCA	5.20	1.13
Office Cleaning Expenses	0.15	-
Entertainment Expenses - General	0.29	0.12
Books & Periodicals - Jeppesen / Technical	31.04	22.45
Surplus/Loss on Assets sold or scrapped	-	0.01
Other Misc. Expenses	19.27	4.62
Interest on delayed payment of TDS	46.00	35.65
Interest on delayed payment of Service Tax/GST	0.02	0.57
Provision for Inventory Shortage	-	31.13
TOTAL	**160.21**	**126.42**

NOTE NO.- 28

DISCLOSURE OF EARNING PER SHARE AS PER IND-AS 33	As at 31st March, 2023 (In Rs. Million)	As at 31st March, 2022 (In Rs. Million)
a) Weighted average number of equity shares		
Opening	40,225,000	40,225,000
Issued	-	-
Weighted Average Number of Equity Share (Used as Denominator)	40,225,000	40,225,000
b) Net profit after tax available for equity shareholders (Used as Numerator)	(5,665.73)	(4,477.63)
c) Basic and Diluted Earning Per Share	(140.85)	(111.31)
d) Par Value of Share (In Rupees)	100.00	100.00

29. Disclosure as per Ind AS 37–Provisions, Contingent Liabilities & Contingent Assets:

A. Disclosure of Contingent Liabilities

Claims against AAAL not acknowledged as debts (excluding interest for which no claim is received and penalty wherever likely to be applicable) and are being contested to the extent ascertainable and quantifiable.

(Amount in Rs. Million)

Description	Opening Balance As on 01.04.2022	Addition During the Year	Amount charged against the provision	Unused Amount reversed during the year	Effect of Change in Discounting rate	Balance As on 31st March 2023
Income Tax Demand Notices Received by Company which are under appeal	17.28	0.99	9.89	Nil	N/A	8.38
* Other claims on account of other contingent liabilities	16.96	8.28	Nil	Nil	N/A	25.24
Grand Total	**34.24**	**9.27**	**9.89**	**Nil**	**N/A**	**33.62**

B. * **Explanatory Statement in respect of Other Contingent Liabilities**

Miscellaneous claim **Rs. 25.24 million** (Previous Year - Rs. 16.96 million) includes:

- The above figure of Rs. 8.38 millions represents the excess of Interest on TDS as calculated by Traces compared to our calculations. Rs 0.99 millions represents the current year figure whereas Rupees 7.39 millions pertains to previous years.
- Unsettled legal claims of Rs.25.24 million (Previous Year- Rs. 16.96 million) in respect of ongoing legal cases.

C.) **Capital & Other Commitments**:

Estimated amount of contracts remaining to be executed on the Capital Account is given hereunder:

(Amount in Rs. Million)

Particulars	As at 31st March, 2023	As at 31st March, 2022
-	NIL	NIL

D.) **Provision for Redelivery**

Movements in the provisions for redelivery are disclosed hereunder:

(**Amount in Rs. Million)**

PARTICULARS	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Balance as at beginning of the year	571.65	542.33
Provisions created during the year	53.30	-
Interest accretion on provisions during the year	6.09	5.34
Amounts utilized/adjusted during the year	-	-
Impact of exchange loss on restatement of opening provision	-	-
Impact of exchange Gain/Loss on restatement of closing provision	50.29	23.98
Balance as at end of the year	**681.33**	**571.65**
Balance as at end of the year - non-current	**681.33**	**571.65**
Balance as at end of the year - current	**-**	**-**

30. Physical Verification & Reconciliation

a) Property, Plant and Equipment (PPE)

As per the policy of the Company, Physical Verification and reconciliation of Property, Plant and Equipment consisting of office equipment, furniture & fixtures, engine & airframe rotables, etc. is carried out on a biennial basis.

The majority of assets constituting around 98% of the total value of assets are located at Delhi, Kolkata & Hyderabad stations.

The last physical verification and reconciliation of Property, Plant and Equipment was done as on 31.03.2022 for locations at Delhi, Kolkata & Hyderabad.

b) Physical Verification of Aircraft Inventory

The Physical Verification of Aircraft Inventory is done on a Biennial basis and the discrepancies observed in the course of the verification are adjusted in the year in which the report is finalized.

The last Physical Verification of Inventory was carried out in FY 2021-22. The physical verification of the Aircraft Inventory was conducted by Internal Auditors at Kolkata, Delhi, & Hyderabad.

c) Confirmations/Reconciliations

1) The Company has sought confirmation of balances for major receivables and payables. Wherever the balances confirmed by the parties are not in agreement with the books, reconciliation of the differences is under process.

Details of unconfirmed balances are tabulated as under:

(Amount in Rs. Million)

Head of Account	Balance as per Books	Balance which is unconfirmed	% of amount unconfirmed
Trade Payable	16445.69	422.75	2.57%
Trade Receivable	1007.45	31.93	3.17%

2) Balance confirmation certificates as on 31st March 2023 have been sent to all vendors and customers. Confirmations have been obtained from 97.43% (previous year: 99.65%) of the total amount in case of vendors and in case of the customers all the parties are Govt Dept/ Ministry and 96.83% (previous year: 96.34%) of the total dues as on 31st March 2023 is confirmed.

3) An amount of Rs. 111.77 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 has been carried out and necessary accounting action has been taken during 2022-23.

4) Management is of opinion that the adjustments after reconciliation will have no material impact in statement of Profit & Loss A/c.

31. Internal Control

To ensure regulatory and statutory compliance as well as to provide the highest level of corporate governance, the Company has an adequate internal control system and process in place for the smooth and efficient conduct of business. A comprehensive delegation of power exists for smooth decision making which is periodically reviewed to align with changing business environment and for speedier decision making. Elaborate guideline for the preparation of accounts is followed consistently for uniform compliances. In order to ensure that all checks and 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.

Due to disinvestment of AI, Alliance Air has already implemented new SAP effective from 1st April, 2023. All the transaction during 2023-24 is being accounted in the New SAP. The financials for the year 2022-23 was made in the existing AI SAP. The closing balance of all General ledger as on 31st March, 2023 will be freezed and the same will be migrated as opening balance as on 2023-24.

All the transaction since beginning to 31st March, 2023 will be maintained in the cloud server for reference purpose.

32. Inventories

1. The inventory consists mainly of aircraft spares & consumables and tools of ATR & Do 228 aircraft. The spares for exclusive use in ATR & Do 228 aircraft are being procured through the Engineering department and recorded with the help of Inventory Management module called Laminaar system. Inventory management of the entire AAAL network has been controlled by the various transactions such as Purchase order, GRN, issuance, stock check in the LIMS (Logistics and inventory management system) module of Laminaar system.

2. The Interface between LAMINAR and SAP is yet to be implemented. After the implementation this interface, all the transactions which will take place in LAMINAR will be directly posted in SAP through the interface.

33. Status of Reconciliation with Airport Operators

1. Reconciliation with the Airport Authority of India has been carried out and has been reconciled till 31.03.2023.

2. The accounts with BIAL, DIAL, HIAL and MIAL have been reconciled up to 31.03.2023.

34. Disclosure as per Ind-AS 108 "Operating Segments"

A. In terms of IND AS – 108, the Company is engaged in airline-related business, which is its primary business segment and hence segment results are not disclosed separately. The details of geographical area-wise gross passenger revenue earned (derived by allocating revenue to the area from where the passenger has originated) are given here:

(Amount in Rs. Million)

Particulars	FY-2022-23	FY-2021-22
India	10,959.06	7,175.29
Outside India	25.12	0.00
TOTAL	**10,984.18**	**7,175.29**

`The major revenue earning asset of the Company is its aircraft fleet which is flexibly and optimally deployed across its route network. There is no suitable basis for allocation of assets and liabilities to geographical segment, consequently, area-wise assets and liabilities are not disclosed.

35. Disclosure as per Ind-AS 24 "Related Party Disclosures"

Disclosure of the names and designations of the Related Parties as required by Indian Accounting Standard (Ind AS 24) during the year 2022-23.

1. Key Management Personnel & Relatives:

Transactions with Key Managerial Personnel

i) There are no transactions with Key Managerial Personnel other than Remuneration to Key Managerial persons.

ii) Key Management Personnel & Relatives:

A. The Board of Directors of Alliance Air Aviation Ltd. (AAAL) (Formerly known as Airline Allied Services Ltd.) (During FY 2022-23 and till date):

S. No.	Name	Designation	Date of Appointment	Date of Cessation
1.	Shri Vikram Dev Dutt Chairman & Managing Director, AI Assets Holding Limited (AIAHL)	Chairman	27/01/2022	28/02/2023
2.	Shri Satyendra Kumar Mishra Chairman & Managing Director, AI Assets Holding Limited (AIAHL)	Chairman	01/03/2023	Till date
3.	Smt Usha Padhee Joint Secretary, DT Division, Ministry of Civil Aviation	Director	25/01/2022	18/01/2023
4.	Shri Asangba Chuba Ao Joint Secretary, DT Division, Ministry of Civil Aviation	Director	18/01/2023	Till date
5.	Shri Pranjol Chandra Director, Ministry of Civil Aviation	Director	11/02/2022	Till date
6.	Shri Deepak Sajwan Deputy Secretary, Ministry of Civil Aviation	Director	27/01/2021	18/01/2023
7.	Shri Brajesh Kumar Srivastava Deputy Secretary, Ministry of Civil Aviation	Director	18/01/2023	Till date

B. Key Managerial Personnel & Relatives

S. No.	Name	Designation	Date of Appointment	Date of Cessation
1.	Mr. Vineet Sood	Chief Executive Officer	31/07/2021	Till date
2.	Mr. Ambar Kumar Mondal	Chief Financial Officer	26/07/2019	Till date
3.	Ms. Shilpa Bhatia	Company Secretary	14/01/2022	Till Date

C. Related parties:

i.) In terms of Ind AS 24, the following are related parties which are parties (Government) i.e., Significantly controlled and influenced entities (Government of India):

Name	Nature of Relationship	Control/Influence
AI Assets Holding Ltd. (AIAHL)	Holding Company	Entity having control over the Company
AI Engineering Services Ltd.	Sister Concern (Subsidiary co. of AIAHL)	Entity having no significant influence/ control on the Company
AI Airport Services Ltd	Sister Concern (Subsidiary co. of AIAHL)	Entity having no significant influence/ control on the Company
Hotel Corporation of India Ltd.	Sister Concern (Subsidiary co. of AIAHL)	Entity having no significant influence/ control on the Company

D. Related Party Transactions

i. There are no transactions with Key Managerial Personnel except remuneration and perquisites paid to the Chief Executive Officer amounting to Rs.4.01 million (previous year: 3.81 million), to the Chief Financial Officer amounting to Rs. 1.79 million (previous year: 1.71 million) and to the Company Secretary amounting to Rs. 0.80 million (previous year: 0.37 million) for the year 2022-23.

ii. Transactions such as providing airline-related services in the normal course of airline business are not included above.

iii. No Loans or Credit Transactions were outstanding with Directors or Officers of the Company or their relatives at the end of the year.

iv. In terms of Ind AS 24, the following are the disclosure requirements related to transactions with certain Government Related entities i.e., Significantly controlled and influenced entities (Government of India) and non-Govt. related parties.

E. Transaction details - Related Parties

1. Parent Company AI Assets Holding Ltd. (AIAHL) and other subsidiaries of AIAHL.

Name of the Entities and Nature of transactions	**2022-23 (Amount in Rs Million)**	**21.01.2022 to 31.03.2022 (Amount in Rs Million)**
a) AI Assets Holding Co. (AIAHL)		
Expenditure		
Space charges	2.03	-
Interest	2,154.49	404.05
Closing Balance (Cr.) *	**26,711.28**	**24,320.69**
Corporate Guarantee given by AIAHL on behalf of AAAL	0.00	2,012.29

Name of the Entities and Nature of transactions	**2022-23 (Amount in Rs Million)**	**2021-22 (Amount in Rs Million)**
b) Hotel Corporation of India Ltd.		
Expenditure		
Hotel Accommodation	1.67	0.43
Income	(1.42)	-
Closing Balance (Cr.) *	**(1.03)**	**0.52**

Name of the Entities and Nature of transactions	**2022-23 (Amount in Rs Million)**	**2021-22 (Amount in Rs Million)**
c) AI Engineering Services Ltd. (AIESL) earlier known as Air India Engineering Services Ltd.		
Expenditure		
Repair Other	559.58	499.22
Manpower	26.84	50.81
Training	0.28	-
SOD Billing by AAAL	-	-
Interest	172.81	134.59
Closing Balance (Cr.) *	**2,302.60**	**1,710.52**

Name of the Entities and Nature of transactions **d) AI Airport Services Ltd. (AIASL**) earlier known as Air India Air Transport Services Ltd.	2022-23 (Amount in Rs Million)	2021-22 (Amount in Rs Million)
Expenditure Handling Charges	282.06	191.29
Credit Received Income	(4.27)	(0.95)
Interest	94.53	70.18
Closing Balance (Cr.) *	**1,284.03**	**911.11**

*** The closing balance includes provisions made during the year.**

2. Transactions with Provident Fund Trusts

(Amount in Rs. Million)

Particulars	2022-23		2021-22	
	PF Contribution during the Year	Payable as on 31.03.2023	PF Contribution during the Year	Payable as on 31.3.2022
AASL PF Trust	**20.73**	**4.11**	17.18	3.60

3. Major Transactions with Government-Related Entities

The details of the major transactions of revenue and expenditure of the Company with Govt. Related Entities are given hereunder:

(Amount in Rs. Million)

Sr. No	Name of Entity	2022-23	2021-22
	Expenditure		
i)	Airport Authority of India *(including space)*	**297.54**	190.29
ii)	*Oil Companies*		
	Indian Oil Co Ltd	**2,390.74**	1,082.39
	Hindustan Petroleum Co Ltd	**666.19**	414.81
	Bharat Petroleum Co Ltd	**594.29**	324.44
	Revenue		
i)	**Subsidy for Operation from Govt.**		
	Govt of India	**3,659.93**	2,842.10
ii)	**Charter Revenue - Others**		
	Govt of India	**4.16**	20.72

***Note**: The above transactions with the Govt/Govt Related entities cover transactions that are significant individually and collectively. The Company also entered into other transactions with various other Govt. related entities; however, these transactions are insignificant either individually or collectively and hence not disclosed.*

36. Employee Benefits

The Company provides retirement benefits in the form of Gratuity and Leave Encashment on the basis of valuation, as at the Balance Sheet Date, carried out by independent Actuaries, as per Ind AS19 issued by the Institute of Chartered Accountants of India.

a. Privilege Leave Encashment is payable to all eligible employees at the time of retirement up to a maximum of 300 days. Leave Encashment liability for the current Financial Year is Rs. 1.80 million (Previous Year Rs.1.35 million).

b. Defined Benefit Plan –

1) Provident Fund (Funded)

The Company pays a fixed contribution to the provident fund at predetermined rates to a separate trust, which invests the funds in permitted securities. The Company has an obligation to ensure a minimum rate of return to the members as specified by GOI.

As per the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Company has no right to the benefits either in the form of a refund from the plan or lower future contribution to the plan towards the net surplus of Rs. 30 million determined through actuarial valuation. Accordingly, Company has not recognized the surplus as an asset, and the actuarial gains in 'Other Comprehensive Income', as these pertain to the Provident Fund Trust and not to the Company.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the provident fund plan as at the Balance Sheet date

	Assets / Liability	**31/03/2023**	**31/03/2022**
a	Present value of obligation	471,608,047	42,04,71,990
b	Fair value of plan assets	502,326,287	42,06,98,749
c	**Net assets / (liability) recognized in Balance Sheet as provision**	30,718,240	2,26,759

Change in Present Benefit Obligation

		31/03/2023	**31/03/2022**
a)	Present value of obligation as at the beginning of the period	420,471,990	37,51,95,284
b)	Interest Cost	29,102,281	3,09,45,799
c)	Current Service Cost	20,726,677	1,71,82,965
d)	Contributions by plan participants / employees	26,650,434	2,20,41,466
e)	Benefits Paid	(23,421,138)	(2,39,61,574)
f)	Total Actuarial (Gain)/Loss on Obligation	(1,922,197)	(9,31,950)
g)	Settlements/Transfer In	0	--
f)	**Present value of obligation as at the end of the period**	471,608,047	42,04,71,990

Change in plan assets:

		31/03/2023	**31/03/2022**
a)	Fair value of plan assets at the beginning of the period	420,698,749	37,65,26,190
b)	Actual return on plan assets	57,671,565	2,89,09,702
c)	Employer contribution	20,726,677	1,71,82,965
d)	Plan Participants / Employee Contribution	26,650,434	2,20,41,466
e)	Benefits paid	(23,421,138)	(2,39,61,574)
f)	Settlements / Transfer In	--	--
g)	**Fair value of plan assets at the end of the period**	502,326,287	42,06,98,749

2) Gratuity (Unfunded)

The Company has a defined benefit gratuity plan which is unfunded and is treated as Other Long-Term Employee Benefits. The present value of the obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Gratuity is paid by the Company as and when it becomes due and is paid as per the Gratuity Scheme of the Company. During the year, there were no plan amendments, curtailments or settlements.

Movement in net Defined Benefit (Asset) / Liability

a) Reconciliation of balances of Defined Benefit Obligation

2.1 (a): Table Showing Changes in Present Value of Obligations:

Period	**From: 01-04-2022 To: 31-03-2023**	**From: 01-04-2021 To: 31-03-2022**
Present value of the obligation at the beginning of the period	7,46,69,924	6,69,88,047
Interest cost	54,13,570	48,56,633
Current service cost	1,04,76,509	95,69,809
Past Service Cost	0	0
Benefits paid (if any)	(19,28,078)	(30,30,159)
Actuarial (gain)/loss	(80,14,019)	(37,14,406)
Present value of the obligation at the end of the period	8,06,17,906	7,46,69,924

2.1 (b): Bifurcation of total Actuarial (gain) / loss on liabilities

Period	**From: 01-04-2022 To: 31-03-2023**	**From: 01-04-2021 To: 31-03-2022**
Actuarial gain/losses from changes in Demographics assumptions (mortality)	Not Applicable	Not Applicable
Actuarial (gain)/ losses from changes in financial assumptions	(20,13,526)	(21,22,388)
Experience Adjustment (gain)/ loss for Plan liabilities	(60,00,493)	(15,92,018)
Total amount recognized in other comprehensive Income	(80,14,019)	(37,14,406)

2.2: Key results (The amount to be recognized in the Balance Sheet):

Period	**As on 31-03-2023**	**As on 31-03-2022**
Present value of the obligation at the end of the period	8,06,17,906	7,46,69,924
Fair value of plan assets at end of the period	0	0
Net liability/(asset) recognized in Balance Sheet and related analysis	8,06,17,906	7,46,69,924
Funded Status - Surplus/ (Deficit)	(8,06,17,906)	(7,46,69,924)

2.3 (a): Expense recognized in the statement of Profit and Loss:

Period	**From: 01-04-2022 To: 31-03-2023**	**From: 01-04-2021 To: 31-03-2022**
Interest cost	54,13,570	48,56,633
Current service cost	1,04,76,509	95,69,809
Past Service Cost	0	0
Expected return on plan asset	(0)	(0)
Expenses to be recognized in P&L	1,58,90,079	1,44,26,442

2.3 (b): Other comprehensive (income) / expenses (Remeasurement)

Period	From: 01-04-2022 To: 31-03-2023	From: 01-04-2021 To: 31-03-2022
Cumulative unrecognized actuarial (gain)/loss opening. B/F	(1,86,49,238)	(1,49,34,832)
Actuarial (gain)/loss - obligation	(80,14,019)	(37,14,406)
Actuarial (gain)/loss - plan assets	0	0
Total Actuarial (gain)/loss	(80,14,019)	(37,14,406)
Cumulative total actuarial (gain)/loss. C/F	(2,66,63,257)	(1,86,49,238)

2.3 (c): Net Interest Cost

Period	From: 01-04-2022 To: 31-03-2023	From: 01-04-2021 To: 31-03-2022
Interest cost on defined benefit obligation	54,13,570	48,56,633
Interest income on plan assets	0	0
Net interest cost (Income)	54,13,570	48,56,633

2.4: Experience adjustment:

Period	From: 01-04-2022 To: 31-03-2023	From: 01-04-2021 To: 31-03-2022
Experience Adjustment (Gain) / loss for Plan liabilities	(60,00,493)	(15,92,018)
Experience Adjustment Gain / (loss) for Plan assets	0	0

3.1: Summary of membership data at the date of valuation and statistics based thereon:

Period	As on 31-03-2023	As on 31-03-2022
Number of employees	909	835
Total monthly salary	1,89,90,869	1,74,66,564
Average Past Service (Years)	6.6	6.9
Average Future Service (yrs.)	22.2	22.3
Average Age (Years)	37.8	37.7
Weighted average duration (based on discounted cash flows) in years	15	16
Average monthly salary	20,892	20,918
Expected Future Service taking into account Decrements (Years)	16	16

3.2: Actuarial assumptions provided by the Company and employed for the calculations are tabulated:

Discount rate	7.50 % per annum	7.25 % per annum
Salary Growth Rate	8.00 % per annum	8.00 % per annum
Mortality	IALM 2012-14	IALM 2012-14
Withdrawal rate (Per Annum)	5.00% p.a.(18 to 30 Years)	5.00% p.a.(18 to 30 Years)
Withdrawal rate (Per Annum)	3.00% p.a. (30 to 44 Years)	3.00% p.a. (30 to 44 Years)
Withdrawal rate (Per Annum)	2.00% p.a. (44 to 60 Years)	2.00% p.a. (44 to 60 Years)

3.3: Benefits valued:

Normal Retirement Age	60 Years	60 Years
Salary	Last drawn qualifying salary	Last drawn qualifying salary
Vesting Period	5 Years of service	5 years of service
Benefits on Normal Retirement	15/26 * Salary * Past Service (yr).	15/26 * Salary * Past Service (yr.).
Benefit on early exit due to death and disability	As above except that no vesting conditions apply	As above except that, no vesting conditions apply
Limit	2000000.00	2000000.00

3.4: Current Liability (*Expected payout in next year as per schedule III of the Companies Act, 2013):

Period	**As on 31-03-2023**	**As on 31-03-2022**
Current Liability (Short Term) *	34,39,871	27,77,804
Non-Current Liability (Long Term)	7,71,78,035	7,18,92,120
Total Liability	8,06,17,906	7,46,69,924

3.5: Effect of plan on entity's future cash flows

3.5 (a): Funding arrangements and funding policy

Not Applicable

3.5 (b): Expected contribution during the next annual reporting period

The Company's best estimate of Contribution during the next year	1,14,16,844	1,08,54,815

3.5 (c): Maturity profile of defined benefit obligation: Weighted Average

Weighted average duration (based on discounted cash flows) in years	15	16

3.5 (d): Maturity Profile of Defined Benefit Obligation: Maturity analysis of benefit obligations.

01 Apr 2022 to 31 Mar 2024	34,39,871
01 Apr 2023 to 31 Mar 2025	18,43,707
01 Apr 2024 to 31 Mar 2026	19,90,068
01 Apr 2025 to 31 Mar 2027	14,38,977
01 Apr 2026 to 31 Mar 2028	10,78,339
01 Apr 2028 Onwards	7,08,26,944

3.6: Projection for next period:

Best estimate for contribution during next period	1,14,16,844

3.7: Sensitivity Analysis: Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. Please note that the sensitivity analysis presented

below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation from one another as some of the assumptions may be correlated. The results of the sensitivity analysis are given below:

Period	**As on 31-03-2023**
Defined Benefit Obligation (Base)	8,06,17,906 @ Salary Increase Rate : 8%, and discount rate :7.5%
Liability with x% increase in Discount Rate	7,20,75,699; x=1.00% [Change (11)%]
Liability with x% decrease in Discount Rate	9,07,59,731; x=1.00% [Change 13%]
Liability with x% increase in Salary Growth Rate	9,06,07,299; x=1.00% [Change 12%]
Liability with x% decrease in Salary Growth Rate	7,20,38,690; x=1.00% [Change (11)%]
Liability with x% increase in Withdrawal Rate	8,00,43,509; x=1.00% [Change (1)%]
Liability with x% decrease in Withdrawal Rate	8,12,49,180; x=1.00% [Change 1%]

3.8: Reconciliation of liability in balance sheet

Period	**From: 01-04-2022 To: 31-03-2023**	**From: 01-04-2021 To: 31-03-2022**
Opening gross defined benefit liability/ (asset)	7,46,69,924	6,69,88,047
Expenses to be recognized in P&L	1,58,90,079	1,44,26,442
OCI- Actuarial (gain)/ loss-Total current period	(80,14,019)	(37,14,406)
Benefits paid (if any)	(19,28,078)	(30,30,159)
Closing gross defined benefit liability/ (asset)	8,06,17,906	7,46,69,924

3) Leave Encashment (Unfunded) –

The Company has defined benefit leave encashment plan in India (Unfunded) which is treated as Other Long-Term Employee Benefits. The Company's net obligation in respect of Leave Encashment is the amount of benefit to be settled in the future, that employees have earned in return for their service in the current and previous years. The benefit is discounted to determine its present value. The obligation is measured on the basis of an actuarial valuation using the projected unit credit method.

3.1 (a): Table Showing Changes in Present Value of Obligations:

Period	**From: 01-04-2022 To: 31-03-2023**	**From: 01-04-2021 To: 31-03-2022**
Present value of the obligation at the beginning of the period	3,53,53,415	3,40,69,349
Interest cost	25,63,123	24,70,028
Current service cost	58,61,124	52,81,085
Benefits paid (if any)	0	(70,875)
Actuarial (gain)/loss	(66,20,828)	(63,96,172)
Present value of the obligation at the end of the period	3,71,56,834	3,53,53,415

2.1 (b): Bifurcation of total Actuarial (gain) / loss on liabilities

Period	From: 01-04-2022 To: 31-03-2023	From: 01-04-2021 To: 31-03-2022
Actuarial gain/losses from changes in Demographics assumptions (mortality)	Not Applicable	Not Applicable
Actuarial (gain)/ losses from changes in financial assumptions	(9,59,206)	(10,25,378)
Experience Adjustment (gain)/ loss for Plan liabilities	(56,61,622)	(53,70,794)
Total amount recognized in other comprehensive Income	(66,20,828)	(63,96,172)

2.2: Key results (The amount to be recognized in the Balance Sheet):

Period	As on 31-03-2023	As on 31-03-2022
Present value of the obligation at the end of the period	3,71,56,834	3,53,53,415
Fair value of plan assets at end of the period	0	0
Net liability/(asset) recognized in Balance Sheet and related analysis	3,71,56,834	3,53,53,415
Funded Status - Surplus/ (Deficit)	(3,71,56,834)	(3,53,53,415)

2.3 (a): Expense recognized in the statement of Profit and Loss:

Period	From: 01-04-2022 To: 31-03-2023	From: 01-04-2021 To: 31-03-2022
Interest cost	25,63,123	24,70,028
Current service cost	58,61,124	52,81,085
Expected return on plan asset	(0)	(0)
Net actuarial (gain)/loss recognized in the period	(66,20,828)	(63,96,172)
Expenses to be recognized in P&L	18,03,419	13,54,941

2.4: Experience adjustment:

Period	From: 01-04-2022 To: 31-03-2023	From: 01-04-2021 To: 31-03-2022
Experience Adjustment (Gain)/loss for Plan liabilities	(56,61,622)	(53,70,794)
Experience Adjustment Gain/(loss) for Plan assets	0	0

3.1: Summary of membership data at the date of valuation and statistics based thereon:

Period	As on 31-03-2023	As on 31-03-2022
Number of employees	909	835
Total monthly salary	1,89,90,869	1,74,66,564
Average Past Service (Years)	6.6	6.9
Average Future Service (yrs.)	22.2	22.3

Period	As on 31-03-2023	As on 31-03-2022
Average Age (Years)	37.8	37.7
Total Leave with Cap/Without Cap	45,248/45,248	43,879/43,892
Total CTC / Availment Rate	3,79,81,738 / 3%	3,49,33,128 / 3%
Weighted average duration (based on discounted cash flows) in years	17	17
Average monthly salary	20,892	20,918
Expected Future Service taking into account Decrements (Years)	16	16

3.2: Actuarial assumptions provided by the Company and employed for the calculations are tabulated:

Discount rate	7.50 % per annum	7.50 % per annum
Salary Growth Rate	8.00 % per annum	8.00 % per annum
Mortality	IALM 2012-14	IALM 2012-14
Withdrawal rate (Per Annum)	5.00% p.a.(18 to 30 Years)	5.00% p.a. (18 to 30 Years)
Withdrawal rate (Per Annum)	3.00% p.a. (30 to 44 Years)	3.00% p.a. (30 to 44 Years)
Withdrawal rate (Per Annum)	2.00% p.a. (44 to 60 Years)	2.00% p.a. (44 to 60 Years)

3.3: Benefits valued:

Normal Retirement Age	60 Years	60 Years
Salary	As per rules of the Company	As per rules of the Company
Benefits on Normal Retirement	1/30 * Salary * Number of leaves.	1/30 * Salary * Number of leaves.
Benefit on early exit	As above, subject to rules of the Company.	As above, subject to rules of the Company.
Benefit on death	As above, subject to rules of the Company.	As above, subject to rules of the Company.

3.4: Current Liability (*Expected payout in next year as per schedule III of the Companies Act, 2013):

Period	As on 31-03-2023	As on 31-03-2022
Current Liability (Short Term) *	17,70,868	15,65,018
Non-Current Liability (Long Term)	3,53,85,966	3,37,88,397
Total Liability	3,71,56,834	3,53,53,415

3.5: Sensitivity Analysis: Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. Please note that the sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation from one another as some of the assumptions may be correlated. The results of the sensitivity analysis are given below:

Period	As on 31-03-2023
Defined Benefit Obligation (Base)	3,71,56,834
Liability with x% increase in Discount Rate	3,29,79,210; x=1.00% [Change (11)%]
Liability with x% decrease in Discount Rate	4,21,61,115; x=1.00% [Change 13%]
Liability with x% increase in Salary Growth Rate	4,20,85,484; x=1.00% [Change 13%]
Liability with x% decrease in Salary Growth Rate	3,29,61,180; x=1.00% [Change (11)%]
Liability with x% increase in Withdrawal Rate	3,69,72,282; x=1.00% [Change 0%]
Liability with x% decrease in Withdrawal Rate	3,73,68,112; x=1.00% [Change 1%]

3.6: Reconciliation of liability in Balance Sheet

Period	From: 01-04-2022 To: 31-03-2023	From: 01-04-2021 To: 31-03-2022
Opening gross defined benefit liability/ (asset)	3,53,53,415	3,40,69,349
Expenses to be recognized in P&L	18,03,419	13,54,941
Benefits paid (if any)	0	(70,875)
Closing gross defined benefit liability/ (asset)	3,71,56,834	3,53,53,415

37. Deferred Tax Assets/ Liability

The Company has a history of losses, hence in absence of convincing evidence that sufficient taxable profit will be available against which the unused tax losses, deductible timing differences or unused tax credit can be utilized by the entity in near future, no accounting for Deferred Tax Assets / Liabilities has been made in the Financial Statements.

38. Disclosure as per Ind- AS 33 “Earnings Per Share”

Details	As at 31st March, 2023	As at 31st March, 2022
Profit/ (Loss) after tax as per statement of profit and loss (In Rupees)	(5,66,57,34,685)	(447,76,28,672)
Weighted Average no. of equity shares (Number)	4,02,25,000	4,02,25,000
EPS Basic & Diluted (In Rs.)	(140.85)	(111.31)

39. Disclosure as per Micro and Small Enterprises Development Act, 2006

In terms of Section 22 of the Micro, Small and Medium Enterprises Development Act 2006, the outstanding to these enterprises are required to be disclosed. The SAP system has a field, minority indicator in Vendor Master, which is updated to identify the vendor as SSI. The system is being enhanced to capture more details of SSI Vendors, such as certificate no., issuing agency, validity, etc.

Payments to most of 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 31st March, 2023 as required by Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act)

Amount in Rs. Million

Particulars		**31st March 2023 (Amt in Rs Million)**	**31st March 2022 (Amt in Rs Million)**
a)	Amount remaining unpaid to any supplier:		
	Principal amount	NIL	NIL
	Interest due thereon	NIL	NIL
b)	Amount of interest paid in terms of Section 16 of the MSMED Act along with the amount paid to the suppliers beyond the appointed day.	NIL	NIL
c)	Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.	NIL	NIL
d)	Amount of interest accrued and remaining unpaid	NIL	NIL
e)	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowances as a deductible expenditure under Section 23 of MSMED Act	NIL	NIL

40. Going Concern

The Company is a wholly-owned subsidiary of AI Assets Holding Ltd. (AIAHL) and has full support from the Government of India to make the Company fully operational after the disinvestment of Air India Ltd.

The Company has taken various measures to improve its operational efficiencies and cost control measures.

The Company during the Financial Year expanded its fleet by inducting two ATR-42 600 and one Dornier aircraft to its existing fleet of 18 ATR-72 600 aircraft. The total fleet now stands at 21 aircraft as on 31st March, 2023. All the aircraft are suitable for serving smaller / unserved / under served airports in the country.

Alliance Air is entrusted to operate the routes allotted by Ministry of Civil Aviation under RCS & VGF scheme, specially in the remote areas for successfully implementing of UDAN scheme and always taking the challenge to fly to critical airfields, fulfilling the aspiration of Government of India to achieve the desired goal of UDAN scheme to connect the tier 2 & tier 3 cities and to discharge the social obligation as directed by Government of India.

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 127. Out of allotted routes, the Company operated 101 routes as on 31st March, 2023(previous year 81 routes).

Further, the Ministry of Civil Aviation vide their letter DO. No. AV.17046/72/2019-AI dated 6th April, 2023, categorically stated that Alliance Air is a going concern and has assured that Government will make all endeavor to clear the dues towards ATF supply to Alliance Air.

Alliance Air has already received in principal approval from Ministry of Finance dated 20th April, 2023 towards financial support of Rs. 600 Crores. As per approval, the first tranche of Rs. 300 Crores has been released to Alliance Air which will reduce its finance costs .

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. Post-Covid 19, AAAL is on the path of recovery and EBIT shows a positive trend. Alliance Air is heading its way to reversing the trend of adverse financial parameters in this Financial Year 2023-24 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.”

41. Revenue

Alliance Air has operationalised his New PSS/DCS system, namely Paxlink, since 15th April, 2022. The tickets are being sold through the new PSS system against advanve payment receipt from the OTAs/ Agents which comprises 95% of the total sale.

The sale being made through WEB and ATO/CTO are also against the payment received from the customer.

There is no provision of Credit sale except the 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.

The handling & processing of revenue relating to cargo & mail are still being done by AIL.

42. Regional Connectivity Scheme

Till 31.3.2023, AAAL has been awarded (through the bidding process) 127 routes (previous year: 117 routes) under RCS (8 rounds), out of which 101 (previous year: 81) are operational. The remaining routes are proposed to be launched in the coming months based on the rediness of the airports, which include 10 routes awarded in the second round of allotment, 08 routes awarded in the third round of allotment, 04 routes awarded in round 3.1, 02 routes awarded in round 4.1 and 02 routes awarded in round 4.2 of allotment and remain non-operational till 31.03.2022, though as per terms of the LOI these are required to be operational during the year 2022-23. 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.

43. M/S Gati

An agreement for freighter charter operations (undertaken by AAAL) between Air India Ltd and M/s GATI was terminated by GATI in March 2009, consequent to which AI invoked the Bank Guarantee of Rs. 300 million deposited by GATI. The Arbitral Tribunal has given its award against which an appeal has been filed by Air India Limited before the Hon'ble Delhi High Court which has also upheld the decision of the Arbitral Tribunal. To file an appeal in the Delhi High court (Double Bench) against the subject order, AIL deposited Rs. 220 million with Hon'ble High Court as deposit money on 17.11.2015. Against this deposit, Provision for Doubtful Security Deposit has been made for Rs. 220 million as prudence, although the matter is sub-judice. The next hearing date has been further postponed to 11.09.2023 for arguments.

44. TDS on Provisional Expenses

Provision has been created for the bills received from the vendor during 2023-24 but the service availed in 2022-23 (i.e., all the bills dated after 2022-23). As per the system being followed, the provisions created for 2022-23 are reversed in 2023-24 and the actual bill received in 2023-24 is booked in the vendor ledger after deducting applicable TDS in 2023-24. Due to the GST scenario, provisions have been created without deduction of TDS for the bills of the year 2022-23 received in 2023-24 and dated 2023-24.

45. Disclosures as per Ind AS 116 "Leases"

a.) The Company has taken 18 ATR 72-600 Aircraft on lease. Liabilities on account of future minimum lease rentals in respect of leases are as under: -

(Amount in Rs. Million)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Non-Current	Current	Non-Current	Current
Lease Liabilities	21,383.58	3,252.68	19,856.31	2,608.93

b.) **Disclosures for Leases where the Company is a Lessee under Ind AS 116**

The Company's leased assets primarily consist of leases for aircraft and engines.

Other Disclosures

(Amount in Rs. Million)

1.) Maturity Analysis of lease liabilities

PARTICULARS	2022-23	2021-22
Less than one year	3,443.66	2,636.50
One to five years	12,884.26	11,525.05
More than five years	9,058.97	9,049.77
Total undiscounted lease liabilities at 31 March 2022	**25,386.88**	**23,211.32**
Lease liabilities included in the statement of financial position on 31 March 2023	**24,636.26**	**22,465.24**

2.) Amount's recognized in the statement of profit and loss

PARTICULARS	2022-23	2021-22
Depreciation expense on ROU Asset	2,571.39	2,381.85
Interest on lease liabilities	221.48	207.85
Variable lease payments not included in the measurement of lease liabilities	0	0

PARTICULARS	2022-23	2021-22
Income from sub-leasing right-of-use assets	0	0
Expenses relating to short-term leases*	0	3.45
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	0	0

* Engines taken on lease have been classified as short-term leases since the lease term is less than 12 months as on the balance sheet date. Due to this reason, management has availed the practical expedient.

3.) Amounts recognized in the Statement of Cash Flows

PARTICULARS	2022-23	2021-22
Amount Shown as Cash Flow from Financing Activity - Total cash outflow for leases	2,961.35	2,533.31

46. Remuneration to Auditors

The details of the Audit fees and Expenses of the Auditors: -

(Amount in Rs. Million)

Particulars	2022-23	2021-22
Payment to Statutory Auditors		
Statutory Audit Fees (Inclusive of reimbursement of Expenses)	1.20	1.20
Tax Audit Fees	0.16	0.16
Special Purpose Audit Fees	0.01	0.35
Total	**1.37**	**1.71**
Payment to other Auditors		
Internal Audit Fees	0.22	0.22
Fees For Other Matters	0.10	0.48
Total	**0.32**	**0.70**
Grand Total	**1.69**	**2.41**

47. The Company has registered charges of Rs. 3205.03 million (Previous Year Rs. 2,805.03 million) with the Registrar of Companies U/s 77 of Companies act 2013. The Company is in the process of getting the said charges satisfied by following the procedure prescribed U/s 82 of the Companies Act 2013.

48. Capital Management

The objective of the Company is to maximize the shareholders' value by maintaining an optimum capital structure. Management monitors the return on capital as well as the debt-equity ratio and makes necessary adjustments in the capital structure for the development of the business.

During the Financial Year ended 31 March 2023, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

Debt-Equity Ratio:

(Amount in Rs. Million)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Borrowings	24,558.28	23,907.78
Total Debt (A)	**24,558.28**	**23,907.78**
Equity Share Capital	4,022.50	4,022.50

Particulars	As at 31st March, 2023	As at 31st March, 2022
Other Equity	(40665.74)	(35,008.02)
Total Equity (B)	**(36,643.24)**	**(30,985.52)**
Debt Equity Ratio (A/B)	**(0.67)**	**(0.77)**

Return on Equity Ratio:

(Amt in Rs. Million)

Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
Profit /(Loss) for the year	**(5665.73)**	**(4,477.63)**
Equity Share Capital	4,022.50	4,022.50
Other Equity	(40665.74)	(35,008.02)
Equity attributable to owners of the Company	**(36643.24)**	**(30,985.52)**
Return on Equity Ratio (%)	**(15.46%)**	**(14.45%)**

49. Fair value measurement and financial instruments

Financial instruments – by category and fair value hierarchy

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy.

i) As on 31st March, 2023 **(Amount in Rs. in Million)**

Particulars	Category				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial Assets							
Non-Current							
Others	-	-	1038.80	1038.80	0.00	0.00	0.00
Current							
Trade Receivables*	-	-	1007.45	1007.45	0.00	0.00	0.00
Cash and Cash equivalents*	-	-	149.54	149.54	0.00	0.00	0.00
Bank balances other than (b) above*	-	-	801.31	801.31	0.00	0.00	0.00
Loans*	-	-	-	-	-	-	-
Other	-	-	76.32	76.32	0.00	0.00	0.00
Financial liabilities							
Non-Current							
Lease Liabilities	21383.58	-	-	21383.58	0.00	0.00	0.00
Other							
Current							
Borrowings	-	-	24558.28	24558.28	0.00	0.00	0.00
Lease Liabilities	3252.68	-		3252.68	0.00	0.00	0.00
Trade Payables	-	-	16445.69	16445.69	0.00	0.00	0.00
Other	-	-	415.11	415.11	0.00	0.00	0.00

iii) As on 31st March, 2022 **(Amount in Rs. Million)**

Particulars	Category				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial Assets							
Non-Current							
Others**	-	-	847.65	847.65	0.00	0.00	0.00
Current							
Trade Receivables*	-	-	805.13	805.13	0.00	0.00	0.00
Cash and Cash equivalents*	-	-	145.04	145.04	0.00	0.00	0.00
Bank balances other than (b) above*	-	-	867.90	867.90	0.00	0.00	0.00
Loans*	-	-	-	-	-	-	-
Other	-	-	108.90	108.90	0.00	0.00	0.00
Financial liabilities							
Non-Current							
Lease Liabilities	19,856.31	-	-	19,856.31	0.00	0.00	0.00
Other							
Current							
Borrowings	-	-	23,907.78	23,907.78	0.00	0.00	0.00
Lease Liabilities	2,608.93			2,608.93	0.00	0.00	0.00
Trade Payables	-	-	11,102.97	11,102.97	0.00	0.00	0.00
Other	-	-	545.83	545.83	0.00	0.00	0.00

* The Carrying amounts of trade receivables, trade payables, cash and cash equivalents, bank balance other than cash and cash equivalents and other financial assets and liabilities, approximate the fair values, due to their short-term nature.

** Other non-current financial assets represent Bank deposits due for maturity after 12 months from the reporting date and interest accrued but not due on financial instruments, the carrying value of which approximates the fair values as on reporting date.

50. Financial Risk Management Objective and Policies:

The Company has exposure to the following risks arising from financial instruments:

i. Credit risk
ii. Liquidity risk
iii. Market risk –
 a. Interest rate risk
 b. Currency risk

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a treasury team. The treasury team provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objective. It is the Company's policy that no trading in derivatives for the speculative purpose may be undertaken. The Board of Directors reviews and agrees with policies for managing each of these risks, which are summarized below:

(i) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation.

The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The maximum exposure to the credit at the reporting date is primarily from trade receivables. Trade receivables are typically unsecured and are derived from revenue earned from customers. The Company does monitor the economic environment in which it operates. The Company manages its credit risk through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company brands credit terms in the normal course of the business.

The Company sells the majority of its passenger service against deposits made by agents (customers) and through online channels.

On adoption of Ind AS 109, the Company uses the expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available internal credit risk factors such as the Company's historical experience with customers. Based on the business environment in which the Company operates, management considers that the trade receivables (other than receivables from government departments) are in default (credit-impaired) if the payments are more than 36 months past due.

Trade receivable as at year-end primarily includes Rs. 1007.45 (Rs 805.13 million) relating to revenue generated from passenger services.

The Companies exposure to credit risk for trade receivables is as follows:

(Amount in Rs. Million)

Particulars	As at 31/03/2023		As at 31/03/2022	
	Gross Carrying Amount	Loss Allowance	Gross Carrying Amount	Loss Allowance
Debts not due	-	-	-	-
Debts over due	1032.72	25.27	830.40	25.27

Movement in the allowance for impairment in respect of trade receivables

(Amount in Rs. Million)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Balance at the beginning of the Year	25.27	26.46
Addition during the year	0.00	0.00
Write off/Adjustments made during the year	-	(1.19)
Balance at the end of the Year	25.27	25.27

(ii) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's approach to managing Liquidity is to have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company believes that its liquidity position, including cash (including unencumbered bank deposit and excluding interest accrued but not due), anticipated future internally generated funds from operations 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 a financing arrangement with its parent Company, which should enable it to meet its ongoing capital, operating, and liquidity requirement. The Company will continue to consider various borrowing or leasing options to maximize liquidity and supplement cash requirements as necessary.

The Company's liquidity management process as monitored by management includes the following:

- Day-to-day funding, is managed by monitoring future cash flows to ensure that requirements can be met.
- Maintaining a rolling forecast of the Company's liquidity position on the basis of expected cash flows.
- Maintaining diversified credit lines.
- For settlement of legacy outstanding, Govt of India has already decided to infuse Rs 600 Cr in form Share capital which will substantially reduce the outstanding and the finance cost.

Exposure to Liquidity risk

The following are the remaining contractual maturities of financial liabilities in the reporting data. The contractual cash flow amount is gross and undiscounted and includes interest accrued but not due.

(Amount in Rs. Million)

		Contractual Cash Flows			
As at 31st March 2023	**Carrying Amount**	**Upto 1 year**	**1-5 Year**	**More than 5 years**	**Total**
Payable to Holding Company	24558.28	24558.28	-	-	24558.28
Trade payables	16445.69	16445.69	-	-	16445.69
Other Current Financial Liabilities	415.11	415.11	-	-	415.11
Aircraft Lease	25,386.88	3,443.66	12,884.26	9,058.97	25,386.88
Total	**66,805.96**	**44,862.74**	**12,884.26**	**9,058.97**	**66,805.96**

(Amount in Rs. Million)

		Contractual Cash Flows			
As at 31st March 2022	**Carrying Amount**	**Upto 1 year**	**1-5 Year**	**More than 5 years**	**Total**
Payable to Holding Company	23,907.78	23,907.78	-	-	23,907.78
Trade payables	11,102.97	11,102.97	-	-	11,102.97
Other Current Financial Liabilities	545.83	545.83	-	-	545.83
Aircraft Lease	23,211.32	2,636.50	11,525.05	9,049.77	23,211.32
Total	**58,767.90**	**38,193.08**	**11,525.05**	**9,049.77**	**58,767.90**

iii) Market risk

Market risk is that the fair value and future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk namely: currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimizing the return.

a. **Interest rate risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings with floating interest rates.

The exposure of the Company's borrowings to interest rate changes as reported to the management at the end of the reporting period are as follows:

(Amount in Rs. Million)

Variable-rate instruments	**As at 31st March, 2023**	**As at 31st March, 2022**
Payable to Holding Company, AIAHL	24558.28	23,907.78
Total	**24558.28**	**23,907.78**

Interest rate sensitivity analysis

A reasonably possible change of 0.50 % in interest rates at the reporting date would have affected the profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Statement of Profit and Loss.	
Increase/(decrease) in the interest on foreign currency term loans from others and on finance lease obligations.	Increase by 0.50 %	Decrease by 0.50 %
For the year ended 31st March, 2023	123.18	(123.18)
For the year ended 31st March, 2022	119.54	(119.54)

b. Currency risk

Currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to the effects of fluctuation in the prevailing foreign currency rates on its financial position and cash flows. Exposure arises primarily due to exchange rate fluctuation between the functional currency and other currencies from the Company's operating, investing and financing activities.

The following table sets forth information relating to unhedged foreign currency exposure as at March 31, 2023:

	USD	EURO	Others
Net Financial assets	71.47 million	-	-
Net Financial liabilities	11.11 million	-	-

10% appreciation / depreciation of the functional currency of the Company with respect to various foreign currencies would result in increase / decrease in the Company's profit before taxes by approximately Rs. 495.98 million for the year ended March 31, 2023.

The following table sets forth information relating to unhedged foreign currency exposure as at March 31, 2022:

	USD	EURO	Others
Net Financial assets	55.87	-	-
Net Financial liabilities	10.48	-	-

10% appreciation / depreciation of the functional currency of the Company with respect to various foreign currencies would result in increase / decrease in the Company's profit before taxes by approximately Rs.344.02 million for the year ended March 31, 2022.

51. Disclosure as per Ind AS 115, 'Revenue from contracts with customers

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

The major revenue of the Company arises from the rendering of services (Passenger and cargo). The following is a description of the principal activity.

Nature, the timing of satisfaction of performance obligation and significant payment terms

Passenger revenue is recognized on flown basis i.e., after rendering the services, revenue is recognized net of discounts given to the passengers, applicable taxes and airport levies such as passenger service fee, user development fee, etc.

Cargo revenue is recognized when service is rendered i.e., goods are transported, net of airport levies and applicable taxes.

The amounts are billed as per the terms of the contracts and are payable within the contractually agreed credit period as per the Master Service Agreement with Air India.

Disaggregation of revenue

Revenue is disaggregated by the type and nature of services of revenue recognition.

Rendering of services

(Amount in Rs. Million)

S. No.	Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
1	Passenger	6,517.90	4,193.48
2	Excess Baggage	9.99	67.80
3	Mail	0.99	3.72
4	Cargo	12.55	18.90
5	Charter	99.14	20.72
6	Subsidy for Operation from Government	3,659.93	2,842.10
7	Handling Servicing and Incidental Revenue	683.68	28.57
	Total	**10,984.18**	**7,175.29**

The following table provides information about the opening and closing balance of trade receivables:

(in Amount Rs. Million)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Trade Receivable	1007.45	805.13

As on 31st March 2023, the Company is operating under Regional Connectivity Scheme (RCS) in 101 routes, which has been awarded to the Company on four 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, 2023 and 2022.

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.

52. Previous Year’s figures have been re-casted/re-arranged in line with IND-AS requirements.

53. Additional Regulatory Information (in compliance with Schedule 3, Division 2 of the Companies Act, 2022)

a. The Company does not own any immovable property and investment property.

b. The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Assets) and intangible asset.

c. The Company does not have any Capital WIP and Intangible asset under development.

d. The Company has not granted Loans or Advances in the nature of loans to promoters, directors, KMPs and the related parties.

e. The Company does not have any Benami property.

f. The Company does not have any borrowings from banks or financial institutions on the basis of security of current assets.

g. The Company has not been declared wilful defaulter by any bank or financial institution or other lender.

h. The Company does not have any transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956.

i. No charges or satisfaction thereof are pending to be registered with ROC.

Ratios:

Sr. No.	Analytical Ratios	Numerator	Denominator	Current Year	Previous Year	% Change	Reasons
1	Current Ratio	Current Assets	Current Liabilities	0.06	0.06	-1.84%	-
2	Debt-Equity Ratio	Total Debt	Shareholder’s Equity	-0.67	-0.77	-13.14%	-
3	Debt Service Coverage Ratio	Earnings Available for Debt Service	Debt Service	0.24	0.19	23.30%	ROE on Leased Aircrafts
4	Return on Equity Ratio	(Net Profits After Taxes- Preference Dividend)	Average Shareholder’s Equity	N/A	N/A	N/A	Due to negative Shareholder’s Equity and Loss during the year, the Ratio is not cumutable
5	Inventory Turnover Ratio	COGS	Average Stocks	N/A	N/A	N/A	-
6	Trade Receivable Turnover Ratio	Net Credit Sales	Average Trade Receivables	4.04	3.94	2.43%	The Pax Revenue increased to Rs. 6518 million in 2022-23 from Rs. 4195 in the year 2021-22
7	Trade Payable Turnover Ratio	Net Credit Purchases	Average Trade Payables	N/A	N/A	N/A	Prime business is Passanger Carrier and the nature of business will not reflect facts
8	Net Capital Turnover Ratio	Net Sales	Average Working Capital	-0.24	-0.20	21.20%	The Pax Revenue increased to Rs. 6518 million in 2022-23 from Rs. 4195 in the year 2021-22
9	Net Profit Ratio	Net Profit/ Loss	(Sales)	-0.55	-0.63	-12.26%	-

Sr. No.	Analytical Ratios	Numerator	Denominator	Current Year	Previous Year	% Change	Reasons
10	Return on Capital Employed	(Earnings Before Interest and Taxes)	(Capital Employed)	N/A	N/A	N/A	Due to negative Shareholder's Equity and Loss during the year, the Ratio is not cumutable
11	Return on Investment	(Net Return on Investment)	(Cost of Investment)	N/A	N/A	N/A	-

As per our Separate report of even date

For and on behalf of the Board of Directors of Alliance Air Aviation Limited

For S.K. Kapoor & Co.
Chartered Accountants
Firm Registration Number: 000745C

Sd/-
Satyendra Kumar Mishra
Chairman
DIN: 07728790

Sd/-
Brajesh Kumar Srivastava
Director
DIN: 09835338

Sd/-
V.B. Singh
(Partner)
ICAI Membership Number.: 073124
UDIN: 23073124BGYRAD2978

Sd/-
Vineet Sood
Chief Executive Officer

Sd/-
Ambar Kumar Mondal
Chief Financial Officer

Sd/-
Shilpa Bhatia
Company Secretary
Membership No. ACS 49386

Place: New Delhi
Date: 14 June, 2023

HOTEL CORPORATION OF INDIA LIMITED

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS (AS ON 31.03.2024)

Shri Asangba Chuba Ao	Chairman
Shri Pranjol Chandra	
Smt. Rubina Ali	
Shri Brajesh Kumar Srivastava	

Chief Executive Officer

Shri Deepak Khullar

Chief Financial Officer

Shri K.Gopal Krishna

Company Secretary

Ms.Sonam Gosain

Auditors

M/s Jain Jagawat Kamdar & Co.

Solicitors

M/s M.V.Kini & Co

Bankers

Axis Bank
J & K Bank
State Bank of India
Syndicate Bank
United Bank of India

Registered Office

Centaur Hotel
Indira Gandhi International Airport
New Delhi 110 037.

Registrar & Share Transfer Agent

Link Intime India Private Limited
C-101, 247 Park,
L.B.S. Marg Vikhroli (West),
Mumbai – 400083

CHAIRMAN'S MESSAGE

Dear Shareholders,

It gives me great pleasure to present to you the 52nd Annual Report of the Company for the Financial Year 2022-23. Through the years, the Company has enjoyed many highs and navigated through many lows.

Post the setback of the previous two years owing to Covid and notwithstanding the adverse geo-political situation, the financial year 2022-23 saw a bounce back in travel in India. The meticulously planned year-long G20 events across various cities that culminated with the G20 summit held in New Delhi in September 2023 gave a major fillip to the travel and hospitality sector in India. This is reflected in the 34 % growth in Occupancies across hotels in India and a 15.80% growth in Revpars.

Hotels witnessed strong demand from the Domestic Corporate, Leisure, and MICE markets. Hotels also benefited from the clarion call of our Hon'ble Prime Minister urging Indians to hold their destination weddings within India itself. Opening of new Convention Centers such as the Bharat Mandapam and the Yashobhoomi in Dwarka, Delhi has brought about a renewed thrust to the Convention industry and is bound to create new demand for large conventions in Delhi.

With an over 8% GDP growth forecast for India in fiscal 2024-25 and favourable factors such as rising societal aspirations, new tourist attractions, the growing stature of India as an attractive investment destination, increasing connectivity, strong macros, policy interventions, a digital explosion along with a focus on start-ups, defense, semi-conductor and other future growth industries, the Indian hospitality sector is poised for a robust & sustainable growth in the coming years.

Despite the sealing of the Centaur Lake View Hotel, Srinagar on June 14, 2022, the Company managed to record a strong performance for the financial year 2022-23 with a 55% growth in Revenues over the financial year 2021-22. EBITDA margins expanded by 42% as against the financial year 2021-22.

The additional catering to Spicejet flights ex-Delhi helped in the overall growth contributing to 9 % increase in the revenue from inflight catering and enhancement of EBITDA margins by 3.5% on account of the flight catering operations.

Your Company has made all-out efforts to expand its client base and bring in new business. On the cost side, we focused on our processes to prevent & minimize wastage and control the discretionary spending.

We shall strive to continue with these objectives in the coming years as well and remain fairly optimistic about the future prospects of the company, especially given the wholehearted support of our Holding Company and our nodal Ministry.

During the financial year 2022-23, the overall revenue has increased to Rs.547.32 Million from Rs. 352.36 Million of the previous year. The team managed to substantially control the operating costs by saving of 29.81% against the previous year. This resulted in minimizing the Gross Operating Loss and keeping it down to Rs. 183.21 (In Millions) against Rs. 317.65 (In Millions) in the previous year.

The Company is committed to curtail its losses by implementing consistent and stringent measures for cutting the overall expenditure, thereby lowering its losses gradually.

CORPORATE GOVERNANCE

Hotel Corporation complied with the guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE), wherever applicable during the year. The quarterly returns/annual returns on Corporate Governance were filed with the authorities concerned within the stipulated time.

I take this opportunity to thank my colleagues on the Board for their valuable guidance, the Shareholders, the Company's customers, and the Central and State Governments as well as AI Assets Holding Limited and its subsidiaries for their unstinted support. I would also like to place on record my appreciation to the employees at all levels for their hard work, dedication, and commitment during these challenging times.

Sincerely,

Sd/-
Shri Asangba Chuba Ao
Chairman

DIRECTORS' REPORT

The Directors have pleasure in presenting their 52nd Annual Report and the Audited Accounts for the year ended 31st March 2023.

REVIEW OF FINANCIAL PERFORMANCE:

(Rupees in Millions)

PARTICULARS	2022-23	2021-22	Variance %
Total Revenue	547.32	352.36	+55%
Total Operating Expenditure	730.53	670.01	+9%
Gross Operating (Loss)	(183.21)	(317.65)	-42%
Interest	481.80	501.30	-4%
Cash (Loss)	(665.01)	(818.95)	-19%
Depreciation	38.82	29.17	+33%
Net (Loss) Before OCI	(703.83)	(848.12)	-17%
Other Comprehensive Income (OCI)	18.21	5.61	+225%
Net (Loss) Carried to Balance Sheet	(685.62)	(842.51)	-19%

OTHER FINANCIAL INFORMATION

SHARE CAPITAL

As on 31st March 2023, the Authorized Share Capital of the Company was Rs.150,00,00,000/- (Rupees One hundred fifty Crore) divided into 1,50,00,000 shares of Rs.100/- each.

As on 31st March 2023, the Paid-up Share Capital of the Company was Rs.137,60,00,000/- (Rupees One hundred and Thirty-Seven Crore sixty lakhs) divided into 1,37,60,000 shares of Rs.100/- each which were held as follows:

- Rs.110,60,00,000 (Rupees One hundred and Ten Crore sixty lakhs) divided into 110,60,000 shares of Rs.100 each held by AI Assets Holding Limited being the Holding Company.
- Rs.27,00,00,000/- (Rupees Twenty-Seven Crore) divided into 27,00,000 shares of Rs.100/- each held by the Central Government in the name of the President of India.

ANNUAL PLAN OUTLAY 2022-23

As in the previous years, the Company has not received any Annual Plan Outlay in the year 2022-23.

CHANGES IN THE SHARE CAPITAL, IF ANY

During the year there was no change in the Authorized and Paid-up Share Capital of the Company.

CHANGE IN NATURE OF BUSINESS

There is no change in the nature of the business of the Company.

DIVIDEND

In terms of Section 123 of the Companies Act, 2013 the dividend could not be considered due to accumulated losses.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

Since there was no unpaid/unclaimed Dividend for the past years, the provisions of Section 125 of the Companies Act, 2013 did not apply.

AMOUNTS TRANSFERRED TO RESERVES

In view of the accumulated losses, the Board of Directors have decided not to transfer any amount to reserves during the year.

FOREIGN TOURS

The Company incurred NIL expenditure under this head during the year under review.

HUMAN RESOURCE

Personnel

As on 31 March 2023, the Company had on its payroll a total of 213 (post absorption of CLVH employees by the UT of J&K as per the AMRD order dated July 17th, 2023) permanent employees as against 435 as on 31 March 2022. The Company believes that the challenges surrounding the business environment can be best mitigated by a workforce that is motivated, nimble, adaptive to change, innovative and fast in learning.

Industrial Relations

The industrial relations in the Company have traditionally been harmonious.

VIGILANCE

During the year under report, periodic surprise checks and inspections were carried out at all units of HCI. During the year, procedural advice was rendered from time to time in matters pertaining to tender/purchase procedures. Vigilance Awareness Week was observed from 31 October 2022 till 6 November 2022.

STATUTORY COMPLIANCE

Employment of Ex-Servicemen

The Company had been following the Government directive received in this regard for employment of Ex-Servicemen.

Implementation of Official Language Policy

With regard to the implementation of Official Language Policy, the directives received from the Government from time to time are being followed.

Employment of SC, ST & OBC

Subsequent to the disinvestment of three out of six Units of HCI, there was a ban on recruitment and hence, no recruitment exercise was carried out. However, the Company continued to observe the Government directives for reservation of posts in promotions of SC, ST and OBC candidates. The number of permanent employees as on 31 March 2023 is as under:

Total No. of employees	Total Number of SC employees	% of SC employees	Total No. of ST Employees	% of ST employees	Total No. of OBC employees	% of OBC employees
357	78	19.61	21.84	6.72%	39	10.92

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

Energy conservation continues to be given priority by the Company. Constant efforts are being made to reduce energy consumption.

The Company took up the matter with BSES and got the sanction load reduced from 5158 KVA to 1899 KVA for Delhi unit effective 01.04.2023. This resulted in cost saving of Rs. 3,50,000/- per month (approx.)

Particulars required under Form B of the relevant Rules Pursuant to Section 134 (2)(m) of the Companies Act 2013, have not been given since the Company has no Research and Development activity. The question of technology absorption, adaptation or innovation is not applicable to the Company, in view of it being a Service Industry.

DEPOSITS

The Company has not accepted any deposits during the year.

SIGNIFICANT & MATERIAL ORDERS

In December 2021, the J&K Government issued a Notice terminating the lease of the land on which the Centaur Lake View Hotel, Srinagar is located. The Company gave its response to the said termination notice. However, in January 2022, the J&K Government appointed an Estate Officer under the J&K Public Premises (Eviction of Unauthorized Occupants), 1988 and on June 14, 2022, UT of J&K sealed the Centaur Lake View Hotel, Srinagar and forcefully evicted HCI from the premises.

In July 2023, as per the resolution under AMRD, the Centaur Lake View Hotel at Srinagar (which was sealed by the UT of J&K in June 2022), was handed over to the UT of J&K and all the employees of the hotel were absorbed by the UT of J&K.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Section 135 (1) of the Companies Act 2013 requires provision for CSR to be made applicable for a company having threshold Net Worth of ₹500 crores or Turnover of ₹ 1,000 crores or Net Profit of ₹5 crores or more during any of the three immediately preceding financial years. As the company has average net loss during immediately preceding three financial years, no CSR spent has been made during the FY 2022-23.

FOREIGN EXCHANGE EARNINGS & OUTGO

The Foreign Exchange Earnings and Outgo during the year were Nil.

COMPLIANCE WITH THE RTI ACT, 2005

Hotel Corporation of India Limited has ensured compliance with the provisions of Right to Information Act for providing information to the citizens.

The Company has decentralized its structure to deal with the applications/appeals received under RTI Act and has 5 Assistant Public Information Officers (APIOs), 6 Public Information Officers (PIOs) and an Appellate Authority have been appointed for speedy disposal of applications/ appeals.

During 2022-23, 22 Requests/Appeals were received out of which 20 Requests/ Appeals were disposed off during the year and balance 2 were disposed of in the subsequent year i.e. 2023-24.

SEXUAL HARASSMENT

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this.

Two (2) complaints were received in the year 2022 pertaining to sexual harassment. During the year 2023, both the complaints were disposed of and reports were submitted by the Complaints Committee and suitable action was taken by the Management.

INFORMATION ABOUT SUBSIDIARY/JV/ASSOCIATE COMPANY

The Company does not have any Subsidiary, Joint Venture or Associate Company.

MATERIAL CHANGES AND COMMITMENTS

The Estate officer appointed by the J&K Government issued a show cause notice on 05.04.2022. The Company responded on 15.04.2022 requesting for three weeks' time to give a detailed response. However, the Estate Officer issued an Eviction Order dated 25.04.2022 to vacate the Hotel premises within 45 days. This was challenged by way of an appeal before Appellate Authority (District Magistrate, Srinagar). The Company went through several rounds of litigation with respect to the dispute, including the Supreme Court, J&K High Court. On 14.06.2022, the Estate Officer entered the Company's hotel premises and sealed the premises after evicting all the employees. The Company filed an appeal against the Order of the Appellate Authority by filing a Writ Petition before the Hon'ble High Court of J&K on 15.07.2022. The High Court vide order 16.11.2022 disposed of the Writ Petition filed by the Company and referred the dispute to the AMRD mechanism. Consequently, a committee has been formed under the "Administrative Mechanism for Resolution of Disputes" by the Ministry of Civil Aviation.

In July 2023, as per the resolution under AMRD, the Centaur Lake View Hotel at Srinagar was handed over to the UT of J&K and all the permanent employees of the hotel were absorbed by the UT of J&K.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

A detailed Management Discussion and Analysis Report is given separately.

MEETINGS OF THE BOARD OF DIRECTORS

As required under Section 173 of the Companies Act 2013, four Meetings of the Board of Directors of the Company were held during the Financial Year 2022-23 as detailed below, and the provisions of the Companies Act, 2013 were adhered to while considering the time gap between two Meetings.

Details of Board meetings are given below:

Sr. No.	Date of Meeting	Board Strength	No. of Directors Present
259	29 July 2022	4	3
260	13 September 2022	4	3
261	30 November 2022	4	3
262	10 February 2022	4	3

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 134(5) of the Companies Act 2013, the Directors confirm that:

- In the preparation of the Annual Accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at 31 March 2023 and of the Profit or Loss of the Company for that period.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities to the best of the knowledge and ability of the Directors.

- The Company being an unlisted Company, provisions of Section 134(3)(e) are not applicable.
- That the annual accounts have been prepared on a "going concern" basis.
- The Directors have devised proper systems to ensure compliance with the provisions of all applicable Laws and that such systems were adequate and operating effectively.

CORPORATE GOVERNANCE

The Company has complied with the requirements of Corporate Governance with the exception of the appointment of Independent Directors on the Board. This matter is being pursued with the Administrative Ministry. The detailed Corporate Governance Report forms part of this Annual Report is annexed as **Annexure-A**.

AUDITORS

STATUTORY AUDITORS

M/s. Jain Jagawat Kamdar & Co., Chartered Accountants, Mumbai was appointed as the Statutory Auditors of the Company for the financial year 2022-23 by the Comptroller & Auditor General of India in accordance with the provisions of the Section 139 of the Companies Act, 2013.

SECRETARIAL AUDIT REPORT

Pursuant to the provisions of section 204 of the Companies Act 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed M/s A. Kaushal & Associate, Practicing Company Secretary, Delhi, to conduct a Secretarial Audit for the financial year 2022-23.

The Secretarial Audit Report for the financial year ended 31 March 2023 is enclosed at **Annexure II**

Management's Reply on the observations contained in the Secretarial Audit Report

Independent Directors

(i) As per Section- 149(4) read with rule 4 of The Companies (Appointment and Qualification of Directors) rules, 2014 the Company has not appointed requisite number of Independent Director on the Board of the Company.

(ii) As per Section-177(2) of The Companies Act, the Company has not complied with the requirement of appointing Independent Director in the Audit Committee.

(iii) As per Section-178(1) of The Companies Act, the company has not constituted the Nomination and Remuneration Committee.

(iv) As per Section-178(1) of The Companies Act, the Company has not complied with the requirement of appointing Independent Director in the Nomination and Remuneration Committee.

Management's Comments

It is a statement of fact.

There were no Independent Directors on the Board as required under the provisions of Section 149(4) of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 for the period from1st April, 2022 till 31st March, 2023. As per the clause (97) of the Articles of Association of the Company, appointment of Directors on the Board of the Company shall be done by the administrative ministry, i.e. the Ministry of Civil Aviation in consultation with AI Assets Holding Limited and the Company has no say in the matter. In view of the same, the Company could not comply the requirement with respect to the composition of the Audit Committee and Nomination and Remuneration Committee of the Board as per the provisions of the Companies Act, 2013 due to non-appointment of Independent Directors for the said period.

(v) That the Company has generally complied with Secretarial Standards issued by the Institute of Company Secretaries of India.

Management's Comments

Noted

(vi) That the Company has appointed its Company Secretary with effect from 06.12.2022 in the meeting of Board of Directors held on 10.02.2023.

(vii) That the Company has appointed its Nominee Directors Brajesh Kumar Srivastava with effect from 14.12.2022 vide circular resolutions passed on 26.12.2022.

(viii) That the Company has appointed its Nominee Directors Satyendra Kumar Mishra with effect from 01.03.2023 vide circular resolutions passed on 26.12.2022.

Management's Comments

It is a statement of fact.

As per the clause (97) of the Articles of Association of the Company, the Board of Directors shall be appointed by the administrative ministry, i.e. the Ministry of Civil Aviation in consultation with AI Assets Holding Limited. The Board can only take note of the directors as appointed by the Ministry of Civil Aviation.

INTERNAL AUDITOR

Adequate internal financial controls are in place for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies; the safeguarding of its assets; the prevention and detection of frauds and errors; the accuracy and completeness of the accounting records; and the timely preparation of reliable financial information, which is commensurate with the operations of the Company.

M/s L.B. Jha & Co., Chartered Accountants, have been appointed by the Board of Directors to review the business processes and controls to assess the adequacy of the internal control system, to ensure compliance with all applicable laws and regulations and, facilitate in optimum utilization of resources and protect the Company's assets for F.Y 2022-23.

LOANS, GUARANTEES AND INVESTMENTS

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the provisions of Section 186 are not applicable to the Company.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

Exemption from the first and second proviso to sub-Section (1) of Section 188 with regard to obtaining approval of the Company in General Meeting, has been provided to a Government Company in respect of contracts or arrangements entered into by it with any other Government Company.

All Related Party Transactions are placed before the Audit Committee and also the Board for approval.

Particulars of contracts or arrangements or transactions in Form AOC-2 are attached herewith as **Annexure-III**.

REPORTING OF FRAUDS BY AUDITORS

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and / or Board under Section 143(12) of Act and Rules framed thereunder.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

(A) **Conservation of Energy & Technology Absorption:** Your Company has made all efforts wherever possible for conservation of non-renewable sources of energy and utilizing the alternative sources of energy.

(B) Foreign Exchange Earnings and Outgo

	(INR)
EARNINGS	NIL
OUTGO	NIL

RISK MANAGEMENT

The Company is in the process of formulating the Risk Management Policy with the following objectives:

- Provide an overview of the principles of Risk Management
- Explain the approach adopted by the Company for Risk Management
- Define the Organizational Structure for effective Risk Management
- Develop a "risk" culture that encourages all employees to identify risks and associated opportunities and to respond to them with effective actions
- Identify, assess and manage existing and new risks in a planned and coordinated manner with minimum disruption and cost, to protect and preserve Company's human, physical and financial assets.

ANNUAL RETURN

In compliance with Section 92(3) and Section 134(3)(a) of the Act, a copy of your Company's Annual Return as on 31st March, 2023 will be hosted on the website of the Company at www.centaurhotels.com.

Details of Key Managerial Personnel of the Company:

Sr. No	Name	Designation	Date of appointment
1	Shri Deepak Khullar	Chief Executive Officer	5 November 2020
2	Smt. Thrity Cyrus Dalal	Chief Financial Officer	11 February 2015
3	Smt. Isha Jain	Company Secretary (w.e.f 01.10.2021- 22.08.2022)	1 October 2021
4	Miss. Sonam Gosain	Company Secretary	6 December 2022

DECLARATION OF INDEPENDENCE

HCI is a Subsidiary of AI Assets Holding Limited. As per the provisions of Article 97 of the Articles of Association of the Company, the number of Directors of the Company shall not be less than three and not more than fifteen all of whom shall be appointed by AI Assets Holding Limited/ Administrative Ministry, who in turn can do so subject to the directions of the Government of India.

In view of the above provisions of the Articles, the Ministry of Civil Aviation has been requested to nominate Independent Directors on the Board of HCI, however, appointments are awaited.

DIRECTORS AND KEY MANAGERERIAL PERSONNEL (KMP)

The following changes have occurred in the constitution of Directors and KMP of the Company during the Financial Year 2022-23

Sr. No	Name	Designation	Date of appointment	Date of cessation
1	Shri Deepak Sajwan Deputy Secretary, MoCA	Nominee Director of AI Assets Holding Limited	11.02.2022	14.12.2022
2	Shri Brajesh Kumar Srivastava, Deputy Secretary MoCA	Nominee Director of AI Assets Holding Limited	14.12.2022	-
3	Shri Vikram Dev Dutt	Chairman and Nominee Director of AI Assets Holding Limited	27.01.2022	28.02.2023
4	Shri Satyendra Kumar Mishra, JS MoCA	Chairman and Nominee Director of AI Assets Holding Limited	01.03.2023	-

KEY MANAGERIAL PERSON (KMP)

Sr. No	Name	Designation	Date of appointment	Date of cessation
1	Smt. Isha Jain	Company Secretary	01.10.2021	22.08.2022
2	Miss Sonam Gosain	Company Secretary	06.12.2022	-

In view of the exemption granted vide Notification dated 5 June 2015 of the Ministry of Corporate Affairs, information on the following points have not been given:

i. Performance Evaluation of Board, its committees and individuals

i. Policy for selection and appointment of Directors and their remuneration

ii. Remuneration Policy - Remuneration to Executive Directors and Non-Executive Directors

iii. Related Party Transactions

Even though vide the above notification exemption has been granted to Government Companies from the application of First Provision to Section 188 i.e. to obtain approval of the shareholders in respect of contracts or arrangements entered into by it with any other Government Company, approval of the Board is required to be obtained for the same. Accordingly, the approval of the Board has been taken for Related Party Transactions entered with AI Assets Holding Limited and its subsidiaries for the year 2022-23 towards Finance cost – interest Rs 45.26 Crores and sales revenue to the tune of Rs.3.43 Crores.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

The “nil comments” of the Comptroller and Auditor General of India under Section 143(6) (b) of the Companies Act, 2013 on the accounts of the Company for the year ended 31 March 2023 are enclosed to the report.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) under Section 118(10) of Companies Act, 2013, were compiled with by your Company to the extent applicable.

DETAILS OF APPLICATION MADE OR PROCEEDING PENDING UNDER INSOLVENCY AND BANKRUPTCY CODE 2016

During the year under review, there were no applications made or proceedings pending in the name of the Company under the Insolvency and Bankruptcy Code, 2016.

DETAILS OF DIFFERENCE BETWEEN VALUATION AMOUNT ON ONE TIME SETTLEMENT AND VALUATION WHILE AVAILING LOAN FROM BANKS AND FINANCIAL INSTITUTIONS

During the year under review, there has been no one time settlement of Loans taken from Banks and Financial Institutions.

ACKNOWLEDGEMENTS

The Directors wish to place on record their appreciation for the support and co-operation extended by the employees of the Company. The Board also wishes to acknowledge gratefully the support and guidance received from the Ministry of Civil Aviation and AI Assets Holding Limited. The Directors wish to thank the Comptroller and Auditor General of India, Chairman and members of the Audit, Board, Statutory Auditors and Banks.

On Behalf of the Board of Directors

Sd/-
Asangba Chuba Ao
CHAIRMAN

Date: 05.04.2024
Place: New Delhi

MANAGEMENT DISCUSSION & ANALYSIS REPORT

ECONOMIC ENVIRONMENT:

The global economy entered the recovery phase in the financial year 2022-23 after undergoing two years of COVID 19 pandemic- inflicted period. Global tourism steadily improved during the year and most markets neared pre-pandemic levels. This remarkable turnaround was due to the relaxation and gradual lifting of restrictions of travel across countries and the sustained urge of the people to embark on their travel, business, education or vacation as they did before. India was no different and with several interventions of the Government, especially in building-up the roads infrastructure there was a very strong growth trajectory and the travel & tourism sector has emerged as a major growth engine for the Indian economy. Indians have started traveling once again in great numbers, airports are crowded, hotels are well booked and there is renewed optimism in the future growth potential.

GLOBAL ECONOMY: THE YEAR IN REVIEW:

The baseline forecast is for growth to fall from 3.4 percent in 2022 to 2.8 percent in 2023, before settling at 3.0 percent in 2024. Advanced economies are expected to see an especially pronounced growth slowdown, from 2.7 percent in 2022 to 1.3 percent in 2023. In a plausible alternative scenario with further financial sector stress, global growth declines to about 2.5 percent in 2023 with advanced economy growth falling below 1 percent. Global headline inflation in the baseline is set to fall from 8.7 percent in 2022 to 7.0 percent in 2023 on the back of lower commodity prices but underlying (core) inflation is likely to decline more slowly. Inflation's return to target is unlikely before 2025 in most cases.

(Source: IMF- World Economic Outlook – Apr 2023)

INDIAN ECONOMY: THE YEAR IN REVIEW:

The Economic Survey 2022-23 comes when global uncertainties are rife. Barely had the pandemic receded, the war in Ukraine broke out in February 2022. Prices of food, fuel and fertilizer rose sharply. As inflation rates accelerated, central banks of advanced countries scrambled to respond with monetary policy tightening. Many developing countries, particularly in the South Asian region, faced severe economic stress as the combination of weaker currencies, higher import prices, the rising cost of living and a stronger dollar, making debt servicing more expensive, proved too much to handle. In the second half of 2022, there was a respite for governments and households. Commodity prices peak.

For India, 2022 was special. It marked the 75th year of India's Independence. India became the world's fifth largest economy, measured in current dollars. The nominal GDP of India will be around US$ 3.5 trillion. In real terms, the economy is expected to grow at 7 per cent for the year ending March 2023. This follows an 8.7 per cent growth in the previous financial year. The rise in consumer prices has slowed considerably. The annual rate of inflation is below 6 per cent. Wholesale prices are rising at a rate below 5 per cent. The export of goods and services in the first nine months of the financial year (April – December) is up 16 per cent compared to the same period in 2021-22. Although the high oil price this year compared to last inflated India's import bill and caused the merchandise trade deficit to balloon, concerns over the current account deficit and its financing have ebbed as the year rolled on.

Foreign exchange reserve levels are comfortable and external debt is low. India had a good monsoon and reservoir levels are higher than last year and the 10-year average. The fundamentals of the Indian economy are sound as it enters its Amrit Kaal, the 25-year journey towards its centenary as a modern, independent nation. Policies pursued carefully and consciously have ensured that the recovery is robust and sustainable.

(Source: Economic Survey 2022-23).

GLOBAL HOSPITALITY AND TOURISM INDUSTRY :

Tourist arrivals internationally for 2022 were 917 million, double that of 2021 but recovering to 63% of pre-pandemic levels of 2019, according to data from the United Nations World Tourism Organization (UNWTO) International tourism recovered 87% of pre-pandemic levels in the period January-September 2023 (-13% versus 2019) backed by continued pent-up demand in the third quarter of 2023.

An estimated 975 million tourists travelled internationally between January and September 2023, an increase of 38% over the same months of 2022, though 13% fewer than in 2019. International tourism receipts could reach USD 1.4 trillion in 2023, about 93% of the USD 1.5 trillion earned by destinations in 2019. These results reflect the strong recovery of demand in 2023.

International arrivals are expected to reach 1.3 billion overall in 2023, up 33% over 2022 and almost 90% of pre-pandemic levels, in line with UNWTO scenarios published in January. International tourism is expected to fully recover to pre-pandemic levels in 2024, with initial estimates pointing to 2% growth above 2019 levels. This central forecast by UNWTO remains subject to the pace of recovery in Asia and to the evolution of existing economic and geopolitical downside risks.

(Source: UNWTO, Barometer November 2023).

INDIAN HOSPITALITY AND TOURISM INDUSTRY:

FY 2022-23 continued to be a year of strong recovery in the Indian travel and tourism industry. Restrictions on flights were relaxed in most countries into and from India. Travel restrictions, documentation and certifications were also progressively relaxed for travel within India. Consequently, demand for accommodation grew significantly, mainly arising from domestic leisure travel, weddings, social events, conferences and resumption of business travel within the country. Foreign tourist arrivals were 6.19 million for the calendar year 2022 in comparison with 1.52 million in 2021.

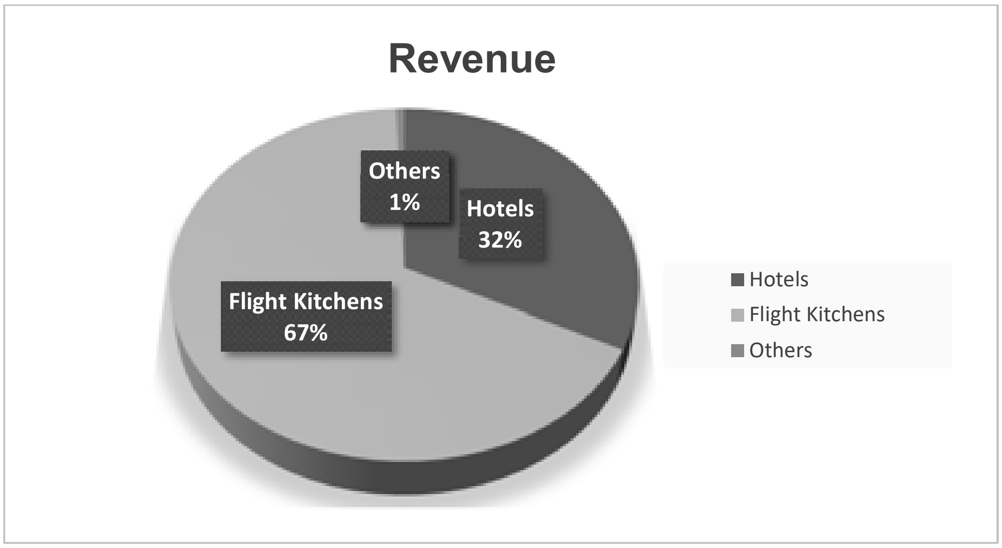
OUTLOOK:

International tourism is expected to fully recover pre-pandemic levels in 2024, with initial estimates pointing to 2% growth above 2019 levels. This central forecast by UNWTO remains subject to the pace of recovery in Asia and to the evolution of existing economic and geopolitical downside risks.

The positive outlook is reflected in the latest UNWTO Tourism Confidence Index survey, with 67% of tourism professionals indicating better or much better prospects for 2024 compared to 2023. Some 28% expect similar performance, while only 6% expect tourism performance in 2024 to be worse than last year.

In the year 2022-23 the organized hotel sector in India saw a 34% growth in occupancy. Indian Travelers have been discovering India in large numbers. Domestic tourism was key contributor to both Occupancy and ADR achieved during 2022-23. Business travel bounced back too & flight operations touched a peek. With India's Presidency of the G20, India is positioned like never before to showcase our nation's cultural heritage, our unique and differentiated travel offerings and our safe and tourist friendly destinations. Tourism will be one of the most important pillars of the nation's growth with its multiplier effect on economic prosperity and employment generation.

COMPANY'S OUTLOOK:



Segment wise reporting for the year 2022-23:

(Rs in millions)

Particulars	Hotels	Flight Kitchens	Others	Total
Revenue	174.30	369.62	3.40	547.32
Operating (Loss)	(104.62)	(46.95)	(31.64)	(183.21)
Net (Loss)	(141.39)	(59.17)	(485.06)	(685.62)

Your Company improved its performance in FY 2022-23. Revenues increased by 55% and operating loss reduced by 42% owing to increased room occupancy (57%) in the hotel segment and higher upliftment of meals in the flight catering segment. The Net Loss reduced by 19% over FY 2022-23. This performance is despite the sudden sealing of the Centaur Lake View Hotel, Srinagar by the UT of Jammu & Kashmir on 14.06.2022.

RISK MITIGATION STRATEGIES:

The Company has embarked upon a journey to reduce its dependencies on Air India Limited.

- It is augmenting its talent to enhance its operational standards.
- The Company is focusing on broad basing its clientele for the hotel by targeting businesses from Online Travel Agents, Corporates (FITs and Conferences), Weddings & Leisure. Similarly for its flight catering business, the Company has successfully garnered business from an additional airline.
- It is also making efforts to de-risk the business model by exploring other lines of business.

INTERNAL CONTROL SYSTEMS:

Your Company's Internal Auditors conduct an audit of the transactions of the Company periodically and ensure that recording and reporting is adequate and proper. The Internal Audit also verifies whether internal controls and checks & balances in the systems are adequate, proper and up to date. Corrective actions for any weaknesses in the system that may be disclosed by the Audits are taken. Management is exploring introduction of digitization and integration of key back-office processes and have initiated the process to roll-out the PMS package for Front office and Inventory management which would help to further enhance internal control mechanisms.

GOING CONCERN:

The Company is taking all necessary measures to explore opportunities to enhance our toplines, reduce fixed costs and rationalize resources.

The Management believes that the catering revenues, weddings/ social market, and domestic corporate & leisure travel will be the mainstays of our business. The Company is also working towards enhancing the capacity utilization in the Chefair units by catering to the increased demand from airlines. The management is positive that with the help of the stakeholders and its Human resources, the Company would be able to turnaround.

Annexure-A

CORPORATE GOVERNANCE

The company firmly believes in and has consistently practiced good Corporate Governance. The company's essential character is shaped by the values of transparency, professionalism, and accountability. The company is committed to attain

1. Company's Philosophy on Code of Corporate Governance the highest standard of Corporate Governance. The philosophy of the company in relation to Corporate Governance is to ensure transparency in all its operations, make disclosures and enhance all stakeholders' value within the framework of laws and regulations.

2. Board of Directors

Hotel Corporation of India Limited (HCI) is a Public Sector Undertaking, currently a subsidiary of AI Assets Holding Limited, under the Ministry of Civil Aviation. For the period 01.04.2021 to 11.01.2022, HCI was a subsidiary of Air India Limited (AI). However pursuant to the disinvestment of AI and the decision of AISAM, the investment of AI in HCI was transferred to AI Assets Holding Limited (AIAHL) on 11.01.2022 and accordingly Ministry of Civil Aviation (MoCA) reconstituted the Board of HCI by issuing OM dated 31.12.2021 followed by OM dated 11.01.2022, 27.01.2022, 11.02.2022, 14.12.2022 and 28.02.2023.

Its directors are appointed by the holding company / administrative ministry. As per the Articles of Association of the Company, the number of Directors shall not be less than three and not more than fifteen all of whom shall be appointed by the holding company / administrative ministry.

Accordingly, the composition of the Board of HCI as prescribed by MOCA vide its order dated 28.02.2023 is as follows:

Board of Directors as on 31 March 2023

Shri Satyendra Kumar Mishra Chairman & Managing Director AI Assets Holding Limited	-	Chairman and Nominee Director
Smt. Rubina Ali Jt. Secretary Ministry of Civil Aviation	-	Nominee Director
Shri Pranjol Chandra Director Ministry of Civil Aviation	-	Nominee Director
Shri Brajesh Kumar Srivastava Deputy Secretary Ministry of Civil Aviation	-	Nominee Director

Shri Deepak Sajwan, Nominee Director ceased from the Board of HCI w.e.f.14.12.2022 vide MoCA OM dated 14.12.2022 and Shri Vikram Dev Dutt, CMD, AI Assets Holding ceased from the Board of HCI w.e.f 28.02.2023 vide MoCA OM dated 28.02.2023.

Further, in pursuance of OM dated 28.02.2023, Shri. Satyendra Kumar Mishra was given the additional charge of CMD, AI Assets Holding w.e.f 01.03.2023 and therefore eventually remained as the nominee director on the Board of HCI.

Since the reconstitution of the Board by MoCA vide order dated 28.02.2023, did not mention the position of the Chairperson, therefore HCI Board vide its Circular Resolution bearing No 63 dated 10.03.2023 had nominated Shri. Satyendra Kumar Mishra, as the Chairperson on the Board of HCI and passed the requisite resolution till any further instruction from the MoCA/Holding Company.

The Board places on record its appreciation of the valuable services rendered by Shri Satyendra Kumar Mishra, JS, MoCA being CMD, AI Assets Holding Limited on the Board of the Company during their tenure.

Details regarding the Board Meetings, Annual General Meeting, Directors' Attendance thereat, Directorships and Committee positions held by the Directors are as under:

3. Board Meetings

Four Board Meetings were held during the financial year on the following dates:

259	29 July 2022
260	13 September 2022
261	30 November 2022
262	10 February 2023

Particulars of Directors including their attendance at the Board/Shareholders' Meetings during the financial year 2022-23

Name of the Director	Academic Qualifications	No. of Board Meetings held	No. of Board Meetings Attended	Last AGM Attended
Shri Vikram Dev Dutt, - Chairman (From 27th January 2022 till 28th February, 2023)	B.Tech. & PGDM, IAS (UT:93)	4	4	Yes

Name of the Director	Academic Qualifications	No. of Board Meetings held	No. of Board Meetings Attended	Last AGM Attended
Shri Satyendra Kumar Mishra Jt. Secretary, Ministry of Civil Aviation (From 01st March 2023)	M.Tech (applied Geology) MA (in Public Policy)	4	1	Yes
Smt. Rubina Ali Joint Secretary, Ministry of Civil Aviation (From 11th February 2022)	PGDM	4	4	Yes
Shri Pranjol Chandra, Director, Ministry of Civil Aviation (From 11th January 2022)	B. E. Mechanical	4	4	Yes
Shri. Deepak Sajwan, Deputy Secretary, Ministry of Civil Aviation (From 11th February 2022 till 14th December 2022)	PGDM	4	-	No
Brajesh Kumar Srivastava Deputy Secretary, MoCA (From 14th December 2022)	PGDM	4	1	Yes

Directorships and Memberships of Board Committees

Details of Directorships and memberships in the various committees as held by the Directors of the Company are as under:

Name of the Director	Academic Qualifications	Attendance in the Board Meetings held during the year	Details of Directorships held in other Companies	Memberships held in Committees
Shri Vikram Dev Dutt, - Chairman (From 27th January 2022 till 28th February, 2023)	B.Tech. & PGDM, IAS (UT:93)	4	CMD AI Assets Holding Limited Chairman and Nominee Director AI Airport Services Limited, AI Engineering Services Limited, Alliance Air Aviation Limited,	AIAHL Member Nomination and Remuneration Committee AIASL Chairman Corporate Social Responsibility Committee Member Audit Committee AIESL Chairman Corporate Social Responsibility Committee Member Audit Committee AAAL Chairman HR Committee Flight Safety Committee Member Audit Committee

Name of the Director	Academic Qualifications	Attendance in the Board Meetings held during the year	Details of Directorships held in other Companies	Memberships held in Committees
Shri Satyendra Kumar Mishra Jt. Secretary, Ministry of Civil Aviation (From 01st March 2023)	M.Tech (applied Geology) MA (in Public Policy)	4	CMD AI Assets Holding Limited Chairman and Nominee Director AI Airport Services Limited, AI Engineering Services Limited, Alliance Air Aviation Limited,	AIAHL Chairman Nomination and Remuneration Committee AIASL Chairman Corporate Social Responsibility Committee Member Audit Committee AIESL Chairman Corporate Social Responsibility Committee Member Audit Committee AAAL Chairman HR Committee Flight Safety Committee Member Audit Committee
Smt. Rubina Ali Joint Secretary, Ministry of Civil Aviation (From 11th February 2022)	PGDM	4	Director	HCI Member Audit Committee

Name of the Director	Academic Qualifications	Attendance in the Board Meetings held during the year	Details of Directorships held in other Companies	Memberships held in Committees
Shri Pranjol Chandra, Director, Ministry of Civil Aviation (From 11th January 2022)	B. E. Mechanical	4	Director Alliance Air Aviation Limited,	AAAL Member Audit Committee HR Committee Flight Safety Committee HCI Member Audit Committee
Shri. Deepak Sajwan, Deputy Secretary, Ministry of Civil Aviation (From 11th February 2022 till 14th December 2022)	PGDM	-	Director Alliance Air Aviation Limited	AAAL Member Audit Committee HR Committee Flight Safety Committee HCI Member Audit Committee
Brajesh Kumar Srivastava Deputy Secretary, MoCA (From 14th December 2022)			Director Alliance Air Aviation Limited	AAAL Member Audit Committee HR Committee Flight Safety Committee HCI Member Audit Committee

4. BOARD PROCEDURE

The meetings of the Board of Directors were generally held at 2nd Floor, Board Room, Air India Reservation Building, in New Delhi or at any other place at the convenience of the director via Video Conferencing (VC) or physically. The meetings are scheduled well in advance. In case of exigencies or urgency, resolutions are passed by circulation. The Board meets at least once a quarter to review the operating performance of the Company. The agenda for the meetings are prepared by the officials of the concerned departments and approved by the CEO & the Chairman. The Board papers are circulated to the Directors in advance. The members of the Board have access to all information and are free to recommend the inclusion of any matter on the agenda for discussion. Senior executives are invited to attend the Board meetings and provide clarification as and when required. Action Taken Reports are put up to the Board periodically. To enable better and more focused attention on the affairs of the Company, the Board delegates certain matters to committees of the Board set up for the purpose.

5. CODE OF CONDUCT

In terms of requirements of DPE guidelines on Corporate Governance for CPSEs, the Board has adopted Code of Conduct for the Directors and Senior Management. There is a system of affirming compliance with the Code by the Board Members and Senior Management Personnel of the Company. A declaration of compliance signed by the Chief Executive Officer of the Company is enclosed with the Report.

6. BOARD COMMITTEES

AUDIT COMMITTEE

As on 31 March 2023, the following were the Members of the Audit Committee:

Smt. Rubina Ali, Joint Secretary & Financial Advisor, MoCA	Chairperson
Shri. Pranjol Chandra, Director, MoCA	Member
Shri. Brajesh Kumar Srivastava, Deputy Director, MoCA	Member
Shri Satyendra Kumar Mishra,	
Chairman & Managing Director,	Invitee
AI Assets Holding Limited	

The quorum for the meeting of Audit Committee would be 1/3rd of the total strength or 2 whichever is higher. During the year under report, four meetings of the audit committee were held.

The terms of reference of this Committee are:

- To recommend for appointment, remuneration and terms of appointment of auditors of the Company;
- To review and monitor the auditor's independence and performance, and effectiveness of audit process;
- To review the Internal Audit program & ensure co-ordination between the Internal & External Auditors as well as determine whether the Internal Audit function is commensurate with the size and nature of the Company's Business;

- To discuss with the Auditor before the audit commences the nature & scope of the audit;
- To examine the financial statements and the auditors' report thereon;
- To review the Statutory Auditor's Report, Management's response thereto and to take steps to ensure implementation of the recommendations of the Statutory Auditors;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters.
- To consider any other matter as desired by the Board.

Meetings of the Audit Committee

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

41st Audit Committee Meeting	29th July 2022
42nd Audit Committee Meeting	13th September 2022
43rd Audit Committee Meeting	30th November 2022

Annual General Meetings during the last three years

The details of these meetings are given below:

No. of meeting	Date and time of the Meeting	
51st Annual General Meeting	30th December 2022 at 1230 hrs	Hotel Centaur Premises, Indira Gandhi International Airport, New Delhi-110037
51st Adjourned Annual General Meeting	15th February 2023 at 1000 hrs	Hotel Centaur Premises, Indira Gandhi International Airport, New Delhi-110037
50th Annual General Meeting	30th September 2021 at 1130 hrs	1stfloor, Transport Annex Building, AirIndia Complex, Old Airport, Santa Cruz(E), Mumbai-400 029
Extra Ordinary General Meeting	13th January 2022 at 1500 hrs	Hotel Centaur Premises, Indira Gandhi International Airport, New Delhi-110037

No. of meeting	Date and time of the Meeting	
49th Annual General Meeting	31st December 2020 at 1230 hrs	1st floor, Transport Annex Building, AirIndia Complex, Old Airport, Santa Cruz(E), Mumbai-400 029
Extra Ordinary General Meeting	28th October 2020 at 1130 hrs	
Extra Ordinary General Meeting	10th June 2020 at 1500 hrs	

7. DISCLOSURES AND STATUTORY COMPLIANCES

Adequate Disclosures pertaining to Director's interest, related party transactions, maintenance of statutory registers have been taken and placed periodically before the Board of Directors to take informed decisions, with the Board following a clear policy of specific delegation and authorization of designated officers to handle the business matters. MCA Filings with respect to disclosures, intimations, allotments and appointments have been made in a time bound manner with no pending matters.

8. CEO/CFO Declaration:

The Chief Executive Officer and Chief Financial Officer have certified in writing with respect to the truth and fairness of the Financial Statements, due compliances, and financial reporting which was placed before the Board & Audit Committee and forms part of this report

Sd/-
Asangba Chuba Ao
Chairman
Hotel Corporation of India Limited

Date: 05.04.2024
Place: New Delhi

CODE OF CONDUCT

DECLARATION

I hereby declare that all the Board Members & Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors for the year ended 31st March 2023.

Sd/-
Chief Executive Officer
Hotel Corporation of India Limited

Date: 05.04.2024
Place: New Delhi

Declaration by Chief Executive Officer and Chief Financial Officer

To,

The Board of Directors,

Hotel Corporation of India Limited,

We, Deepak Khullar, Chief Executive Officer and K. Gopalkrishna, Chief Financial Officer of Hotel Corporation of India Limited (hereinafter "the Company"), do hereby certify that:

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief:
   a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   b) these statements give a true and fair view of the state of affairs of the Company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including Accounting Standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept overall responsibility for the Company's internal control system for financial reporting. This is monitored by the internal audit function, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal audit works with all levels of management and statutory auditors, and reports significant issues to the Audit Committee of the Board of Directors.

   The Auditors and Audit Committee are apprised of any corrective action taken with regard to significant deficiencies and material weaknesses.
4. We indicate to the Auditors and to the Audit Committee:
   a) Significant changes in internal control over financial reporting during the year;
   b) Significant changes in accounting policies during the year;
5. We further declare that all Board Members and Senior Managerial Personnel have affirmed compliance with the code of conduct during the year ended 31st March 2023.

For Hotel Corporation of India Limited

Sd/-	**Sd/-**
Deepak Khullar	**K. Gopalkrishna**
Chief Executive Officer	**Chief Financial Officer**
PAN:AAAPK1185C	**PAN: AEIPK8939C**

Date: 20.12.2023
Place: New Delhi

Annexure B to Directors' Report for the year 2022-23

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis:

   There were no contracts or arrangements or transactions entered during the year ended March 31, 2023, which were not at arm's length basis.

2. Details of contracts or arrangements or transactions at arm's length basis.

All contracts /arrangements / transactions entered by the Company with related parties under Section 188(1) of the Act during the financial year 2022-23 were on an arm's length basis, in the ordinary course of business which were duly approved in the 261st Board Meeting of the Company held on 30th November 2022. The details of contracts or arrangements or transactions at arm's length basis are as follows:

Name of Related Party & Nature of Relationship with Hotel Corporation of India Limited	Nature of Transaction	Duration of Transaction	Salient terms of transaction	Amount Rs. (In million)
AI Assets Holding Ltd (AIAHL) Holding	Finance Cost – Interest on Loans Revenue earned from Hotel Accommodation and Catering Services	1st April 2022 -31st March 2023	The related party transactions (RPTs) entered during the year was in the ordinary course of business and on arms length basis	452.66 0.02
AI Engineering Services Ltd (AIESL) *Fellow Subsidiary* (Subsidiary of AIAHL)	Revenue earned from Hotel Accommodation and Catering Services	1st April 2022 -31st March 2023		18.49
AI Airport Services Ltd (AIASL) *Fellow Subsidiary* (Subsidiary of AIAHL.)	Revenue earned from Hotel Accommodation and Catering Services	1st April 2022 -31st March 2023		13.82
Alliance Air Aviation Limited (AAAL) *Fellow Subsidiary* (Subsidiary of AIAHL.)	Revenue earned from Hotel Accommodation and Catering Services	1st April 2022 -31st March 2023		1.98

For and on behalf of the Board

Sd/-
Asangba Chuba Ao
Chairman

Date: 05.04.2024
Place: New Delhi

SECRETARIAL AUDIT REPORT

For the financial year ended on 31st March, 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
HOTEL CORPORATION OF INDIA LIMITED,
Hotel Centaur Premises
Indira Gandhi International Airport
New Delhi -110037

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **"Hotel Corporation of India Limited"** (hereinafter called the **"Company"**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of **Hotel Corporation of India Limited** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives, during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2023, according to the provisions of:

i) The Companies Act, 2013 (the Act) and the rules made thereunder;

ii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;

iii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment.

The management of the Company, vide Management Representation Letter dated 30.01.2024, has confirmed that the Company is in compliance with the provisions of the following laws, which are applicable specifically to the Company:

a) The Prevention of Food Adulteration Act, 1954;

b) Food Safety and Standards Act, 2006;

c) Hotel Insurance Policy;

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India. During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above except to the extent:

1. As per Section- 149(4) read with rule 4 of The Companies (Appointment and Qualification of Directors) rules, 2014 the Company has not appointed requisite number of Independent Director on the Board of the Company.

2. As per Section-177(2) of The Companies Act, the Company has not complied with the requirement of appointing Independent Director in the Audit Committee.

3. As per Section-178(1) of The Companies Act, the company has not constituted the Nomination and Remuneration Committee.

4. As per Section-178(1) of The Companies Act, the Company has not complied with the requirement of appointing Independent Director in the Nomination and Remuneration Committee.

5. That the Company has generally complied with Secretarial Standards issued by the Institute of Company Secretaries of India.

6. That the Company has appointed its Company Secretary with effect from 06.12.2022 in the meeting of Board of Directors held on 10.02.2023.

7. That the Company has appointed its Nominee Directors Brajesh Kumar Srivastava with effect from 14.12.2022 vide circular resolutions passed on 26.12.2022.

8. That the Company has appointed its Nominee Directors Satyendra Kumar Mishra with effect from 01.03.2023 vide circular resolutions passed on 17.03.2023.

We further report that:

The Board of Directors of the Company is duly constituted with only Non-Executive Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act except the Company has not appointed requisite number of Independent Director on the Board of the Company.

Adequate notice has been given to all directors/members, as the case may be, to schedule the Board Meetings including committee meetings during the financial year under review, agenda and detailed notes on agenda were sent properly before the scheduled meeting, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions are carried unanimously. The members of the Board have not expressed dissenting views on any of the agenda items during the financial year under review.

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

We further report that, during the audit period, the Company has not carried out any specific events/actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules regulations, guidelines.

FOR A. KAUSHAL AND ASSOCIATES
COMPANY SECRETARIES

Sd/-
CS AMIT KAUSHAL
FCS- 6230, CP No.- 6663
UDIN: F006230E003553721

Place: New Delhi
Date: 07.03.2024

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

Annexure-I

To,

The Members,
HOTEL CORPORATION OF INDIA LIMITED,
Hotel Centaur Premises
Indira Gandhi International Airport
New Delhi -110037

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

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

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. 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 procedure on test basis.

5. 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.

FOR A. KAUSHAL AND ASSOCIATES
COMPANY SECRETARIES

Sd/-
CS AMIT KAUSHAL
FCS- 6230, CP No.- 6663
UDIN: F006230E003553721

Place: New Delhi
Date: 07.03.2024

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HOTEL CORPORATION OF INDIA LIMITED FOR THE YEAR ENDED 31 MARCH 2023

The preparation of financial statements of Hotel Corporation of India Limited for the year ended 31 March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated **28 December 2023.**

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Hotel Corporation of India Limited for the year ended 31 March 2023 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 the behalf of the
Comptroller & Auditor General of India

Sd/-
Sandip Roy
Director General of Commercial Audit,
Mumbai

Place: Mumbai.
Date:- 27 February 2024

INDEPENDENT AUDITOR'S REPORT

To

The Members of
HOTEL CORPORATION OF INDIA LIMITED

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the standalone financial statements of HOTEL CORPORATION OF INDIA LIMITED (the "Company"), which comprise the standalone balance sheet as at 31 March 2023, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except of the matter(s) described in Basis for Qualified Opinion section, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its *loss* and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

We draw attention to the matters described as below the effects of misstatements and possible effects of undetected misstatements on the financial statements due to inability to obtain sufficient and appropriate audit evidence which are material but, not pervasive either individually or in aggregate.

1. Disagreements between Jammu & Kashmir Government & 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,
  - o UT of J&K took over 145 employees of HCIL working at CLVH
  - o The UT of J&K agreed to assume liabilities as follows:

Sr. No.	Particulars	Amount in Crores
1.	Valuation of CLVH at Net Block as of 31.03.2022	6.07
2.	Employee liability for the Govt. of J&K from 01.03.2023 onwards	**17.58***
3.	Salary payments for workers (March-June 2023)	3.08
	Total payable by UT of J&K (Agreed Liabilities)	**26.73**

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

➢ UT of J&K would further examine the claims of HCI with regard to the revision of rates for CRPF/BSF - ₹19.69 crore on submission of further justification/ details.

➢ UT of J&K needs further justification/details/documentation for examining the claim of HCI for cost sharing of expenses as on 31.03.2022- ₹ 12.61 cr. On such provision by HCI, the UT of J&K will examine and settle the claims within 45 days.

(Refer note no. 32 of Standalone Financial Statements)

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

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

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

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

2. Inventory:

Inventory records and Accounting records are not integrated. Further, there was no system of internal control on inventories on which we could rely for the purpose of our audit. There are no satisfactory audit procedures that we could adopt to obtain sufficient and appropriate audit evidence to satisfy ourselves as to the existence, quantities and conditions of these inventories and to access their valuation.

Any adjustments that might have been found necessary in respect of the above would have a consequential significant effect on the financial position of the company as at 31 March 2023 and the related disclosures in the financial statements.

Further the valuation of regular consumed inventory is derived as 50% cost of the closing inventory at year end, instead of any proper standard mechanism for arriving at closing valuation of inventory.

The category of "Inventories" comprises obsolete stock from CLVH, currently valued at cost, presenting a deviation from the prescribed guidelines of Ind AS-2 "Inventories." According to the standard, such inventory should be valued at the lower of its Net Realisable Value or Cost. It is anticipated that the inventory value at CLVH might be lower than its recorded cost. This discrepancy in valuation methods necessitates immediate attention to ensure compliance with accounting standards. Reviewing and adjusting the valuation approach for obsolete inventory aligns with the principles of Ind AS-2, promoting accuracy and reliability in financial reporting practices.

(Refer note no. 06 & 48 of the Standalone Financial Statements)

3. MSMED Act compliances

The Company has classified MSME Vendors registered under Micro Small and Medium Enterprises Development (MSMED) Act, 2006. The compliances of procurement; provision for interest, if any, on outstanding dues to MSME units could not be verified. We therefore are unable to determine the delay in making payment to such entities and liability of interest and compliance on such delayed payments in terms of provisions of MSMED Act.

(Refer note no. 18 & 45 of the Standalone Financial Statements).

4. Discrepancies in Accounting Records:

During our comprehensive analysis of the accounting records, a series of discrepancies, incompleteness, and ambiguities have been uncovered. These include instances of incorrect accounting entries, lacking of clarity within the accounting documentation, and the presence of entries assigned to incorrect accounting periods. The identified errors range from misallocated transactions to entries lacking comprehensive supporting information, resulting in a lack of transparency and accuracy in the financial records. The existence of entries attributed to different periods adds complexity and challenges to maintaining the chronological order and coherence of the financial statements. Addressing these discrepancies, ensuring completeness, and clarifying ambiguities are essential to uphold the accuracy and reliability of our financial reporting. Immediate attention and thorough rectification efforts are warranted to reconcile these discrepancies and enhance the integrity of our accounting records.

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

Our opinion is not modified in respect of this matter

Emphasis of Matter

We draw attention to:

1. **Amount Receivables:**

The Company has sent letters/e-mails for confirmation of balances, some responses are received by the management but are subject to reconciliations. However, the whole process of obtaining confirmations need to be further strengthened. Pending such confirmations, reconciliations and/ or assessment, the impact thereof on Standalone Financial Statements are not ascertainable and quantifiable. We are unable to obtain audit evidence for the amount recoverable and periodicity thereof. ***(Refer note no.7 & 37 of Standalone Financial Statements)***

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

2. **Amount Payables:**

- Company does not follow a proper system of obtaining confirmations and performing reconciliations and/ or assessment of correct balances in respect of amount payable to Trade Payables; Deposits received (SD/EMD); Government Departments and other parties. Accordingly amount payable to various parties are subject to confirmations, reconciliations and/or assessments. ***(Refer note no. 18 & 37 of Standalone Financial Statements)***
- Pending such confirmations, reconciliations and/ or assessments, impact thereof on the Standalone Financial Statements is not ascertainable and quantifiable. In absence of obtaining audit evidence with regards party wise, age wise and reasons for holding the same beyond the period stated in the Company's policy, we are unable to comment on amount payable and periodicity thereof.
- Trade Payables have been bifurcated into two parts i.e., MSME and others and further sub-divided as disputable or otherwise. Disputed trade payables taken only in cases where matter is under litigation. In case of delayed outstanding against MSME/ others, beyond the period of Credit policy of the Company have been considered as undisputable by

the management. Assessment for identifying disputable one is not available. In absence of any audit evidence with regards to assessment of disputable or otherwise, we are unable to comment thereon and impact thereof on standalone financial statements.

3. Unlinked receipts

- Unlinked receipts from debtors against billing by the Company, which could not be matched with the amount standing to the debit of the receivables is appearing as liabilities "Advance from Customers/Other Advances" in the standalone financial statements of the Company. To that extent, the Trade Receivables and Current Liabilities are overstated.

4. Loss/shortage of Property, Plant & Equipment

- Records for Property Plant Equipment (Fixed Assets) are not properly maintained and updated at various units. No physical verification of PPE has been conducted by the management during the current financial year (Management represents last inspection was conducted in FY 2019-20).

- Further, statements wherever, prepared for physical verification has no base and as such verification is not capable of reconciliations either with the Books of Accounts or Fixed Assets Records, wherever, maintained. Hence impact of loss/ shortage/ scrap of assets remains indeterminable. ***(Refer note no.2A & 46 of Standalone Financial Statements)***

5. Lease Rentals/Turnover Levy payable to AAI/MIAL/DIAL

- Lease rentals and Turnover levy payable to Airport Authority of India (AAI)/Delhi International Airport Limited (DIAL)/ Mumbai International Airport Limited (MIAL) are provided in the books of accounts of the Company and duly reflected in the financial statement. Further in view of the dispute between the Company and AAI/DIAL/MIAL, interest on account of outstanding payable is not provided but disclosed under the head Contingent Liability and are not in conformity with the accounting principles generally accepted in India. ***(Refer note no. 15, 17 & 31(ix) of Standalone Financial Statements).***

6. Provision of Wage Revision of Differential Liability

- The earlier wage agreement was expired on 31 December, 2006 and the union has submitted Charters of demands. The Company had negotiations between Wage Negotiation Committee of the Management and Co-Ordination Committee of HCI Unions and after receipt of final approval from the Ministry of Civil Aviation, the Memorandum of Understanding dated 08.08.2019 was entered into between the unions and the Company for implementing wage revision for the Unionized category of employees for a period of 10 years effective 18.08.2008. The wage revision was implemented in the financial year 2019-20. The total estimated provision for arrears of wage revision for the unionized category of employees of the company as on 31.03.2023 is ₹146.36 million. The Management had announced an interim relief of ₹5,000/- per month per employee for officers effective from 1 January, 2017 which continues to be paid and has been expensed out through the Statement of Profit and Loss Account amounting to ₹67.69 million as on 31.03.2023. As and when wage revision is approved, this amount would be adjusted against arrears payable, if any, for which employee wise details have been maintained separately in the books of accounts. Further, the calculations for arrears payable to employees effective 08.08.2008 are in progress. The management is of the opinion that in case the wages provided is inadequate then the provision for differential liability will be made in the year it is finalized. ***(Refer note no.12, 19, 20, 31 & 34)***

7. Legal expense/ interest etc. on contingent liabilities

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

8. Non-Compliance of certain provisions of Companies Act

- The Company has not appointed Independent Directors as required under the provisions of Section 149(4) of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and hence, no meeting of the Independent Directors could be held during the Audit Period.
- Since the Company has not appointed Independent Directors, the Company has not complied with the provisions of Section 177(2) and Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 as regards the composition of the Audit Committee and the Nomination and Remuneration Committee of the Board.
- The above non-compliance was also reported us in our previous audit report dated 16 January, 2023 for financial year 2021-2022.

9. Internal Control System

- Strengthening the internal audit process so as to ensure adequate coverage of all the areas and ensure effective internal controls at all units of the Company.
- Laying down Standard Operating Procedures with regard to operational control and real-time accounting of all transactions to ensure that proper books of accounts are maintained. (Refer note no. 47 ***&*** 48)
- The above non-compliance was also reported us in our previous audit report dated 16 January, 2023 for financial year 2021-2022.

10. 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.

11. Going Concern

- The Company has incurred a net loss of ₹685.62 million during the year ended March 31, 2023 and, as of that date, the Company's current liabilities exceeds its total assets by ₹607.32 million and it has accumulated losses of ₹8200.23 million which has resulted in complete erosion of the net worth of the company. However, based on the assessment conducted by the Management and other factors mentioned in the aforementioned note, these financial statements have been prepared on a going concern basis and no adjustment has been made to the carrying value of the assets and liabilities of the Company as at the reporting date.

(Refer note no. 52)

Our opinion is not modified in respect of above matter

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and informing our opinion thereon, and we do not provide a separate opinion on these matter. We have determined the matters described below to be the key audit matters to be communicated in our report:

Sr. No.	Key Audit Matter	How our auditor address the Key Audit matter
1	**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 signed Master Service Agreements with Air India which is valid up to 31.12.2024 and a new customer has been on-boarded i.e. Spicejet Limited with Catering Agreement up to 01.05.2025 which ensures that company will be able to run its business as going concern in near future. ***(Refer note no. 52(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 for operationally essential matters, obtaining ISO Certification in order to upgrade the present properties. Refurbishment of existing 30 Guest Rooms at Centaur Hotel Delhi are in process to increase the occupancy level. The Company does not have any loan from financial institutions and none of the creditors have applied for insolvency against the Company. Based upon the above facts and data, we have performed our audit procedure and make opinion accordingly.

	Contingent Liabilities: There are various litigations pending before various forums against the Company and management's judgement is required for estimating the amount to be disclosed as contingent liability. We identified this as a key audit matter because the estimates on which these amounts are based involve a significant degree of management judgement in interpreting the cases and it may be subject to management bias. ***Refer note no. 31*** of the Standalone 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: - 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 judgements and assessments whether provisions are required; - considering the management assessments of those matters that are not disclosed as the probability of material outflow is considered to be remote - reviewing the adequacy and completeness of disclosures Based on the above procedures performed, the estimation and disclosures of contingent liabilities are considered to be adequate and reasonable
	Uncertain Taxation Matters The Company has material uncertain tax matters under dispute which involves significant judgement to determine the possible outcome of these disputes.	We assessed the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. We also considered legal precedence and other rulings, including in the Company's own case, in evaluating management's position on these uncertain tax positions.
	Other Matter – Goods and Service Tax	In certain units, the Company has received advances from its customers, on which GST has not deposited as per provisions of Goods and Services Tax Act/Rules, the amount whereof is not ascertainable and quantifiable in absence of appropriate records. Further Company has availed GST Input (ITC) on the invoices of the Creditors/ Vendors but the same has not been surrendered back in case wherein payment has not been made within stipulated timelines under the GST. The amount whereof is not ascertainable and quantifiable in absence of appropriate records. In both the above cases, GST liability has not been provided which will impact on the results of Standalone Financial Statements, but the amount thereof is not ascertainable/ determinable in absence of appropriate records.

Our opinion is not modified with respect of above matter

Information other than the Standalone Financial Statements and Auditors' Report thereon

The Company's Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Standalone Financial Statements and our auditor's report thereon

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the Financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the **Companies (Auditor's Report) Order, 2020** ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act and on the basis of such checks of the books and records of the Company as we have considered appropriate and according to the information and explanation given to us, we give in the "**Annexure-A**" statement on the matters Specified in paragraphs 3 and 4 of the Order to the extent applicable.

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

3. (A) As required by section 143(3) of the Act, ***and subject to matters described in Qualified opinion, Emphasis matters, Key Audit matters & Other matters sections stated above*** we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.

   c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account and with the returns received from the branches, not visited by us.

   d) In our opinion, the aforesaid Standalone Financial Statements Comply with the Indian Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

   e) Being a Government Company, pursuant to notifications NO. GSR 463 (E) dated 05th June 2015 Issued by the Ministry of corporate Affairs, Government of India, provisions of sub section(2) of section 164 of the Act, are not applicable to the Company.

f) Matters of Qualifications have been stated above under qualified opinion.

g) With respect to the adequacy of the Internal Financial Controls over financial Reporting of the company and the operating effectiveness of such controls, refer to our separate report in “**Annexure-C**”.

(B). As per Notification no. GSR 463(E) dated June 05, 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 of the Act is not applicable to the Government Companies. Accordingly reporting in accordance with requirement of provisions of section 197(16) of the Act is not applicable on the Company. With respect to other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations as at 31st March, 2023 on its financial position in Standalone Financial Statements – ***Refer note no - 31*** of the standalone financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

iv. (i) The management has represented that, to the best of its knowledge and belief, other than as disclosed, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

(iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub clause (i) and (ii) of Rule 11(e) of the Companies (Audit and Auditor's) Rules, 2014 contain any material mis-statement.

v. No dividend has been declared or paid during the year by the company hence compliance of section 123 of the Companies Act, 2013 are ***not applicable.***

For Jain Jagawat Kamdar & Co.
Chartered Accountants
FRN:122530W

CA AGNEL RODRIGUES
Partner
M.No.156128
UDIN:23156128BGUQGH6497

Date: 28.12.2023
Place: Mumbai

Annexure A to the Independent Auditor's Report on Standalone Financial Statements of Hotel Corporation of India Limited for the year ended 31st March 2023

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory requirements' section our report of even date)

i. **Property, Plant & Equipment:**

(a) (A) The Company has not maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company does not have any intangible assets, hence reporting under clause i(a)(A) is *not applicable* under CARO 2020.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified on rotational basis in every two year but the same was not conducted during FY 2022-2023. In our opinion, this periodicity of physical verification is not reasonable having regard to the size of the Company and the nature of its assets. ***Major discrepancies were noticed on such verification such as assets were not identifiable in terms of location, quantity, tagging, date of purchase etc.***

(c) According to the information, explanations and records provided to us, the title deeds of all immovable properties are held in the name of the Company. In case of ***four (4) residential flats in Sher –e- Punjab Society, Andheri (E), Mumbai*** the deed conveying / transferring the land and the said Building to society is not yet executed. (Refer note 2A)

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment during the year.

(e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

ii. **Verification from the Inventories**

(a) The inventory, comprising of raw materials, Stores and Operating Supplies has been physically verified by the management only at year end. In our opinion, the frequency of such verification is not reasonable, and procedures and coverage as followed by management were not appropriate.

Further as per prevailing practice of the Company, Consumption of stocks, stores, crockery, cutlery etc. is being worked out by adding opening balances to purchases and deducting therefrom Closing Stock based on Physical Verification and hence shortage, misuse, theft, wastage/pilferage etc. is not identified and shown as consumption. Closing Stock of inventory are valued at 50% of the Cost of physical inventory held.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. Therefore, reporting under paragraph 3(ii) (b) of the Order are not applicable.

iii. Investments, Guarantees, Loans and Advances

According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made investments, granted loans and advances in the nature of loans, secured or unsecured to companies, limited liability partnership and other parties in respect of which the requisite information is as below. The Company has not provided any guarantee or security, to companies, limited liability partnership or any other parties during the year.

(a) During the year the Company has not provided loans advances in the nature of loans stood guarantee or provided security to companies, firms, Limited Liability Partnerships(LLP) or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company

(b) During the year the Company has not made any investments in companies, firms, Limited Liability Partnerships or any other parties which are prejudicial to the Company's interest. The Company has not provided guarantees provided security and granted loans and advances to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company

(c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships(LLP) or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) (d) (e) and (f) of the Order is not applicable to the Company.

iv. Compliances of Section 185/ 186 of Companies Act, 2013:

According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has not granted any loans, made investments or provided guarantees or securities and hence reporting under clause (iv) of the Order is *not applicable*.

v. Acceptance of Public Deposits:

As per the information and explanation provided to us, the Company has not accepted any deposits from public and outstanding during the year. Hence the Directives issued by Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and Rules made thereunder are not attracted to the Company. Accordingly, Clause 3 (v) of the order is *not applicable.*

vi. Maintenance of Cost Records:

As per the information and explanation given to us, maintenance of Cost records has not been prescribed by the Central Government under Section 148(1) of the Companies Act, 2013. Accordingly, the provisions of Clause 3(VI) of the Order are *not applicable* to the Company.

vii. Statutory dues

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax ('GST'), Employees' State Insurance, Income Tax, Labour cess, Professional tax, Property tax, Cess and other statutory dues have generally been regularly deposited with the appropriate authorities except Provident Fund As explained to us, the Company did not have any dues on account of wealth tax and Custom duty.

(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Services Tax ('GST'), Employees' State Insurance, Income Tax, Duty of Customs, Cess and other statutory dues were in arrears as at 31st March 2023 except provident Fund for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are some Statutory dues which have not been deposited on account of dispute and the forum where dispute is pending are as under:

Nature of Statute	Nature of Dues	Amount in Dispute (₹ in Mns)	Period to which the amount relates	Forum where dispute is pending
Luxury Tax	Tax	2.18	2000-2001	Additional Commissioner Sales Tax (Appeals)
	Less: Paid	(0.88)		
	Total	1.3		
Luxury Tax	Tax	6.51	2000-2001	Additional Commissioner Sales Tax (Appeals)
	Interest	9.33		
	Penalty	0.01		
	Less: Paid	(2.53)		
	Total	13.31		
Luxury Tax	Tax	1.98	2002-2003	Commissioner of Sales Tax (Appeals)
	Interest	2.08		
	Penalty	0.1		
	Less: Paid	(3.03)		
	Total	1.13		
Luxury Tax	Tax	0.7	2002-2003	Commissioner of Sales Tax (Appeals)
	Penalty	0.01		
	Less: Paid	(0.63)		
	Total	0.08		
Service Tax	Tax	2.76	July 2012 to March 2013	Commissioner of Central Excise Appellate-II

Nature of Statute	Nature of Dues	Amount in Dispute (₹ in Mns)	Period to which the amount relates	Forum where dispute is pending
Service Tax	Tax	5.11	2013-2014	Commissioner of Central Excise Appellate-II
Service Tax	Tax	6.07	2014-2015	Commissioner of Central Excise Appellate-II
Service Tax	Tax	7.83	2015-2016	Commissioner of Central Excise Appellate-II
Service Tax	Tax	7.86	2016-2017	Commissioner of Central Excise Appellate-II
Service Tax	Tax	0.68	2017-2018 (Up to June 2017)	Commissioner of Central Excise Appellate-II
Service Tax	Tax	7.84	2010-2011 to 2013-2014	Commissioner of Central Excise Appellate-II
Service Tax	Tax	3.92	2014-2015	Commissioner of Central Excise Appellate-II
Service Tax	Tax	5.52	2015-2016	Commissioner of Central Excise Appellate-II
Service Tax	Tax	10.43	2016-2017 & 2017-2018	Commissioner of Central Excise Appellate-II
Provident Fund	Demand	22.29	2012-2013 to 2015-2016	Provident Fund Tribunal - Delhi
	Interest	5.98		
	Less: Paid	(5.98)		
	Total	**22.29**		

viii. Transactions not recorded in Book:

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

ix. Borrowings from Banks/ Financial Institutions:

According to the information given to us and based on our examination of Books and records of the Company, the Company has availed an amount of Rs2.32 Crore (Bank OD against FD) from financial institutions or banks Further according to the information and explanations given to us the company has complied with the provisions of clause 3(ix) (a),(b),(c),(d),(e),&(f) of the order.

x. Public Offer/ Preferential allotment/ Private Placement:

(a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) Accordingly, clause 3(x)(a) of the Order is *not applicable*.

(b) As per the information and explanation given to us, and based on our examination of records, Company has not made any preferential allotment or private placement of shares under Section 42 and 62 of the Companies Act, 2013. Accordingly, Clause 3(x)(b) of the order is *not applicable* to the Company.

xi. Fraud by the Company/ on the Company:

(a) According to information and explanation given to us, and as represented by the Management and based on our examination of the books and records of the Company and in accordance with generally accepted auditing practices in India, and considering the principles of materiality outlined in Standards on Auditing no case of frauds by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As Auditor, we did not receive any whistle blower complaints during the year 2021-22. Therefore, the provisions of Clause 3 (xi) c of the order is *not applicable.*

xii. Provisions applicable to Nidhi Company

According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, provisions of Clause 3(xii)(a)(b)(c) of the Order, for Nidhi Company, are *not applicable* to the Company.

xiii. Compliances of sections 177/188 of CO's Act

As per the information and explanation given to us, the Company has not appointed Independent Directors and hence to that extent the Company has not complied with the provision of section 177 (2) of the Act, which in turn results in non-compliance with section 177(iv) of the Act.

The Company has complied with the provisions of section 188 of the Act. However, details of the related parties have been disclosed in the financial statements which are identified by the Management in terms of IND AS 24 "Related Party Disclosure" and the same are relied upon by us.

xiv. Internal Audit

(a) As per the information and explanation given to us, the Company has internal audit system commensurate with the size and nature of its business.

(b) Reports of Internal Auditors for the period under audit were considered by us but the closure/compliance of some observations were still pending by the management. During the Audit under review there has been a Change in Internal Auditor.

xv. Non cash transactions with directors

As per the information and explanation given to us, the Company has not entered into any non-cash transactions with Directors or persons connected with them and hence provisions of Section 192 of the Companies Act are *not applicable.*

xvi. Applicability of section 45-1A of RBI

As per the information and explanation given to us-

(a) Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, Clause 3 (XVI) (a) of the order is *not applicable.*

(b) Company has not conducted any Non- Banking Financial or Housing Finance activities. Accordingly, Clause 3 (XVI) (b) of the order is *not applicable.*

(c) Company is not a Core Investment Company (CIC) as defined in the Regulations made by Reserve Bank of India. Accordingly, Clause (3) (XVI) (c) of the order is *not applicable.*

(d) Group has no CIC as part of Group. Accordingly, clause 3 (XVI)(d) of the order is *not applicabl*e.

xvii. Cash Losses:

The Company has incurred Cash losses to the tune of ₹644.60 million in the Financial Year 2022-23, there were cash losses of ₹813.34 million in the immediately preceding Financial year 2021-22.

xviii. Resignation of Statutory Auditors:

During the year there was no change in Statutory Auditors of the company. The re-appointment for FY 2022-2023 has been done as per CAG letter No./CA. V/COY/CENTRAL GOVERNMENT, HOTELC (1) /549 dated 31-08-2022.

xix. Capability of meeting the liabilities:

According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, *we draw attention that the Company has incurred a net losses , Company's current liabilities exceeds its total assets and it has accumulated losses which has resulted in complete erosion of the net worth of the company. These factors indicate the existence of a material uncertainty.* We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. CSR compliances:

According to the information and explanation given to us, the sub section (5) of section of 135 of the Companies Act, 2013 is not applicable at the standalone level, therefore, reporting under Clause 3(xx) (a) & (b) of the order is *not applicable.*

xxi. Qualifications or adverse remarks in consolidated financial statements

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

For Jain Jagawat Kamdar & Co.
Chartered Accountants
FRN:122530W

CA AGNEL RODRIGUES
Partner
M.No.156128
UDIN:23156128BGUQGH6497

Date: 28.12.2023
Place: Mumbai

"ANNEXURE B" TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the member of Hotel Corporation of India on the Standalone Financial Statements for the year ended 31st March 2023

Based on the information and explanations obtained by us, we furnish our comments on the Directions issued by the Comptroller and Auditor General of India relating to the accounts of the Company for the year ended 31st March, 2023.

S. No.	Directions u/s 143(5) of the Companies Act, 2013	Comments
1.	Whether the Company have system in place to process all the accounting transactions through IT system? If Yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	As per the information and explanation given to us, the Company has system in place to process all the accounting transactions through IT system. However, the company maintains & updates inventory and invoices manually (MS Office-Excel), which has no direct integration with accounting software. Inventory and revenue from operations is manually updated in "Tally ERP" software. There is material impact on the integrity of the accounts or financial implication on the processing of these accounting transactions outside IT systems.
2.	Whether there is any restructuring of an existing loan or cases of waiver/ write off of debts/ loans/ interests etc. made by a leader to the company due to the Company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a government company, then this direction is also applicable for Statutory Auditor of lender company).	During the year under review, there were no cases of restructuring of an existing loan waiver/write off of debts/loans/interest and hence the said clause is not applicable.
3.	Whether the funds received/receivables for specific schemes from central/ state agencies were properly accounted for/ utilized as per its terms and conditions? List the cases of deviation.	The Company has not received funds from any central / state agencies during the period under audit.

For Jain Jagawat Kamdar & Co.
Chartered Accountants
FRN:122530W

CA AGNEL RODRIGUES
Partner
M.No.156128
UDIN:23156128BGUQGH6497

Date: 28.12.2023
Place: Mumbai

"ANNEXURE-C" to the Independent Auditors' report on the Standalone Financial Statements of Hotel Corporation of India for the period ended 31 March 2023.

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2 (A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to standalone financial statements of Hotel Corporation of India ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedure to obtain audit evidence about the adequacy of the internal financial controls system with reference to the Standalone Financial Statements and their operating effectiveness. Because of the matter described in Disclaimer of opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls systems over financial reporting of the Company.

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

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

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

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) Provided reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

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

Qualified Opinion

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

Material Weaknesses

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

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

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

We have considered the qualification and material weaknesses reported above in determining the nature, timing and extent of audit tests applied in our audit of the Standalone Financial Statements of the Company, and the disclaimer material weaknesses does not affect our opinion on the Standalone Financial Statements of the Company.

For Jain Jagawat Kamdar & Co.
Chartered Accountants
FRN:122530W

CA AGNEL RODRIGUES
Partner
M.No.156128
UDIN:23156128BGUQGH6497

Date: 28.12.2023
Place: Mumbai

MANAGEMENT REPLIES TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENT OF HOTEL CORPORATION OF INDIA LIMITED FOR THE FINANCIAL YEAR 2022-23

<table>
<tr><th>AUDIT OBSERVATIONS</th><th>MANAGEMENT COMMENTS</th></tr>
<tr><td>

Qualification

1. **Disagreements between Jammu & Kashmir Government & 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,
  - o UT of J&K took over 145 employees of HCIL working at CLVH
  - o The UT of J&K agreed to assume liabilities as follows:

<table>
<tr><th>Sr. No.</th><th>Particulars</th><th>Amount in Crores</th></tr>
<tr><td>1.</td><td>Valuation of CLVH at Net Block as of 31.03.2022</td><td>6.07</td></tr>
<tr><td>2.</td><td>Employee liability for the Govt. of J&K from 01.03.2023 onwards</td><td>**17.58***</td></tr>
<tr><td>3.</td><td>Salary payments for workers (March-June 2023)</td><td>3.08</td></tr>
<tr><td></td><td>**Total payable by UT of J&K (Agreed Liabilities)**</td><td>**26.73**</td></tr>
</table>

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

</td><td>

As per the AMRD resolution plan communicated on July 17, 2023, the CLVH hotel stands transferred to the UT of J&K.

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

The amount receivable from the J&K Government of Rs 6.07 Crores towards the net block has been duly accounted for.

Employee liability for the J&K Govt (Rs. 17.58 Cr.) is in fact not the liability of HCI. We have asked for the funds from the Govt. of UT of J&K for the liability of J&K Government from 01.03.2023 onwards. It may be noted this is an amount receivable from the UT of J&K.

Accordingly; the liability has not been made in the books of accounts.

</td></tr>
</table>

AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
➢ UT of J&K would further examine the claims of HCI with regard to the revision of rates for CRPF/ BSF - ₹19.69 crore on submission of further justification/ details.	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
➢ UT of J&K needs further justification/details/ documentation for examining the claim of HCI for cost sharing of expenses as on 31.03.2022- ₹ 12.61 cr. On such provision by HCI, the UT of J&K will examine and settle the claims within 45 days. ***(Refer note no. 32 of Standalone Financial Statements)***	Post seizure of the CLVH on 14.06.2022 by the Govt. of the UT of J&K, all documents /records /details have been shifted to New Delhi. All the records are available at Centaur Hotel New Delhi.
Attention is drawn to the fact that the figures of CLVH for the year ended March 31, 2023 as reported in the financial Statement obtained from the Books of Accounts made available by the Management without any supporting documents/details and hence the relevant financial year figures has only been reviewed and it subject to audit. *The Financial Statements consists of CLVH total assets of Rs. 580.07 million as at March 31, 2023 and total revenue of Rs. 35.68 million for the year end.* *The financial information of this unit was produced by the management hence we are unable to ascertain the impact thereof in the standalone financial statements* *Attention is drawn to the fact that the figures of CLVH for the year ended March 31, 2023 as reported in the financial Statement contains the value of Gratuity expense and Provision for Gratuity but does not include the Leave Encashment Expenses and Provision for Sick Leave Liability and Provision for Privilege Leave Liability.* (Refer foot no. 32 of Standalone Financial Statements).	In respect of the Provision for PL / Sick leave and leave encashment of CLVH, it is to submit that the Leave records have been transferred to the respective 3 companies of UT of J&K where the employees have been absorbed, accordingly the provision has not been made at HCI end.
2. Inventory: Inventory records and Accounting records are not integrated. Further, there was no system of internal control on inventories on which we could rely for the purpose of our audit. There are no satisfactory audit procedures that we could adopt to obtain sufficient and appropriate audit evidence to satisfy ourselves as to the existence, quantities and conditions of these inventories and to access their valuation.	The Company has initiated steps to integrate the inventory in Tally. For the purpose, a tender has been floated for the procurement of PMS software which has built in integrated Inventory Management system. The same will be implemented for the year 2023-24.

	AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
	Any adjustments that might have been found necessary in respect of the above would have a consequential significant effect on the financial position of the company as at 31 March 2023 and the related disclosures in the financial statements. Further the valuation of regular consumed inventory is derived as 50% cost of the closing inventory at year end, instead of any proper standard mechanism for arriving at closing valuation of inventory.	
	The category of “Inventories” comprises obsolete stock from CLVH, currently valued at cost, presenting a deviation from the prescribed guidelines of Ind AS-2 “Inventories.” According to the standard, such inventory should be valued at the lower of its Net Realisable Value or Cost. It is anticipated that the inventory value at CLVH might be lower than its recorded cost. This discrepancy in valuation methods necessitates immediate attention to ensure compliance with accounting standards. Reviewing and adjusting the valuation approach for obsolete inventory aligns with the principles of Ind AS-2, promoting accuracy and reliability in financial reporting practices. ***(Refer note no. 06 & 48 of the Standalone Financial Statements)***	As per the AMRD order, the valuation of CLVH has been made as per the Net Block as on 31.03.2022 for Rs. 6.07 crores. No separate amount has been provided towards the Inventory. The same would be reviewed in the year 2023-24 and necessary accounting entries will be made with the approval of the management.
3.	**MSMED Act compliances** The Company has classified MSME Vendors registered under Micro Small and Medium Enterprises Development (MSMED) Act, 2006. The compliances of procurement; provision for interest, if any, on outstanding dues to MSME units could not be verified. We therefore are unable to determine the delay in making payment to such entities and liability of interest and compliance on such delayed payments in terms of provisions of MSMED Act. ***(Refer note no. 18 & 45 of the Standalone Financial Statements).***	The MSME units are registered with the Company based on information provided by the parties during the tendering process. Efforts are generally made to pay the outstanding of the MSMEs in the stipulated time, subject to availability of funds.
4.	**Discrepancies in Accounting Records:** During our comprehensive analysis of the accounting records, a series of discrepancies, incompleteness, and ambiguities have been uncovered. These include instances of incorrect accounting entries, lacking of clarity within the accounting documentation, and the presence of entries assigned to incorrect accounting periods.	Discrepancies in accounting records, misallocations, incorrect accounting entries have since been rectified during closing of accounts.

AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
The identified errors range from misallocated transactions to entries lacking comprehensive supporting information, resulting in a lack of transparency and accuracy in the financial records. The existence of entries attributed to different periods adds complexity and challenges to maintaining the chronological order and coherence of the financial statements. Addressing these discrepancies, ensuring completeness, and clarifying ambiguities are essential to uphold the accuracy and reliability of our financial reporting. Immediate attention and thorough rectification efforts are warranted to reconcile these discrepancies and enhance the integrity of our accounting records.	
Emphasis of Matter **1. Amount Receivables:** The Company has sent letters/e-mails for confirmation of balances , some responses are received by the management but are subject to reconciliations. However, the whole process of obtaining confirmations need to be further strengthened. Pending such confirmations, reconciliations and/ or assessment, the impact thereof on Standalone Financial Statements are not ascertainable and quantifiable. We are unable to obtain audit evidence for the amount recoverable and periodicity thereof. ***(Refer note no.7 & 37 of Standalone Financial Statements)*** • It has come to our attention that there are potential additional amounts receivable pertaining to CLVH. These amounts, upon proper scrutiny and validation of claims by the concerned authorities, could bolster the current receivables. These potential receivables stem from Revision of Rates for CRPF/ BSF and we believe that with careful assessment and verification, these sums could significantly augment overall receivable balance, Revenue as well as Tax impact, if any. We propose a detailed examination and validation process to ensure the accuracy and realization of these prospective receivables and its accounting treatment, ultimately enhancing financial position. • Regular Customers are having debit balances beyond credit policy for which no check chart is prepared for adequate recovery steps, if, taken. After completion of outstanding of 3 years, provision is made treating them as Doubtful debts.	The Company has sent emails/letters for confirmation of balances; responses have been received from some of the parties. The Company is in the process of reconciliation of the balances of the parties. The difference, if any, will be adjusted in the accounts as and when reconciliation is completed.

AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
However, the recovery process needs be strengthened. Even, the same are not shown as disputable until and unless there are legal proceedings. In absence in obtaining any audit evidence with regards to recoverability, periodicity or disputable or otherwise, we are unable to comment whether the same are disputable/ recoverable or not.	
• The Company has made provision for Bad & doubtful debts to the on account of legal notice/ cases pertaining to few parties apart from provision made in accordance with the usual policy of the Company.	
2. Amount Payables:	
• Company does not follow a proper system of obtaining confirmations and performing reconciliations and/ or assessment of correct balances in respect of amount payable to Trade Payables; Deposits received (SD/EMD); Government Departments and other parties. Accordingly amount payable to various parties are subject to confirmations, reconciliations and/ or assessments. ***(Refer note no. 18 & 37 of Standalone Financial Statements)***	The Company has sent emails/letters for confirmation of balances; responses have been received from some of the parties. The Company is in the process of reconciliation of the balances of the parties. The difference, if any, will be adjusted in the accounts as and when reconciliation is completed.
• Pending such confirmations, reconciliations and/ or assessments, impact thereof on the Standalone Financial Statements is not ascertainable and quantifiable. In absence of obtaining audit evidence with regards party wise, age wise and reasons for holding the same beyond the period stated in the Company's policy, we are unable to comment on amount payable and periodicity thereof.	
• Trade Payables have been bifurcated into two parts i.e., MSME and others and further sub- divided as disputable or otherwise. Disputed trade payables taken only in cases where matter is under litigation. In case of delayed outstanding against MSME/ others, beyond the period of Credit policy of the Company have been considered as undisputable by the management. Assessment for identifying disputable one is not available. In absence of any audit evidence with regards to assessment of disputable or otherwise, we are unable to comment thereon and impact thereof on standalone financial statements.	

AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
3. Unlinked receipts	
• Unlinked receipts from debtors against billing by the Company, which could not be matched with the amount standing to the debit of the receivables is appearing as liabilities “Advance from Customers/ Other Advances” in the standalone financial statements of the Company. To that extent, the Trade Receivables and Current Liabilities are overstated.	Some of the amounts received from the OTA s stand to the credit of the agencies owing to the cancellations, early check outs etc. The OTA s accounts are under reconciliation and necessary adjustments will be made as and when reconciliation is completed.
4. Loss/shortage of Property, Plant & Equipment	
• Records for Property Plant Equipment (Fixed Assets) are not properly maintained and updated at various units. No physical verification of PPE has been conducted by the management during the current financial year (Management represents last inspection was conducted in FY 2019-20). • Further, statements wherever, prepared for physical verification has no base and as such verification is not capable of reconciliations either with the Books of Accounts or Fixed Assets Records, wherever, maintained. Hence impact of loss/ shortage/ scrap of assets remains indeterminable. ***(Refer note no.2A & 46 of Standalone Financial Statements)***	Physical verification of the PPE will be undertaken in the FY 2023-24
5. Lease Rentals/Turnover Levy payable to AAI/ MIAL/DIAL	
• Lease rentals and Turnover levy payable to Airport Authority of India (AAI)/Delhi International Airport Limited (DIAL)/ Mumbai International Airport Limited (MIAL) are provided in the books of accounts of the Company and duly reflected in the financial statement. Further in view of the dispute between the Company and AAI/DIAL/MIAL, interest on account of outstanding payable is not provided but disclosed under the head Contingent Liability *and are not in conformity with the accounting principles generally accepted in India.* ***(Refer note no. 15, 17 & 31(ix) of Standalone Financial Statements).***	In view of the disputes raised with AAI, interest is being disclosed under Contingent Liability as per the decision of the Board of Directors.

AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
6. Provision of Wage Revision of Differential Liability	
• The earlier wage agreement was expired on 31 December, 2006 and the union has submitted Charters of demands. The Company had negotiations between Wage Negotiation Committee of the Management and Co-Ordination Committee of HCI Unions and after receipt of final approval from the Ministry of Civil Aviation, the Memorandum of Understanding dated 08.08.2019 was entered into between the unions and the Company for implementing wage revision for the Unionized category of employees for a period of 10 years effective 18.08.2008. The wage revision was implemented in the financial year 2019-20. The total estimated provision for arrears of wage revision for the unionized category of employees of the company as on 31.03.2023 is ₹146.36 million. The Management had announced an interim relief of ₹5,000/- per month per employee for officers effective from 1 January, 2017 which continues to be paid and has been expensed out through the Statement of Profit and Loss Account amounting to ₹67.69 million as on 31.03.2023. As and when wage revision is approved, this amount would be adjusted against arrears payable, if any, for which employee wise details have been maintained separately in the books of accounts. Further, the calculations for arrears payable to employees effective 08.08.2008 are in progress. The management is of the opinion that in case the wages provided is inadequate then the provision for differential liability will be made in the year it is finalized. ***(Refer note no.12, 19, 20, 31 & 34)***	Statement of fact
7. Legal expense/ interest etc. on contingent liabilities	
• Amount indicated as contingent liabilities/ claims against the company reflects basic values. Legal expenses, interest and other costs are *not* considered being indeterminable as will be booked as and when incurred.	Legal Expenses, interest and other cost will be booked as and when such costs are ascertained.

AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
8. Non-Compliance of certain provisions of Companies Act	
• The Company has not appointed Independent Directors as required under the provisions of Section 149(4) of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and hence, no meeting of the Independent Directors could be held during the Audit Period.	Independent Directors have not been appointed.
• Since the Company has not appointed Independent Directors, the Company has not complied with the provisions of Section 177(2) and Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 as regards the composition of the Audit Committee and the Nomination and Remuneration Committee of the Board.	
• The above non-compliance was also reported us in our previous audit report dated 16 January, 2023 for financial year 2021-2022.	
9. Internal Control System	
• Strengthening the internal audit process so as to ensure adequate coverage of all the areas and ensure effective internal controls at all units of the Company.	Noted
• Laying down Standard Operating Procedures with regard to operational control and real-time accounting of all transactions to ensure that proper books of accounts are maintained. (Refer note no. 47 & 48)	
• The above non-compliance was also reported us in our previous audit report dated 16 January, 2023 for financial year 2021-2022.	
10. 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

AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
11. Going Concern	
• The Company has incurred a net loss of ₹685.62 million during the year ended March 31, 2023 and, as of that date, the Company's current liabilities exceeds its total assets by ₹607.32 million and it has accumulated losses of ₹8200.23 million which has resulted in complete erosion of the net worth of the company. However, based on the assessment conducted by the Management and other factors mentioned in the aforementioned note, these financial statements have been prepared on a going concern basis and no adjustment has been made to the carrying value of the assets and liabilities of the Company as at the reporting date. ***(Refer note no. 52)***	The Company is confident that the performance would improve in the FY 2023-24.
Other Matter – Goods and Service Tax In certain units, the Company has received advances from its customers, on which GST has not deposited as per provisions of Goods and Services Tax Act/ Rules, the amount whereof is not ascertainable and quantifiable in absence of appropriate records. Further Company has availed GST Input (ITC) on the invoices of the Creditors/ Vendors but the same has not been surrendered back in case wherein payment has not been made within stipulated timelines under the GST. The amount whereof is not ascertainable and quantifiable in absence of appropriate records. • In both the above cases, GST liability has not been provided which will impact on the results of Standalone Financial Statements, but the amount thereof is not ascertainable/ determinable in absence of appropriate records.	These advances pertain to booking of Banquet Functions at the Hotels which is not significant. However this will be taken care while filing the GST return for the year 2022-23.
(i) Property, Plant & Equipment:	
(a) (A) The Company has not maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.	The physical verification of the PPE would be completed during the year 2023-2024 and the information /details shall be updated accordingly.
(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified on rotational basis in every two year but the same was not conducted during FY 2022-2023.	The physical verification of the PPE would be completed during the year 2023-2024.

AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
In our opinion, this periodicity of physical verification is not reasonable having regard to the size of the Company and the nature of its assets. Major discrepancies were noticed on such verification such as assets were not identifiable in terms of location, quantity, tagging, date of purchase etc. (c) According to the information, explanations and records provided to us, the title deeds of all immovable properties are held in the name of the Company. In case of four (4) residential flats in Sher –e- Punjab Society, Andheri (E), Mumbai the deed conveying / transferring the land and the said Building to society is not yet executed. (Refer note 2A)	The Company is in the process of making the documentation for the execution of title deeds for the said four flats.
(ii) Verification from the Inventories (a) The inventory, comprising of raw materials, Stores and Operating Supplies has been physically verified by the management only at year end. In our opinion, the frequency of such verification is not reasonable, and procedures and coverage as followed by management were not appropriate. Further as per prevailing practice ocrockeryf the Company, Consumption of stocks, stores, 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	The valuation of Inventory of HCI is in line with the practice in the Hospitality Industry and more specifically in Hotel Industry. The major inventory pertains to consumables and hence the closing stock based on Physical Verification as at the yearend are valued at 50% of the cost, as it is not possible to ascertain the net realizable value. Further as all these items are procured for consumption only. This has been the consistent policy of the company which is continued over the years.
(vii) Statutory dues (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Services Tax (‘GST’), Employees’ State Insurance, Income Tax, Duty of Customs, Cess and other statutory dues were in arrears as at 31st March 2023 except provident Fund for a period of more than six months from the date they became payable.	The Provident fund amount could not be deposited due to Cash Flow issues. The company has requested for support on funding from the Government. The Provident fund dues shall be cleared once the funding support is received.

AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
(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 has preferred appeals against the said demands/notices at respective forums and pursuing the matter.

Nature of Statute	Nature of Dues	Amount in Dispute (in Mns)	Period to which the amount relates	Forum where dispute is pending
Luxury Tax	Tax	2.18	2000-2001	Additional Commissioner Sales Tax (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		
	Penal	0.1		
	Less: Paid	3.03		
	Total	1.13		
Luxury Tax	Tax	0.7	2002-2003	Commissioner of Sales Tax (Appeals)
	Penal	0.01		
	Less: Paid	0.63		
	Total	0.08		
Service Tax	Tax	2.76	July 2012 to March 2013	Commissioner of Central Excise A ellate-II
Service Tax	Tax	5.11	2013-2014	Commissioner of Central Excise A ellate-II
Service Tax	Tax	6.07	2014-2015	Commissioner of Central Excise A ellate-II
Service Tax	Tax	7.83	2015-2016	Commissioner of Central Excise A ellate-II
Service Tax	Tax	7.86	2016-2017	Commissioner of Central Excise A ellate-II
Service Tax	Tax	0.68	2017-2018 (Up to June 201	Commissioner of Central Excise Appellate-II
Service Tax	Tax	7.84	2010-2011 to 2013-2014	Commissioner of Central Excise Appellate-II

AUDIT OBSERVATIONS	MANAGEMENT COMMENTS

Nature of Statute	Nature of Dues	Amount in Dispute (in Mns)	Period to which the amount relates	Forum where dispute is pending
Service Tax	Tax	3.92	2014-2015	Commissioner of Central Excise Appellate-II
Service Tax	Tax	5.52	2015-2016	Commissioner of Central Excise Appllate-II
Service Tax	Tax	10.43	2016-2017 & 2017-2018	Commissioner of Central Excise Appellate-II
Provident Fund	Demand	22.29	2012-2013 to 2015-2016	Provident Fund Tribunal Delhi
	Interest	5.98		
	Less: Paid	5.98		
	Total	22.29		

AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
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 tJ1e Act, which in turn results in non-compliance with section 177(iv) of the Act.	Independent Directors have not been appointed.
The Company has complied with the provisions of section 188 of the Act. However, details of the related parties have been disclosed in the financial statements which are identified by the Management in terms of IND AS 24 "Related Party Disclosure" and the same are relied upon by us.	Statement of fact.
xiv (b) Reports of Internal Auditors for the period under audit were considered by us but the closure/ compliance of some observations were still pending by the management. During the Audit under review there has been a Change in Internal Auditor.	The Internal auditors for the year 2023-24 have been appointment through tendering. Accounting related matter has been closed and the process related observations of the Internal Audit are under implementation / compliance.

Annexure C **Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013** **Material Weaknesses**	
Accordance to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at 31st March, 2023 with regards to :- Non-compliance of MSMED Act; Non-valuation of exclusive paintings and accounting thereof, No Maker-Checker practice followed for accounting entries; Tendering process not properly implemented & followed; No Role based access restriction in Tally ERP; Non-confirmation/ reconciliation/ assessment of Debit/ Credit balances; Books of Accounts of past financial year are not freeze/ locked; Unlinked receipts, Non-maintenance of proper records of inventory and valuation thereof; Automated Attendance not implemented at all the units; Non reconciliation of TDS; Non maintenance of proper records of PPE at certain units and non-reconciliation between physical reports and Books of Account; Non-recruitment of employees and rotation of duties; No direct integration of inventory software (eg. champagne) and revenue billing (Portal) Software with that of the accounting software “Tally ERP”. A material weakness is a deficiency or a combination of deficiencies, in internal financial control over financial reporting, which confirms a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on timely basis. We have considered the qualification and material weaknesses reported above in determining the nature, timing and extent of audit tests applied in our audit of the Standalone Financial Statements of the Company, and the disclaimer material weaknesses does not affect our opinion on the Standalone Financial Statements of the Company.	The weaknesses pointed out in the audit of ICFR are being looked into. The roles in Finance and Accounts department are being suitably examined and positioned on FTC basis. As regards the concept of maker/checker in Tally, all physical vouchers prepared by the Accounts personnel do have a maker / checker concept. The Company has initiated steps to integrate the inventory in Tally, for the purpose, a tender has been floated for the procurement of PMS soft ware which has built in integrated Inventory Management system. The same will be implemented for the year 2023-24. Procurement through GeM portal has also been initiated during the year 2023-24.

BALANCE SHEET AS AT 31ST MARCH, 2023

₹ in Millions

Particulars	Note No.	As at 31st March 2023	As at 31st March 2022
ASSETS			
(1) Non Current Assets			
(a) Property, Plant and Equipment	2A	129.55	188.79
(b) Intangible assets	2B	-	-
(c) Capital Work in Progress	2C	1.65	8.80
(d) Right to Use an Asset	3	202.20	226.79
(e) Financial Assets			
(i) Other Non current financial assets	4	2.30	3.26
(e) Other Non Current assets	5	15.92	17.37
Total Non Current Assets		**351.62**	**445.00**
(2) Current Assets			
(a) Inventory	6	11.65	11.42
(b) Financial Assets			
(i) Trade receivables	7	110.41	79.67
(ii) Cash and cash equivalents	8	8.39	52.47
(iii) Bank Balances other than cash and cash Equivalents	9	37.54	79.79
(iv) Other current financial assets	10	94.80	28.39
(c) Current tax assets (net)	11	48.99	52.40
(d) Other Current Assets	12	113.50	106.07
Total Current Assets		**425.28**	**410.22**
TOTAL ASSETS		**776.90**	**855.22**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	13	1,376.00	1,376.00
(b) Other equity		-8,200.23	-7,514.61
Total Equity		**-6,824.23**	**-6,138.61**
Liabilities			
1. Non Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	14	5,482.32	5,029.59
(ii) Long term lease liability	15	360.12	336.47
(b) Provisions	16	374.47	494.08
Other non-current liabilities			
Total Non Current Liabilities		**6,216.91**	**5,860.14**
2. Current liabilities			
(a) Financial liabilities			
(i) Short term lease liability	17	611.15	591.59
(ii) Trade payables			
Total outstanding dues of Micro Enterprises and Small Enterprises	18	35.98	10.36
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		41.07	24.29
(iii) Other current financial liabilities	19	301.05	245.31
(b) Other current liabilities	20	253.86	154.99
(c) Provisions	21	141.11	107.16
Total Current Liabilities		**1,384.22**	**1,133.69**
TOTAL EQUITY AND LIABILITIES		**776.90**	**855.22**
Significant accounting policies	1		

The accompanying notes 1 to 54 form an integral part of this financials

As per our report of even date
For JAIN JAGAWAT KAMDAR & Co.
Chartered Accountants
Firm Registration No. 122530W

Sd/-
CA Agnel Rodrigues
Partner
Membership No: 156128

Place : Mumbai
Date : 28.12.2023

For and on behalf of the Board of Directors
of HOTEL CORPORATION OF INDIA LIMITED

Sd/-
Satyendra Kumar Mishra
Chairman
DIN : 07728790

Sd/-
Rubina Ali
Nominee Director
DIN : 08453990

Sd/-
Deepak Khullar
Chief Executive Officer

Sd/-
K. Gopal Krishna
Chief Financial Officer

Sd/-
Sonam Gosain
Company Secretary
Place : New Delhi
Date : 20.12.2023

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2023

(Rs. In Millions)

Particulars	Notes	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Continuing operations			
INCOME			
Revenue from operations	22	537.35	262.77
Other income	23	9.97	89.59
Total income		**547.32**	**352.36**
EXPENSES			
Cost of raw material consumed	24	131.96	60.92
Employee Benefits	25	418.17	447.76
Finance Cost	26	481.80	501.30
Depreciation / Amortisation Expenses	2A & 3	38.82	29.17
Other Expenses	27	180.40	161.32
Total Expenses		**1,251.15**	**1,200.47**
Loss before Tax		**(703.83)**	**(848.12)**
Tax Expense			
Current Tax			
Deferred Tax			
Add (Less)- Short (Excess) Provision of Earlier Years			
Profit/(Loss) for the year		**(703.83)**	**(848.12)**
Other Comprehensive Income			
a. Items that will not be classified to Profit & Loss			
(i) Re-measurement of the defined benefit plans	28	18.21	5.61
Total Comprehensive Income for the year		**(685.62)**	**(842.51)**
Earning per Equity Share			
Basic		**(51.15)**	**(61.64)**
Diluted		**(51.15)**	**(61.64)**
Significant accounting policies	1		

The accompanying notes 1 to 54 form an integral part of this financials

As per our report of even date
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Firm Registration No. 122530W

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Chief Executive Officer

Sd/-
K. Gopal Krishna
Chief Financial Officer

Sd/-
Sonam Gosain
Company Secretary

Place : New Delhi
Date : 20.12.2023

Notes to the Financial Statements for the period ended 31st March 2023

STATEMENT OF CHANGES IN EQUITY

(A) Equity Share Capital **(Rs. In Millions)**

	No. of shares	
Balance as on 1st April, 2021	**1,37,60,000**	13,760.00
Changes in equity share capital during the year	**-**	-
Balance as on 31st March, 2022	**1,37,60,000**	13,760.00
Changes in equity share capital during the year	**-**	-
Balance as on 31st March, 2023	**1,37,60,000**	13,760.00

(B) Other Equity **(Rs. In Millions)**

Particulars	Reserve and Surplus				Share Application Money Pending allottment	Total
	Capital Reserve	Securities Premium	Retained Earnings	Contingency Reserve Fund		
Balance as at 1st April 2019			(5,050.44)			(5,050.44)
Profit / (Loss) for the year			(555.48)			(555.48)
Other Comprehensive Income for the year (Net of Tax)			(99.99)			(99.99)
Addition of Share Application money pending allottment						-
Transfer from Contingency Reserve						-
Shares issued at Security Premium						-
Reduction during the year						-
Balance as at 31st March 2020	**-**	**-**	**(5,705.90)**	**-**	**-**	**(5,705.90)**
Profit / (Loss) for the year			(973.72)			(973.72)
Other Comprehensive Income for the year (Net of Tax)			7.53			7.53
Addition of Share Application money pending allottment						-
Transfer from Contingency Reserve						-
Shares issued at Security Premium						-
Reduction during the year						-
Balance as at 1st April 2021	**-**	**-**	**(6,672.10)**	**-**	**-**	**(6,672.10)**
Profit / (Loss) for the year			(848.12)			(848.12)
Other Comprehensive Income for the year (Net of Tax)			5.61			5.61
Addition of Share Application money pending allottment						-
Transfer from Contingency Reserve						-
Shares issued at Security Premium						-
Reduction during the year						-
Balance as at 31st March 2022	**-**	**-**	**(7,514.61)**	**-**	**-**	**(7,514.61)**
Profit / (Loss) for the year			(703.83)			(703.83)
Other Comprehensive Income for the year (Net of Tax)			18.21			18.21
Addition of Share Application money pending allottment						-
Transfer from Contingency Reserve						-
Shares issued at Security Premium						-
Reduction during the year						-
Balance as at 31st March 2023	**-**	**-**	**(8,200.23)**	**-**	**-**	**(8,200.23)**

As per our report of even date
For JAIN JAGAWAT KAMDAR & Co.
Chartered Accountants
Firm Registration No. 122530W

Sd/-
CA Agnel Rodrigues
Partner
Membership No: 156128

For and on behalf of the Board of Directors
of HOTEL CORPORATION OF INDIA LIMITED

Sd/-
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Chairman
DIN : 07728790

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Rubina Ali
Nominee Director
DIN : 08453990

Sd/-
Deepak Khullar
Chief Executive Officer

Sd/-
K. Gopal Krishna
Chief Financial Officer

Sd/-
Sonam Gosain
Company Secretary

Place : Mumbai
Date : 28.12.2023

Place : New Delhi
Date : 20.12.2023

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2023

(Rs. In Millions)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
A. Cash flows from operating activities		
Net profit before tax	**(703.83)**	**(848.12)**
Adjustments:		
Depreciation and amortisation	38.82	29.17
Adjustments in Other Equity and Other Comprehensive Income	18.21	5.61
Interest received on fixed deposits	(3.15)	(12.24)
Finance cost	481.80	501.30
(Profit)/Loss on sale of Property, Plant & Equipment	-	(0.01)
Operating cash flow before working capital changes	**(168.15)**	**(324.30)**
Decrease / (Increase) in Inventory	(0.23)	0.47
Decrease / (Increase) in Trade Receivables	(30.74)	258.49
Decrease / (Increase) in Other Bank Balances	42.25	0.50
(Increase) in Other Financial Assets	(66.41)	(6.62)
(Increase)/Decrease in Other Current Assets	(7.43)	(11.91)
(Increase)/Decrease in Other Non-Current Financial Assets	0.96	3.91
(Increase)/Decrease in Other Non-Current Assets	1.45	0.37
(Decrease)Increase in Trade Payables	42.41	(17.03)
Increase/(Decrease) in Other Financial Liabilities (Current)	55.74	(3.03)
Increase/(Decrease) in Other Current Liabilities	98.87	11.20
(Decrease)Increase in Short-Term Provisions	33.95	5.73
(Decrease)Increase in Long-Term Provisions	(119.61)	(40.73)
Increase/(Decrease) in Other Financial Liabilities (Non Current)		
Increase/(Decrease) in Other Non Current Liabilities		
Cash generated from operations	(116.96)	(122.95)
Income taxes paid	3.42	40.81
Net cash flow generated from operating activities [A]	**-113.54**	**-82.14**
B. Cash flows from investing activities		
Increase in Property, Plant and Equipment	(17.85)	(7.09)
(Increase)/Decrease in Capital Work In Progress	7.15	(8.80)
(Increase)/Decrease in Right to Use an Asset	1.66	53.37
Proceeds from sale of property, plant and equipment	61.21	
Interest received on fixed deposits	3.15	12.24
Net cash (used) in investing activities [B]	**55.32**	**49.72**
C. Cash flows from financing activities		
(Decrease)/Increase in Borrowings	452.73	636.70
Interest Paid	(481.80)	(501.30)
Increase/(Decrease) in Short Term Lease Liability	19.56	(54.72)
Increase/(Decrease) in Long Term Lease Liability	23.65	(32.82)
Net cash flow generated from financing activities [C]	**14.15**	**47.87**
Net increase in cash and cash equivalents (A+B+C)	**-44.07**	**15.44**
Cash and cash equivalents at the beginning of the year (Refer note below)	52.47	37.02
Cash and cash equivalents at end of the year (Refer note below)	**8.39**	**52.47**

Sub notes:

1 The Cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard - 7 ('IND AS-7') on cash flow statement.

(Rs. In Millions)

Particulars	31st March 2023	31st March 2022
2 Components of cash and bank balances:		
Balance with bank		
a) Other Balance	7.26	31.78
Cash in Hand	0.08	0.09
Bank deposits held as margin money against bank guarantee and other Commitments, maturity less than 3 months		
Bank deposits with original maturity less than 3 months	1.05	20.60
Total	**8.39**	**52.47**

Note: Previous year's figures have been regrouped/rearranged wherever necessary.

As per our report of even date
For JAIN JAGAWAT KAMDAR & Co.
Chartered Accountants
Firm Registration No. 122530W

Sd/-
CA Agnel Rodrigues
Partner
Membership No: 156128

Place : Mumbai
Date : 28.12.2023

For and on behalf of the Board of Directors
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Deepak Khullar
Chief Executive Officer

Sd/-
K. Gopal Krishna
Chief Financial Officer

Sd/-
Sonam Gosain
Company Secretary

Place : New Delhi
Date : 20.12.2023

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(Rupees in Millions except otherwise stated)

NOTE 1: CORPORATE INFORMATION

Hotel Corporation of India Limited, (a Government of India Company) is a company incorporated in India, registered under the provisions of Companies Act. The Company is primarily engaged in the business of owning, operating & managing Hotels and Flight Caterings. It is a subsidiary of "AI Assets Holding Limited" (AIAHL) w.e.f. 11.01.2022. The registered office of the Company is situated at Centaur Hotel, IGI Airport, New Delhi 110037.

NOTE 2: BASIS OF PREPARATION, CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS, SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

The financial statements have been prepared on the following basis:

i. Basis of Preparation and Compliance with IND AS

For all period upto and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with generally accepted accounting principles in India (Indian GAAP) and complied with the accounting standard (previous GAAP) as notified under section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules, 2014 as amended to the extent applicable, and the presentation requirements of the Companies Act, 2013.

In accordance with the notification, dated February 16, 2015, issued by the Ministry of Corporate Affairs, the company has adopted Indian Accounting Standards (Ind AS) notified under section 133 read with Rule 4A of the Companies (Indian Accounting Standards) Rules 2015, as amended, and the relevant provisions of the Companies Act, 2013 (collectively, "Ind ASs") with effect from April 1, 2017 the Company is required to prepare its financial statements in accordance with Ind AS for the year ended March 31, 2018. These financial statements as and for the year ended March 31, 2018 (the "Ind AS Financial Statements") were the first financial statements the Company has prepared in accordance with Ind AS and financial statements for the year ended March 31st 2023 is also prepared on the same basis.

ii. Basis of measurement:

These financial statements have been prepared on a historical cost basis, except for:

i. certain financial assets, liabilities and contingent considerations that are measured at fair value;
ii. assets held for sale- measured at fair value less cost to sell; and
iii. defined benefit plans – plan assets, measured at fair value.

The assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule – III to the Companies Act, 2013 and Ind AS 1– "Presentation of Financial Statements".

iii. Critical accounting estimates /judgments:

The preparation of the financial statements in conformity with Ind-AS requires the Management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The actual result may differ from such estimates. Estimates and changes are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period.

Significant areas of estimation and judgments (as stated in the respective Accounting Policies) that have the most significant effect on the Financial statements are as follows:

a) Impairment of Assets.
b) Measurement of useful life and residual values of property, plant and equipment and the assessment as to which components of the cost may be capitalized.
c) Basis of classification of Non-Current Assets held for sale.
d) Recognition of Deferred Tax Assets.
e) Recognition and measurement of defined benefit obligations.
f) Judgment required to ascertain lease classification.
g) Measurement of Fair Values and Expected Credit Loss (ECL).
h) Judgment is required to ascertain whether it is probable or not that an outflow of resources embodying economic benefits will be required to settle the taxation disputes and legal claim.

iv. Operating cycle & Classification of Current & Non-Current:

Presentation of assets and liabilities in the financial statement has been made based on current / non-current classification provided under the Companies Act 2013. 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.

v. Estimation uncertainty relating to the global health pandemic on COVID-19:

The outbreak of corona virus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Company's operation and revenue during the year were also impacted due to COVID-19. Though the situation improved during the current year still our hotels are facing low occupancies at Delhi and flight kitchens at Mumbai and Delhi. Various steps have been initiated by the Company such renovations of existing rooms, tapping corporate customers & others ways.

vi. Significant Accounting Policies:

A. Inventories (IND AS – 2)

Inventories primarily consist of soft furnishing (linen), cutlery / crockery and stores and spares. Cost of inventories comprise all costs of purchase after deducting non-refundable rebates and discounts and all other costs incurred in bringing the inventories to their present location and condition and is determined on weighted average basis.

The valuation of Inventory of regular consumed inventory is derived as 50% cost lower of the closing inventory at year end.

Expendables & Consumables are charged off at the time of initial issue, except those meant for repairs of repairable items which are expensed off when the work order is closed on completion of repair work.

Soft furnishing (linen) and Stores & Supplies (cutlery & crockery) are being valued at lower of cost or NRV and written off to the Statement of Profit and Loss as and when issued for consumption.

B. Cash Flow Statement (IND AS–7)

Cash flows are reported using indirect method as set out in Ind AS-7 "Statement of Cash Flows" whereby profit/(loss) before tax is adjusted for the effect of transactions of non cash nature and any deferrals or accruals of past or future cash receipt to payments. The Cash flow from operating, investing and financing activities of the company is segregated based on available information.

C. Income Taxation (IND AS - 12)

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognised in Other Comprehensive Income or directly in equity, respectively.

Current Tax

Current tax expenses are accounted for in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

Deferred Tax

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that is probable that future taxable profits will be available against which they can be used. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

D. Property, Plant and Equipment: (PPE) (IND AS - 16)

i. Property, Plant and Equipment

Property, plant and equipment are carrying at deemed cost from the date of transition.

The initial cost of property, plant and equipment comprises its purchase price, including non refundable duties and taxes, attributable borrowing cost and any other directly attributable costs of brining an asset to working condition and location for its intended use. It also includes the present value of expected cost for decommissioning and removing of an asset and restoring the site after its use, if the recognition criteria for a provision are met.

Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charges to the statement of profit and loss in the period in which the costs are incurred. Major overhaul expenditure is capitalized if the recognition criteria are met.

Gains and losses on disposal of an item of property, plant and equipment are determined by deducting the proceeds of disposal from the carrying amount of property, plant and equipment and are recognized net within other income/other expenditure in statement of profit and loss.

The residual value, useful lives and method of depreciation of property, plant and equipments are reviewed at each financial year end and adjusted prospectively, if appropriate.

Further physical verification of Assets is done on a rotational basis so that every asset is verified in every two years and the discrepancies observed in the course of the verification adjusted in the year in which report is submitted and finalized.

ii. Capital work in progress

Assets in the course of construction are capitalized in capital work in progress account. At the point when the asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment.

iii. Depreciation / Amortization:

Property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment. Depreciation commences when the assets are ready for their intended use.

Depreciation is provided on straight-line method over the useful life of the Property, plant and equipment as prescribed in the Schedule II of the Companies Act 2013 (except as otherwise stated), keeping a residual value of 5% of the original cost. Depreciation method, useful life and residual values are reviewed by the Management at each year end.

Cost incurred on major renovation/refurbishment, modernization/conversion are depreciated over the useful life and / or period of lease as the case may be.

Kitchen utensils purchased for the first time for a new unit are written off equally in four years. Any additions in the subsequent years are written off in the year of purchase.

Carpets purchased initially for a new unit/major renovation are capitalized as Fixed Assets in the year of purchase and depreciated on the Straight Line Method as specified in Para d above. Carpets purchased in the subsequent years are being written off as Soft furnishings in the year of purchase.

Heavy curtains are written off in the year of issue.

E. Employee Retirement Benefits(IND AS - 19)

The Retirement Benefits to the employees comprise of “Defined Contribution Plans” and “Defined Benefit Plans”.

a) Defined Contribution Plans consist of contributions to Employees Provident Fund and Employees State Insurance Scheme. PF and ESI dues are regularly deposited with government authorities.

b) Defined Benefit Plans which are not funded, consist of Gratuity, and Post Retirement Medical Benefits and other benefits. The liability for these benefits is actuarially determined under the Projected Unit Credit Method at the year end as per Indian Laws.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Re -measurements gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in Other Comprehensive Income. They are included in “Other Equity” in the “Statement of Changes in Equity” and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from settlement or curtailments are recognized immediately in Statement of Profit and Loss as past service cost.

c) **Other Long-Term Employee Benefits** in the form of Leave Encashment are accounted as other long-term employee benefits. The Company's net obligation in respect of Leave Encashment is the amount of benefit to be settled in future that employees have earned in return for their service in the current and previous years. The benefit is discounted to determine its present value. The obligation is measured on the basis of an actuarial valuation using the projected unit credit method. Re-measurements are recognized in Statement of Profit and Loss in the period in which they arise.

d) **Short Term Benefits :** Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be incurred when the liabilities are settled. The liabilities are presented as Short Term employee benefit obligations in the balance sheet.

F. <u>Foreign Currency Transactions(IND AS - 21)</u>

The management has determined the currency of the primary economic environment in which the company operates i.e. functional currency, to be Indian Rupees (Rs). The financial statements are presented in Indian Rupees, which is company's functional and presentation currency.

<u>Foreign Currency Monetary Items</u>:

i) Foreign currency Revenue and Expenditure transactions relating to Foreign Stations are recorded at established monthly rates (based on published IATA rates). Interline settlement with Airlines for transportation is carried out at the exchange rate published by IATA for respective month.

ii) Foreign currency monetary items are translated using the exchange rate circulated by Foreign Exchange Dealers Association of India (FEDAI). Gains/ (losses) arising on account of realization/ settlement of foreign exchange transactions and on translation of monetary foreign currency assets and liabilities are recognized in the Statement of Profit and Loss.

iii) In respect of long term foreign currency monetary items originating before 1st April, 2016, the effect of exchange differences arising on settlement or reporting of long term monetary items at the rates different from those at which they were initially recorded during the period, or reported in previous financial statements, is accounted as addition or deduction to the cost of the assets so far as it relates to acquisition of depreciable capital assets and is depreciated over the balance useful life of the concerned asset and in other cases such difference is accumulated by transfer to "Foreign Currency Monetary Items Translation Difference Account" to be amortized over the balance period of such long term Assets or Liability.

Exchange variation is not considered at the year-end in respect of Debts and Loans & Advances for which doubtful provision exists since they are not expected to be realized.

G. <u>Borrowing Cost: (IND AS - 23)</u>

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

Other borrowing costs are expensed in the year in which they are incurred

H. <u>Earnings Per Share (IND AS - 33)</u>

<u>Basic earnings per share</u>: Basic earnings per share is calculated by dividing the net profit or loss for the year post tax attributable to equity shareholders by weighted average number of equity shares outstanding during the period.

<u>Diluted earnings per share</u>: Diluted earnings per share is calculated by dividing the net profit or loss for the year post tax attributable to equity shareholders by the weighted average number of equity shares outstanding including equity shares which would have been issued on the conversion of all dilutive potential equity shares unless they are considered anti-dilutive in nature.

I. Impairment of Assets (IND AS – 36)

Assets that are subject to amortisation are reviewed for impairment periodically including whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

The Company assesses at each Balance Sheet date whether there is any indication that carrying amount of its non– financial asset has been impaired. If any such indication exists, the provision for impairment is made in accordance with IND AS-36.

J. Provisions, Contingent Liabilities / Capital Commitments & Contingent Assets (IND AS - 37)

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. The expense relating to a provision is presented in the statement of profit and loss.

Contingent liabilities are disclosed by way of a note in respect of possible obligations that may arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

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

K. Non- Current Assets Held For Sale and Discontinued Operations (IND AS - 105)

Assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale in its present condition than through continuing use. The net book value of such assets, are transferred from the block of fixed assets to "Assets held for Sale" at lower of the carrying value or Fair Value less cost to sell. Assets classified as held for sales are presented separately in the balance sheets. No depreciation is provided, once the assets is transferred to Assets Held for Sale.

L. Intangible Assets (IND AS – 38)

Intangible assets acquired are measured on initial recognition at cost; following initial recognition intangible assets are carried at cost less any accumulated amortization and accumulated impairment loss (if any). The useful lives of intangible assets is assessed for three years.

The costs relating to annual license fees, development, updation, implementation and maintenance of computer software are charged to revenue account.

Gains or losses arising from the retirement or disposal proceeds and the carrying amount of the assets recognized as income or expenses in the Statement of profit and loss when the asset is derecognized.

M. Financial Instruments (IND AS – 109)

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial Assets

(i) Classification

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through Statement of Profit and Loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

(ii) Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Statement of Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset.

(iii) Subsequent measurement

For purposes of subsequent measurement financial assets are classified in below categories:

(a) **Financial assets carried at amortized cost:** A financial asset other than derivatives and specific investments, is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) **Financial assets at fair value through other comprehensive income:** A financial asset comprising specific investment is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

(c) **Financial assets at fair value through Statement of Profit and Loss:** A financial asset comprising derivatives which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) De-recognition

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset

(v) Impairment of other financial assets

The Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss on the financial assets that are trade receivables or contract revenue receivables and all lease receivables etc.

(vi) Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

b. <u>Financial Liabilities</u>

(i) Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

(ii) Classification

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through Statement of Profit and Loss. Such liabilities, including derivatives shall be subsequently measured at fair value.

(iii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below.

a) **Financial liabilities at amortized cost:**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

b) **Financial liabilities at fair value through Statement of Profit and Loss:**

Financial liabilities at fair value through Statement of Profit and Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through Statement of Profit and Loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category comprises derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IND AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

(iv) De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

(v) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to sell on a net basis, to realize the assets and sell the liabilities simultaneously

N. Fair Value Measurement (IND AS - 113)

The Company measures financial instruments and specific investments (other than subsidiary, joint venture and associates), at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as below, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

O. Revenue Recognition (IND AS –115)

Revenue is recognized at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring the goods or services to a customer i.e. on transfer of control of the goods or service to the customer. Revenue from sales of goods of rendering of services is net of Indirect taxes, returns and discounts.

Income from operations

a) **Rooms, Food and Beverage & Banquets:** Revenue is recognized at the transaction price that is allocated to the performance obligation. Revenue includes room revenue, food and beverage sale and banquet services which is recognized once the rooms are occupied, food and beverages are sold and banquet services have been provided as per the contract with the customer. Credit notes received from vendors are recognized on acceptance of claim/receipt of credit note.

b) **Space and shop rentals**: Rentals basically consists of rental revenue earned from letting of spaces for retails and office at the properties. Theses contacts for rentals are generally of short terms in nature. Revenue is recognized in the period in which services are being rendered.

c) **Other allied services** : In relation to laundry income, communication income, health, club income and other allied services, the revenue has been recognized by reference to the time of service rendered. Gain or loss arising out of sale/scrap of PPE over the net depreciated value is taken to Statement of Profit & Loss as Non-Operating Revenue or Expenses.

d) **Other Items**:

i) Scrap Sales, reimbursement to employees towards medical, leave pay, claims of interest from suppliers, other staff claims etc., are recognized on cash basis.

ii) Liability / claims for amounts payable towards dues are recognized to the extent of claims / invoices received

Contract balance (effective from April 1, 2018)

a) **Contract assets**

A contract asset is the right to consideration in exchange for goods or service transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

b) **Contract liabilities**

A contract liability is the obligation to transfer services to a customer for which the Company has received consideration form the customer. If a customer pays consideration before the Company transfers goods or services to the customers, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs under the contract

i. **Interest**

Interest income is accrued on a time proportion basis using the effective interest rate method.

ii. **Dividend**

Dividend income is recognized when the Company's right to receive the amount is established.

P. Leases (IND AS - 116)

A contract is, or contains a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

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

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease. Lease contracts may contain both lease and non-lease components. The Company allocates payments in the contract to the lease and non-lease components based on their relative prices and applies the lease accounting model only to lease components.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for initial direct costs incurred, lease payments made at or before the commencement date, and less any lease incentives received. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are also adjusted for any re-measurement of lease liabilities. Unless the Company is reasonably certain to obtain ownership of the leased assets or renewal of the leases at the end of the lease term, recognised right-of-use assets are depreciated to a residual value over the shorter of their estimated useful life or lease term.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease term includes periods subject to extension options which the Company is reasonably certain to exercise and excludes the effect of early termination options where the Company is not reasonably certain that it will exercise the option.

Lease liabilities are re-measured with a corresponding adjustment to the related right-of-use asset if the Company changes its assessment if whether it will exercise an extension or a termination option and any lease modification. Payments which are 'in-substance fixed' are charged against the lease liability.

Lease liability and Right of Use Assets have been separately presented in the Balance Sheet and lease payments are presented as follows in the Company's statement of cash flows:

- short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities are presented within cash flows from operating activities;
- payments for the interest element of recognised lease liabilities are included in 'interest paid' within cash flows from operating activities; and
- payments for the principal element of recognised lease liabilities are presented within cash flows from financing activities

Transition to INDAs 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 Leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees. The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, prospectively with the effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the prospective effect of initially applying this standard has been recognised as on April 1, 2019.

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis.

Q. Manufacturer's Credit (Cash & Non Cash Incentives)

Manufacturer's credit entitlements are accounted for on accrual basis and credited to 'Incidental Revenues' by contra debit to 'Advances'; when the credit entitlement are used, the 'advances' are adjusted against the liability created for either acquiring an asset or incurring an expenditure.

R. Cash and Cash Equivalents

Cash and cash equivalents consist of cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

S. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Directors assesses the financial performance and position of the group and makes strategic decisions and have identified business segment as its primary segment.

T. Cash Flow Statement

Cash Flow Statement, as per Ind AS 7, is prepared using the indirect method, whereby profit/loss for the period is adjusted for the effects of transactions of a noncash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

Additional Regulatory Information pursuant to Amendment in Schedule III to the Companies Act, 2013

a) The Company hold immovable properties with clear title deed. Accordingly, disclosure pertaining to the title deeds of immovable properties that are not held in the name of the Company as at the balance sheet date is not applicable.

b) The Company does not hold any Investment Property. Accordingly, reporting on fair valuation of Investment Property is not applicable.

c) The Company has not revalued any of its Property Plant & Equipment during the Year.

d) The Company does not hold any Intangible Assets. Accordingly, reporting on revaluation of Intangible Assets is not applicable

e) The Company has not advanced loans or advances in the nature of loans to promoters, directors, KMPs and the related parties.

f) The Company does hold Capital-work-in-progress as on 31st March. Accordingly, reporting on Capital Work-in-progress ageing and completion schedule is stated below.

Capital Work in Progress ageing schedule for the year ended as on March 31, 2023
(As derived manually billwise and partywise by the management)

Capital Work in Progress as on March 31, 2023	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress		1.65	-	-	1.65
Projects temporarily suspended					-
Total		1.65	-	-	1.65

Capital Work in Progress ageing schedule for the year ended as on March 31, 2022
(As derived manually bill wise and partywise by the management)

Capital Work in Progress as on March 31, 2022	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	8.80	-	-	-	8.80
Projects temporarily suspended					-
Total	8.80	0	0	0	8.80

g) The Company does not hold any Intangibles assets under development. Accordingly, reporting on Intangibles assets under development ageing and completion schedule is not applicable.

h) The Company does not have any benami property, where any proceeding has been initiated or pending against the Company for holding any benami property.

i) The Company does not have any borrowings from banks or financial institutions on the basis of security of current assets

j) The Company is not declared wilful defaulter by and bank or financials institution or lender during the year.

k) The Company has not undertaken any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

l) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

m) The Company does not have any investment in subsidiaries. Accordingly, Compliance with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017 is not applicable.

n) Reporting under Compliance with approved Scheme(s) of Arrangements is not applicable to the Company.

o) The Company has not advanced or loaned or invested funds to any other person(s) or Company(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall: (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (ultimate beneficiaries) or (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

p) The Company has not received any fund from any person(s) or Company(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall: (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or (b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

q) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

r) Reporting on Corporate Social Responsibility (CSR) is not applicable to the Company.

s) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

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NOTE 2A & 2B : PROPERTY PLANT AND EQUIPMENT

(Rs. In Millions)

Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at April 01, 2022	Additions	Deductions / Adjustments	As at March 31, 2023	As at April 01, 2022	For the year	Deductions / Adjustments	Total Upto March 31, 2023	As at 31-Mar-23	As at 31-Mar-22
	TANGIBLE ASSETS : (NOTE 2A)										
1	LAND (LEASEHOLD)	1.68	-	1.68	-	0.17	-	0.17	-	**-**	1.51
2	BUILDING & OWNERSHIP FLATS	326.52	1.23	61.94	265.80	181.83	6.75	12.56	176.02	**89.78**	144.69
3	PLANT & MACHINERY	59.04	5.58	18.91	45.71	38.05	2.30	9.61	30.73	**14.97**	20.99
4	FURNITURE & FIXTURES	4.06	0.45	0.57	3.94	3.04	0.25	0.24	3.04	**0.90**	1.02
5	OFFICE EQUIP, ELECTL INSTALLATIONS ETC.	33.96	0.91	0.63	34.24	26.46	2.25	0.29	28.43	**5.81**	7.49
6	VEHICLES	17.34	7.87	0.30	24.91	4.54	4.02	0.08	8.48	**16.43**	12.80
7	OBJECT D`ART.	0.00	-	0.00	0.00	-	-	-	-	**0.00**	0.00
8	COMPUTERS	0.97	1.80	0.50	2.28	0.70	0.31	0.39	0.62	**1.66**	0.28
	TOTAL FOR TANGIBLE ASSETS	**443.57**	**17.85**	**84.53**	**376.88**	**254.78**	**15.89**	**23.34**	**247.33**	**129.55**	188.79
	INTANGIBLE ASSETS : (NOTE 2B)	-	-	-	-	-	-	-	-	**-**	-
	TOTAL FOR INTANGIBLE ASSETS	-	-	-	-	-	-	-	-	**-**	-
	TOTAL ASSETS	**443.57**	**17.85**	**84.53**	**376.88**	**254.78**	**15.89**	**23.34**	**247.33**	**129.55**	188.79
	Previous Year	433.99	7.08	(4.52)	436.56	227.58	16.46	(4.33)	239.70	196.85	206.41

* Object D Art comprises old assests, having been fully depreciatedthese assets are shown at a residual value of Re 1.each.

** Title Documents in respect of 4 flats in Sheer-e-Punjab Society Andheri Mumbai costing Rs. 0.89 million, purchased during the year 1981-82 have not been executed in favour of the corporation.

The expenses on execution of titled deeds shall be accounted in the year of execution as these expenses cannot be ascertained.

NOTE 2C: CAPITAL WORK IN PROGRESS

Capital Work-in-Progress	8.80		7.15	**1.65**	

Capital Work in Progress ageing schedule for the year ended as on March 31, 2023
(As derived manually billwise and partywise by the management)

Capital Work in Progress as on March 31, 2023	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress		1.65			1.65
Projects temporarily suspended					-
Total		1.65	-	-	1.65

Capital Work in Progress ageing schedule for the year ended as on March 31, 2022
(As derived manually billwise and partywise by the management)

Capital Work in Progress as on March 31, 2022	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	8.80				8.80
Projects temporarily suspended					-
Total	8.80	-	-	-	8.80

NOTE 3 - RIGHT TO USE AN ASSET

₹ in Millions

Particulars	Leasehold Land	Total
Balance as at April 01st, 2021	**349.28**	**349.28**
- Other Acquisitions	-53.37	-53.37
Transition Impact of IND 116	0.00	0.00
Balance as at March 31st, 2022	**295.92**	**295.92**
- Other Acquisitions	-1.66	-1.66
Transition Impact of IND 116	0.00	0.00
Balance as at March 31st, 2023	**294.26**	**294.26**
Amortisation and Impairment		
Balance as at April 01st, 2021	**55.33**	**55.33**
- Amortisation charge for the year	13.80	13.80
Transition Impact of IND 116		
Balance as at March 31st, 2022	**69.13**	**69.13**
- Amortisation charge for the year	22.93	22.93
Transition Impact of IND 116		
Balance as at March 31st, 2023	**92.06**	**92.06**
Carrying Value		
At March 31, 2021	**293.96**	**293.96**
At March 31, 2022	**226.79**	**226.79**
At March 31, 2023	**202.20**	**202.20**

NOTE 4 - NON CURRENT ASSETS - FINANCIAL ASSETS - OTHER FINANCIAL ASSETS

Particulars	As at 31st March 2023	As at 31st March 2022
	₹ in Millions	₹ in Millions
Bank deposits with more than 12 months of original maturity	2.30	3.26
Total	**2.30**	**3.26**

NOTE 5 -OTHER NON CURRENT ASSETS

Particulars	As at 31st March 2023	As at 31st March 2022
	₹ in Millions	₹ in Millions
Unsecured considered good		
Balance with Govt. Authorities	6.74	7.74
Prepaid Expenses		
Advance to employees		
Sub-total (A)	**6.74**	**7.74**
Other loans and Deposits		
Deposits with Public Bodies and with Miscellaneous Parties	7.74	8.24
Security Deposit	1.44	1.39
Unsecured (considered doubtful)		
Security deposit		
	9.18	9.63
Less:- Allowance for bad and doubtful assets		
Sub-total (B)	**9.18**	**9.63**
Total (A+B)	**15.92**	**17.37**

The movement in allowance for bad and doubtful assets is as follows:

Balance as at beginning of the year		
Allowance for bad and doubtful assets during the year		
Written off during the year		
Balance as at the end of the year		

NOTE 6 - INVENTORY

Particulars	As at 31st March 2023 ₹ in Millions	As at 31st March 2022 ₹ in Millions
Stock of Raw Material/ Food and Beverages	2.66	1.69
Stock of Stores Inventory	6.95	6.35
Stock of Operating Supplies	2.04	3.38
Total	**11.65**	**11.42**

NOTE 7 - TRADE RECEIVABLES

Particulars	As at 31st March 2023 ₹ in Millions	As at 31st March 2022 ₹ in Millions
Unsecured, considered good	38.42	7.68
Unsecured, considered doubtful	79.99	79.99
	118.41	**87.67**
Less: Allowance for Expected Credit Loss	8.00	8.00
Total	**110.41**	**79.67**

The movement in allowance for expected credit loss is as follows:

Balance as at beginning of the year	**79.99**	**88.24**
Add: Provision made during the year		
Less: Amount collected/reversal of provision		8.25
Balance as at the end of the year	**79.99**	**79.99**

Trade Receivables ageing schedule for the year ended as on March 31, 2023 (As derived manually billwise and partywise by the management)

₹ in Millions

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables- considered good		38.29	32.74	24.26	15.55	7.57	118.41
Undisputed Trade Receivables- which have significant increase in credit risk							
Undisputed Trade Receivables- credit impaired							
Disputed Trade Receivables- considered good							
Disputed Trade Receivables- which have significant increase in credit risk							
Disputed Trade Receivables- credit impaired							
Total	-	38.29	32.74	24.26	15.55	7.57	118.41
Less: Allowance for expected credit loss							
Total Trade Receivables	**-**	**38.29**	**32.74**	**24.26**	**15.55**	**7.57**	**118.41**

Trade Receivables ageing schedule for the year ended as on March 31, 2022. (As derived manually billwise and partywise by the management)

₹ in Millions

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables- considered good		10.43	17.45	13.58	46.21	-	87.67
Undisputed Trade Receivables- which have significant increase in credit risk							
Undisputed Trade Receivables- credit impaired							
Disputed Trade Receivables- considered good							
Disputed Trade Receivables- which have significant increase in credit risk							
Disputed Trade Receivables- credit impaired							
Total	-	10.43	17.45	13.58	46.21	-	87.67
Less: Allowance for expected credit loss							
Total Trade Receivables	**-**	**10.43**	**17.45**	**13.58**	**46.21**	**-**	**87.67**

NOTE 8 - CASH AND CASH EQUIVALENTS

Particulars	As at 31st March 2023	As at 31st March 2022
	₹ in Millions	₹ in Millions
Balance with Banks		
in Current Accounts	7.26	31.78
Cash in Hand	0.08	0.09
Bank deposits with original maturity less than 3 months	1.05	20.60
Total	**8.39**	**52.47**

NOTE 9 - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	As at 31st March 2023	As at 31st March 2022
	₹ in Millions	₹ in Millions
Margin money deposits	0.44	0.44
Bank deposits with original maturity greater than 3 months but less than 12 months	37.10	79.35
Total	**37.54**	**79.79**

NOTE 10 -OTHER CURRENT FINANCIAL ASSETS

Particulars	As at 31st March 2023	As at 31st March 2022
	₹ in Millions	₹ in Millions
Advances Recoverable from Parties		
Unsecured Considered Good	13.41	13.41
Unsecured Considered Doubtful	245.90	177.24
Interest accrued but not due	0.14	0.78
Other receivable	6.23	7.04
Advance Recoverable from staff	2.74	3.53
	268.42	**202.01**
Less : Allowance for Doubtful Advances/ Receivables	173.62	173.62
Total	**94.80**	**28.39**

NOTE 11 - CURRENT TAX ASSETS (NET)

Particulars	As at 31st March 2023 ₹ in Millions	As at 31st March 2022 ₹ in Millions
Balance with Government Authorities		
Advance Payment of Income Tax and TDS	48.99	52.40
Total	**48.99**	**52.40**

NOTE 12 - OTHER CURRENT ASSETS

Particulars	As at 31st March 2023 ₹ in Millions	As at 31st March 2022 ₹ in Millions
Advance Against Interim Relief	70.15	65.64
Advance Against Wage Revision (Union)	34.48	34.48
Prepaid Expenses	2.88	3.65
Advances to suppliers	4.43	1.20
Other Advances	1.56	1.10
Total	**113.50**	**106.07**

NOTE 13- EQUITY SHARE CAPITAL

Particulars	As at 31st March 2023 ₹ in Millions	As at 31st March 2022 ₹ in Millions
Authorised Share Capital		
150,00,000 (P.Y. - 150,00,000) Equity Shares of Rs 100/- each	1,500	1,500
	1,500.00	**1,500.00**
Issued, subscribed and fully paid-up shares		
1,37,60,000 (P.Y. - 137,60,000) Equity Shares of Rs 100/- each	1,376	1,376
	1,376.00	**1,376.00**

a. Movement in Equity Share Capital

During the year, the Company has neither issued nor bought back any shares.

b. Terms and rights attached to equity shares:

The company has only one class of equity shares having a par value of Rs.100 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees.

In the event of liquidation, Equity Share holders will be entitled to receive the assets of the company remaining after distribution of all preferential amount, in proportion to the number of shares held by them.

13.B. SHARES HELD BY HOLDING COMPANY AND PRESIDENT OF INDIA

Out of equity shares issued by the company, shares held by its Holding Company and President of India are as below:

Particulars	31-Mar-23	31-Mar-22
President of India	27,00,000.00	27,00,000.00
AI Assets Holding Limited (Holding Company) and its nominees	1,10,60,000.00	1,10,60,000.00

13.C. DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES IN THE COMPANY

Particulars	31-Mar-23		31-Mar-22	
	Nos	%	Nos	%
President of India	27,00,000	19.62%	27,00,000	19.62%
AI Assets Holding Limited (Holding Company) and its nominees	1,10,60,000	80.38%	1,10,60,000	80.38%
Total	**1,37,60,000**	**100%**	**1,37,60,000**	**100%**

NOTE 14 - BORROWINGS

Particulars	As at 31st March 2023	As at 31st March 2022
	₹ in Millions	₹ in Millions
AI Assets Holding Limited (Holding Company)	5,482.32	5,029.59
Total	**5,482.32**	**5,029.59**

NOTE 15 - LONG TERM LEASE LIABILITIES

Particulars	As at 31st March 2023	As at 31st March 2022
	₹ in Millions	₹ in Millions
Long Term Lease Liability	360.12	336.47
Total	**360.12**	**336.47**

NOTE 16 - LONG TERM PROVISIONS

Particulars	As at 31st March 2023	As at 31st March 2022
	₹ in Millions	₹ in Millions
Provision for employee benefits		
Provision for Leave Encashment	48.24	92.28
Provision for Gratuity	138.28	202.44
Provision for PRMS	177.52	186.64
Provision for Sick Leave Encashment	10.43	
Post Retirement Benefit Scheme Contribution	0.00	12.72
Total	**374.47**	**494.08**

NOTE 17 - SHORT TERM LEASE LIABILITY

Particulars	As at 31st March 2023	As at 31st March 2022
	₹ in Millions	₹ in Millions
Short Term Lease Liability	29.75	27.79
Lease Rent Payable	581.40	563.80
Total	**611.15**	**591.59**

NOTE 18 - TRADE PAYABLES

Particulars	As at 31st March 2023	As at 31st March 2022
	₹ in Millions	₹ in Millions
Dues of micro and small enterprises	35.98	10.36
Other trade payables	41.07	24.29
Total	**77.05**	**34.64**

Note:

(i) The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information collected by the Management.

(ii) The disclosures relating to Micro and Small Enterprises are as under:

Particulars	As at 31st March 2023	As at 31st March 2022
	₹ in Millions	₹ in Millions
(a) The principal amount remaining unpaid to supplier as at the end of the accounting year	35.98	10.36
(b) The interest due thereon remaining unpaid to supplier as at the end of the accounting year	-	-
(c) The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
(d) The amount of interest due and payable for the year	-	-
(e) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(f) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Trade payables ageing schedule for the year ended as on March 31, 2023 (As derived manually billwise and partywise by the management)

(Rs. In Millions)

Particulars	Outstanding for following periods from due date of payment				
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years
(i) MSME	-	26.51	9.18	0.21	0.08
(ii) Others	-	13.58	11.13	7.18	9.18
(iii) Disputed dues- MSME					
(iv) Disputed dues- Others					
Total trade payables	**-**	**40.09**	**20.31**	**7.39**	**9.26**

Trade payables ageing schedule for the year ended as on March 31, 2022 (As derived manually billwise and partywise by the management)

Particulars	Outstanding for following periods from due date of payment				
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years
(i) MSME	-	10.36			
(ii) Others	-	21.66	2.03	0.08	0.52
(iii) Disputed dues- MSME					
(iv) Disputed dues- Others					
Total trade payables	**-**	**32.02**	**2.03**	**0.08**	**0.52**

NOTE 19 - OTHERS CURRENT FINANCIAL LIABILITIES

Particulars	As at 31st March 2023 ₹ in Millions	As at 31st March 2022 ₹ in Millions
Payable to employees	45.58	34.92
Other payable	80.26	34.52
Earnest Money Deposit	4.63	4.03
Security Deposit from vendors	1.43	1.74
Provision for Wage Revision Arrears	146.36	146.36
Shop & Other Deposits	22.79	23.73
Total	**301.05**	**245.31**

NOTE 20 - CURRENT - OTHER CURRENT LIABITIES

Particulars	As at 31st March 2023 ₹ in Millions	As at 31st March 2022 ₹ in Millions
Statutory liabilities	121.48	35.71
Outstanding Liabilities	3.56	3.73
Provision towards Interim Relief	67.69	66.81
Other Advances	6.83	2.33
Others	54.30	46.41
Total	**253.86**	**154.99**

NOTE 21 - SHORT TERM PROVISIONS

Particulars	As at 31st March 2023 ₹ in Millions	As at 31st March 2022 ₹ in Millions
Provision for employee benefits		
Leave - Short Term	14.66	24.29
Gratuity - Short Term	106.55	75.13
Provision for PRMS	15.87	7.75
Sick Leave - Short Term	4.03	
Total	**141.11**	**107.16**

NOTE 22 - REVENUE FROM OPERATION

Particulars	For the year ended 31-03-2023	For the year ended 31-03-2022
Revenue from Hotels and Flight Kitchen		
Rooms - Guest Accommodation	130.40	120.58
Food, Cigars and Cigarettes	321.40	93.11
Other Services	79.98	45.02
License fees for Shops and Offices	5.57	4.05
Total	**537.35**	**262.77**

NOTE 23 - OTHER INCOME

Particulars	For the year ended 31-03-2023	For the year ended 31-03-2022
Interest Income	3.15	12.24
Profit on sale of asset	-	0.01
Excess provision written back	2.17	74.73
Sundry balances written back (Net)	(0.02)	0.70
Others	4.67	1.91
Total	**9.97**	**89.59**

NOTE 24 - COST OF RAW MATERIAL CONSUMED

Particulars	For the year ended 31-03-2023	For the year ended 31-03-2022
Food Consumed (Including Cigars and Cigarettes)		
Opening stock	1.69	2.70
Add: Purchases	124.43	56.56
Less: Closing stock	(2.66)	(1.69)
	123.46	**57.57**
Beverages Consumed		
Opening Stock	-	-
Add: Purchases	-	-
Less: Closing stock	-	-
	-	**-**
Consumption of Stores and Supplies		
Opening Stock	6.73	6.73
Add: Purchases	8.72	2.98
Less: Closing Stock	(6.95)	(6.35)
	8.50	**3.35**
Cost of Raw material consumed	**131.96**	**60.92**

NOTE 25 - EMPLOYEE BENEFITS

Particulars	For the year ended 31-03-2023	For the year ended 31-03-2022
Salaries, Wages, Bonus	345.80	341.68
Gratuity	25.36	26.19
Leave Encashment	(19.53)	17.25
Post Retirement Medical Benefit	16.87	16.19
Contribution to Provident Fund and Other Fund	36.34	36.01
Staff Welfare Expenses	13.33	10.45
Total	**418.17**	**447.76**

NOTE 26 - FINANCE COST

Particulars	For the year ended 31-03-2023	For the year ended 31-03-2022
Interest on borrowings from Holding Company	452.66	482.75
Interest on Statutory Dues	0.60	0.06
Interest on Lease Liability	27.64	17.84
Interest - Others	0.90	0.65
Total	**481.80**	**501.30**

NOTE 27 - OTHER EXPENSES

Particulars	For the year ended 31-03-2023	For the year ended 31-03-2022
Power & Fuel	78.62	83.59
Lease Rent	16.86	15.30
Security Charges	10.77	13.58
Repairs & Maintenance:		-
Building	4.69	3.64
Plant and Machinery	3.82	4.94
Others	9.75	7.26
Miscellaneous Expenses	7.78	4.68
Travelling & Conveyance:		-
Travelling	1.46	0.36
Conveyance	0.44	0.31
Hire charges	0.11	-
Vehicle Expenses	6.65	1.95
Soft Furnishing	2.99	1.71
Rates and Taxes	9.03	8.24
Printing and Stationery	2.46	1.33
Legal and Professional Charges	13.74	9.42
Communication costs	1.35	0.93
Insurance	3.88	2.91
Advertisement and Publicity	0.38	0.56
Commission	4.77	0.08
Payment to Auditor (Refer note below)	0.29	0.31
Guest Transportation	0.33	0.23
Provision for Doubtful Advances	0.23	-
TOTAL	**180.40**	**161.32**

Note : Payment to Auditor	For the year ended 31-03-2023	For the year ended 31-03-2022
For Audit Fees	0.27	0.27
For Reimbursement of expenses	0.02	0.05
	0.29	**0.31**

NOTE 28 - OTHER COMPREHENSIVE INCOME

Particulars	For the year ended 31-03-2023	For the year ended 31-03-2022
Gratuity	0.43	(16.65)
PRMS	17.78	22.26
	18.21	**5.61**

Notes forming part of the financial statements for the year ended 31 March 2023

(Rupees in millions except if otherwise stated)

29 Employee Benefits

A. Defined Contribution Scheme:

Contributions to Defined Contribution Scheme of Provident Fund and Employee State Insurance are charged to the Statement of Profit & Loss, Rs 36.34 million (Previous Year Rs.36.01 million)

B. Defined Benefit Plan:

Gratuity: Gratuity is payable to all eligible employees of the Company on superannuation, death, or permanent disablement, in terms of the provisions of the Payment of Gratuity Act

C. Privilege Leave Encashment: Privilege Leave Encashment is payable to all eligible employees at the time of retirement/termination upto a maximum of 300 days.

D. Privilege for Sick Leave Encashment: Privilege for Sick Leave Encashment is payable to all eligible employees at the time of retirement/termination upto a maximum of 120 days.

E. Post Retirement Medical Scheme: Post Retirement Medical Scheme is payable to all permanent employees who opt for the scheme at the time of retirement. The reimbursement of medical expenses for self and spouse for their entire lifetime is upto a maximum of Rs 10 lakhs

F. Disclosure as per Ind AS – 19

Sr No.	Particulars	Gratuity	
		As at 31.03.23	As at 31.03.22
a)	Type of Benefit	Gratuity	Gratuity
	Country	India	India
	Reporting Currency	INR	INR
	Reporting Standard	Indian Accounting Standard 19 (Ind AS 19)	Indian Accounting Standard 19 (Ind AS 19)
	Funding Status	Unfunded	Unfunded
	Starting Period	01-Apr-22	01-Apr-21
	Date of Reporting	31-Mar-23	31-Mar-22
	Period of Reporting	12 Months	12 Months
	Ref ID	816489	641332
b)	**Assumptions (Previous Period)**		
	Expected Return on Plan Assets	N.A.	N.A.
	Rate of Discounting	7.29%	6.41%
	Rate of Salary Increase	5.00%	5.00%
	Rate of Employee Turnover	4.00%	4.00%
	Mortality Rate During Employment	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

c)	**Assumptions (Current Period)**		
	Expected Return on Plan Assets	N.A.	N.A.
	Rate of Discounting	7.29%	6.41%
	Rate of Salary Increase	5.00%	5.00%
	Rate of Employee Turnover	4.00%	4.00%
	Mortality Rate During Employment	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality (2012-14) Ultimate
d)	**Table Showing Change in the Present Value of Projected Benefit Obligation**		
	Present Value of Benefit Obligation at the Beginning of the Period	**277.56**	**294.57**
	Interest Cost	17.79	17.85
	Current Service Cost	7.57	8.34
	Past Service Cost	-	-
	Liability Transferred In/ Acquisitions	-	-
	(Liability Transferred Out/ Divestments)	-	-
	(Gains)/ Losses on Curtailment	-	-
	(Liabilities Extinguished on Settlement)	-	-
	(Benefit Paid Directly by the Employer)	(57.67)	(59.85)
	(Benefit Paid From the Fund)	-	-
	The Effect of Changes in Foreign Exchange Rates	-	-
	Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	-	(0.03)
	Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(42.27)	(29.10)
	Actuarial (Gains)/Losses on Obligations - Due to Experience	38.02	19.68
	Present Value of Benefit Obligation at the End of the Period	**244.83**	**277.56**
e)	**Table Showing Change in the Fair Value of Plan Assets**		
	Fair Value of Plan Assets at the Beginning of the Period	-	-
	Interest Income	-	-
	Contributions by the Employer	-	-
	Expected Contributions by the Employees	-	-
	Assets Transferred In/Acquisitions	-	-
	(Assets Transferred Out/ Divestments)	-	-
	(Benefit Paid from the Fund)	-	-
	(Assets Distributed on Settlements)	-	-
	(Expenses and Tax for managing the Benefit Obligations- paid from the fund)	-	-
	Effects of Asset Ceiling	-	-
	The Effect of Changes In Foreign Exchange Rates	-	-
	Return on Plan Assets, Excluding Interest Income	-	-
	Fair Value of Plan Assets at the End of the Period	-	-

f)	**Amount Recognized in the Balance Sheet**		
	(Present Value of Benefit Obligation at the end of the Period)	(244.83)	(277.56)
	Fair Value of Plan Assets at the end of the Period	-	-
	Funded Status (Surplus/ (Deficit))	(244.83)	(277.56)
	Net (Liability)/Asset Recognized in the Balance Sheet	**(244.83)**	(277.56)
g)	**Net Interest Cost for Current Period**		
	Present Value of Benefit Obligation at the Beginning of the Period	277.56	294.57
	(Fair Value of Plan Assets at the Beginning of the Period)	-	-
	Net Liability/(Asset) at the Beginning	277.56	294.57
	Interest Cost	17.79	17.85
	(Interest Income)		
	Net Interest Cost for Current Period	**17.79**	**17.85**
h)	**Expenses Recognized in the Statement of Profit or Loss for Current Period**		
	Current Service Cost	7.57	8.34
	Net Interest Cost	17.79	17.85
	Past Service Cost	-	-
	(Expected Contributions by the Employees)	-	-
	(Gains)/Losses on Curtailments And Settlements	-	-
	Net Effect of Changes in Foreign Exchange Rates	-	-
	Expenses Recognized	**25.36**	**26.19**
i)	**Expenses Recognized in the Other Comprehensive Income (OCI) for Current Period**		
	Actuarial (Gains)/Losses on Obligation For the Period	(0.43)	16.65
	Return on Plan Assets, Excluding Interest Income	-	-
	Change in Asset Ceiling	-	-
	Net (Income)/Expense For the Period Recognized in OCI	**(0.43)**	**16.65**
j)	**Balance Sheet Reconciliation**		
	Opening Net Liability	**277.56**	**294.57**
	Expenses Recognized in Statement of Profit or Loss	25.36	26.19
	Expenses Recognized in OCI	(0.43)	16.65
	Net Liability/(Asset) Transfer In	-	-
	Net (Liability)/Asset Transfer Out	-	-
	(Benefit Paid Directly by the Employer)	(57.67)	(59.85)
	(Employer's Contribution)	-	-
	Net Liability/(Asset) Recognized in the Balance Sheet	**244.83**	**277.56**

k)	**Category of Assets**		
	Government of India Assets	-	-
	State Government Securities	-	-
	Special Deposits Scheme	-	-
	Debt Instruments	-	-
	Corporate Bonds	-	-
	Cash and Cash Equivalents	-	-
	Insurance Fund	-	-
	Asset Backed Securities	-	-
	Structured Debt	-	-
	Other	-	-
	Total	-	-
l)	**Other Details**		
	No of Active Members	386	460
	Per Month Salary For Active Members(000)	16.07	17.97
	Weighted Average Duration of the Projected Benefit Obligation	3.00	4.00
	Average Expected Future Service	3.00	5.00
	Projected Benefit Obligation	244.83	277.56
	Expected Contribution in the next year	-	-
m)	**Net Interest Cost for Next Year**		
	Present Value of Benefit Obligation at the End of the Period	244.83	277.56
	(Fair Value of Plan Assets at the End of the Period)	-	-
	Net Liability/(Asset) at the End of the Period	244.83	277.56
	Interest Cost	17.85	17.79
	(Interest Income)	-	-
	Net Interest Cost for Next Year	**17.85**	**17.79**
n)	**Expenses Recognized in the Statement of Profit or Loss for Next Year**		
	Current Service Cost	4.89	7.57
	Net Interest Cost	17.85	17.79
	(Expected Contributions by the Employees)	-	-
	Expenses Recognized	**22.74**	**25.36**
o)	**Maturity Analysis of the Benefit Payments:**		
	Projected Benefits Payable in Future Years From the Date of Reporting		
	1st Following Year	106.55	75.13
	2nd Following Year	39.44	28.33
	3rd Following Year	32.16	49.10
	4th Following Year	16.42	37.75
	5th Following Year	20.94	22.72
	Sum of Years 6 To 10	64.87	100.82
	Sum of Years 11 and above	7.88	32.67

p)	**Sensitivity Analysis**		
	Projected Benefit Obligation on Current Assumptions	**244.83**	**277.56**
	Delta Effect of +1% Change in Rate of Discounting	(4.54)	(8.16)
	Delta Effect of -1% Change in Rate of Discounting	4.82	8.76
	Delta Effect of +1% Change in Rate of Salary Increase	4.88	8.80
	Delta Effect of -1% Change in Rate of Salary Increase	(4.68)	(8.35)
	Delta Effect of +1% Change in Rate of Employee Turnover	0.38	0.48
	Delta Effect of -1% Change in Rate of Employee Turnover	0.40	(0.50)

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

II Post Retirement Medical Benefits

sr. no.	Particulars	Post Retirement Medical Benefits	
		As at 31.03.23	**As at 31.03.22**
a)	**Type of Benefit**	Medical	Medical
	Country	India	India
	Reporting Currency	INR	INR
	Reporting Standard	Indian Accounting Standard 19 (Ind AS 19)	Indian Accounting Standard 19 (Ind AS 19)
	Funding Status	Unfunded	Unfunded
	Starting Period	01-Apr-22	01-Apr-21
	Date of Reporting	31-Mar-23	31-Mar-22
	Period of Reporting	12 Months	12 Months
	Reference ID	825585	0
b)	**Assumptions (Previous Period)**		
	Expected Return on Plan Assets	N.A.	N.A.
	Rate of Discounting	7.40%	6.83%
	Medical cost inflation	4.00%	4.00%
	Rate of Employee Turnover	2.00%	2.00%
	Mortality Rate During Employment	Indian Assured Lives Mortality (2012-14)Urban	Indian Assured Lives Mortality (2006-08) Ultimate
	Mortality Rate After Employment	Indian Assured Lives Mortality (2012-14)Urban	Indian Assured Lives Mortality (2006-08) Ultimate

c)	**Assumptions (Current Period)**		
	Expected Return on Plan Assets	N.A.	N.A.
	Rate of Discounting	7.53%	7.40%
	Medical cost inflation	4.00%	4.00%
	Rate of Employee Turnover	2.00%	2.00%
	Mortality Rate During Employment	Indian Assured Lives Mortality (2012-14) Urban	Indian Assured Lives Mortality (2012-14) Urban
	Mortality Rate After Employment	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Individual AMT (2012-2015)
d)	**Table Showing Change in the Present Value of Projected Benefit Obligation**		
	Present Value of Benefit Obligation at the Beginning of the Period	**207.11**	**221.31**
	Interest Cost	15.32	15.29
	Current Service Cost	1.55	2.02
	Past Service Cost	-	-
	Liability Transferred In/ Acquisitions	-	-
	(Liability Transferred Out/ Divestments)	-	-
	(Gains)/ Losses on Curtailment	-	-
	(Liabilities Extinguished on Settlement)	-	-
	(Benefit Paid Directly by the Employer)	(12.81)	(9.26)
	(Benefit Paid From the Fund)	-	-
	The Effect Of Changes in Foreign Exchange Rates	-	-
	Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	-	
	Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(2.72)	(20.13)
	Actuarial (Gains)/Losses on Obligations - Due to Experience	(15.05)	(2.13)
	Present Value of Benefit Obligation at the End of the Period	**193.40**	**207.11**
e)	**Table Showing Change in the Fair Value of Plan Assets**		
	Fair Value of Plan Assets at the Beginning of the Period	-	-
	Interest Income	-	-
	Contributions by the Employer	-	-
	Expected Contributions by the Employees	-	-
	Assets Transferred In/Acquisitions	-	-
	(Assets Transferred Out/ Divestments)	-	-
	(Benefit Paid from the Fund)	-	-
	(Assets Distributed on Settlements)	-	-
	Effects of Asset Ceiling	-	-
	The Effect of Changes In Foreign Exchange Rates	-	-
	Return on Plan Assets, Excluding Interest Income	-	-
	Fair Value of Plan Assets at the End of the Period	-	-

f)	**Amount Recognized in the Balance Sheet**		
	(Present Value of Benefit Obligation at the end of the Period)	193.40	207.11
	Fair Value of Plan Assets at the end of the Period	-	-
	Funded Status (Surplus/ (Deficit))	193.40	207.11
	Net (Liability)/Asset Recognized in the Balance Sheet	**193.40**	**207.11**
g)	**Net Interest Cost for Current Period**		
	Present Value of Benefit Obligation at the Beginning of the Period	207.11	221.31
	(Fair Value of Plan Assets at the Beginning of the Period)	-	-
	Net Liability/(Asset) at the Beginning	207.11	221.31
	Interest Cost	15.32	15.29
	(Interest Income)	-	-
	Net Interest Cost for Current Period	**15.32**	**15.29**
h)	**Expenses Recognized in the Statement of Profit or Loss for Current Period**		
	Current Service Cost	1.55	2.02
	Net Interest Cost	15.32	15.29
	Past Service Cost	-	-
	(Expected Contributions by the Employees)	-	-
	(Gains)/Losses on Curtailments And Settlements	-	-
	Net Effect of Changes in Foreign Exchange Rates	-	-
	Expenses Recognized	**16.87**	**17.32**
i)	**Expenses Recognized in the Other Comprehensive Income (OCI) for Current Period**		
	Actuarial (Gains)/Losses on Obligation For the Period	(17.77)	(22.26)
	Return on Plan Assets, Excluding Interest Income	-	-
	Change in Asset Ceiling	-	-
	Net (Income)/Expense for the Period Recognized in OCI	**(17.77)**	**(22.26)**
j)	**Balance Sheet Reconciliation**		
	Opening Net Liability	**207.11**	**221.31**
	Expenses Recognized in Statement of Profit or Loss	16.87	17.32
	Expenses Recognized in OCI	(17.77)	(22.26)
	Net Liability/(Asset) Transfer In	-	-
	Net (Liability)/Asset Transfer Out	-	-
	(Benefit Paid Directly by the Employer)	(12.81)	(9.26)
	(Employer's Contribution)	-	-
	Net Liability/(Asset) Recognized in the Balance Sheet	**193.40**	**207.11**
k)	**Category of Assets**		
	Government of India Assets	-	-
	State Government Securities	-	-
	Special Deposits Scheme	-	-
	Debt Instruments	-	-
	Corporate Bonds	-	-
	Cash And Cash Equivalents	-	-
	Insurance fund	-	-
	Asset-Backed Securities	-	-
	Structured Debt	-	-
	Other	-	-
	Total	-	-

l)	**Other Details**		
	No of Active Members	362	460
	Average Future Term	14.87	17.97
	Projected Benefit Obligation (PBO) Total	30	30
	Projected Benefit Obligation (PBO) Due but not paid	30	30
	Expected Contribution in the Next Year	193.39	207.11
m)	**Net Interest Cost for Next Year**		
	Present Value of Benefit Obligation at the End of the Period	193.39	207.11
	(Fair Value of Plan Assets at the End of the Period)	-	-
	Net Liability/(Asset) at the End of the Period	193.39	207.11
	Interest Cost	14.56	15.33
	(Interest Income)		
	Net Interest Cost for Next Year	**14.56**	**15.33**
n)	**Expenses Recognized in the Statement of Profit or Loss for Next Year**		
	Current Service Cost	1.31	15.46
	Net Interest Cost	14.56	15.33
	(Expected Contributions by the Employees)	-	-
	Expenses Recognized	**15.87**	**30.79**
o)	**Maturity Analysis of the Benefit Payments:**		
	Projected Benefits Payable in Future Years From the Date of Reporting		
	1st Following Year	8.80	7.75
	2nd Following Year	10.03	8.88
	3rd Following Year	11.15	10.15
	4th Following Year	12.08	11.31
	5th Following Year	13.23	12.30
	Sum of Years 6 To 10	82.84	78.94
	Sum of Years 11 and above	-	-
q)	**Sensitivity Analysis**		
	Defined Benefit Obligation on Current Assumptions	**193.40**	**207.11**
	Delta Effect of +1% Change in Rate of Discounting	(18.86)	(20.54)
	Delta Effect of -1% Change in Rate of Discounting	22.85	25.60
	Delta Effect of +1% Change in Rate of Salary Increase	-	-
	Delta Effect of -1% Change in Rate of Salary Increase	-	-
	Delta Effect of +1% Change in Rate of Employee Turnover	-	-
	Delta Effect of -1% Change in Rate of Employee Turnover	-	-

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

30 Deferred Tax Assets

The Company has not recognized deferred tax assets arising on account of carried forward tax losses and unabsorbed depreciation to the extent of the deferred tax liability arising since the availability of sufficient future taxable income against which the said benefits can be set off is not possible to be ascertained with virtual certainty.

31 Contingent Liabilities and Contingent Assets:

A Contingent Liabilities

In compliance with Ind AS 37 on "Provisions, Contingent Liabilities and Contingent Assets", the required information is as under:

No.	Description	Opening Balance as on 1st April 2022	Additions during the year 2022-23	Utilisation during the year 2022-23	Reversals during the year 2022-23	Closing Balance as on 31st March 2023
i)	Luxury Tax	22.89	-	-		**22.89**
ii)	Service Tax	58.00	-	-		**58.00**
iii)	Counter claim of Sahara Hospitality Ltd	23.57	-	-	-	**23.57**
iv)	Arbitration Award for B D & P Hotels challenged in Court	5.40	-	-	-	**5.40**
v)	Arbitration proceedings against N S Associates	6.96	-	-	-	**6.96**
vi)	Premium payable on fore shore land of erstwhile Centaur Hotel Juhu Beach to Government of Maharashtra	44.80	-	-	-	**44.80**
vii)	Landscaping of Centaur Hotel Srinagar claimed by Shere kashmir Convention Centre, J&K Govt. disputed by HCI	50.62				**50.62**
viii)	Awards that have gone against the Company and preferred an appeal	1.06	-	-	-	**1.06**
ix)	Interest on dues payable to AAI/ DIAL/MIAL	693.65	245.63	-		**939.28**
x)	Claims of employees	-				**-**
Total		**906.95**	**245.63**	**-**	**-**	**1,152.58**

Claims against the Company not acknowledged as debts

i) Claims of Luxury Tax authorities, for financial year 2000-01 and 2002-03 for which the Company has preferred an appeal with Additional Commissioner of Sales Tax against which Company has paid Rs.7.07 million (previous year Rs. 7.07 million) under protest.

ii) Claims of Service Tax amounting to Rs. 58 million for which the Company has preferred appeals

iii) Counter Claim of Rs. 23.57 million by M/s Sahara Hospitality Ltd. (formerly known as M/s Batra Hospitality Pvt. Ltd.), the buyer of Centaur Hotel Mumbai Airport, towards Net Current Assets which was disputed by the Company, as the Net Current Assets and other obligations of the buyer were to be settled in terms of the Agreement to Sell dated 18.4.2002. In the prior years, the Hon'ble Arbitral Tribunal published their award under which the buyer had to pay Rs 18.8 million and interest thereon along with legal costs of Rs 0.40 million.

The buyers preferred an appeal in the Hon'ble High Court of Bombay against the award.The Hon'ble High Court has set aside the Arbitration Award. This has been challenged by the Company before the Divisional Bench of the Hon'ble High Court of Bombay which has been admitted and is pending for hearing.

iv) The Management Contract Agreement executed on 15 September 2010 with M/s B.D.&P Hotels (India) Pvt Limited for running the Centaur Hotel Lake View, Srinagar (CLVH) under Management Contract. However, before handing over the unit, a communication was received from the Ministry forwarding the decision taken in the meeting of the Committee of Secretaries, GoI stating that J&K Govt had indicated that since the land was leased to the Company by J&K Government, the Management Contract was not feasible and the decision of offering the unit under Management Contract may be reviewed. Accordingly, with the approval of the Board the said Management Contract was terminated on 26 September 2011 and the interest free Security Deposit of Rs.100 million and proportionate Minimum Guaranteed Amount of Rs 10.8 million deposited by the party was returned to the Bidder, M/s BD & P Hotel (India) Pvt. Ltd.

M/s B.D.&P Hotels (India) Pvt Limited had filed a writ in the High Court of Bombay for invoking arbitration. The Hon'ble High Court granted the appeal of the party and sole arbitrator was appointed. The party challenged the termination of the Agreement and claimed Rs 3410 million plus 18% interest from the Company, The Arbitration Award was received on 14th August 2015 directing HCI to hand over the property to the party along with legal cost of Rs 5.4 million, which was challenged by the Company in the Hon'ble High Court of Bombay. Vide order dated 8 January 2019 passed by the single judge the arbitration petition has been dismissed.

Subsequently, the Company has challenged the said order before the Division Bench of Hon'ble High Court of Bombay in March 2019 and is still pending for hearing. The options available to the Company are being explored with the guidance of the Senior Counsel in the matter.

v) The Company had entered into an Agreement with M/s. N S Associates for renovation of guest rooms together with connected shafts and corridors at Centaur Hotel Delhi Airport(CHDA). Certain disputes and differences arose with the said Party and the final bill was not settled. Accordingly, the party invoked arbitration clause claiming an amount of Rs 78.78 million and interest thereon @ 15%. The Arbitration Award was published by the Learned Arbitral Tribunal on 19.10.2019 by holding that the Company has to pay only Rs. 8.84 million along with litigation costs of Rs.0.5 million to the party. The Company filed a petition under section 34 of the Arbitration and Conciliation Act, 1996 for partly setting aside the impugned award, which has been admitted. Hearing in the matter is pending . Against the amount payable as per the award totalling to Rs 9.343 million, an amount of Rs 2.388 million (including Rs 0.03 million as Earnest Money Deposit) is reflected as payable in the books of accounts. Hence the balance amount of Rs 6.96 million is reflected under Contingent Liability.

vi) Subsequent to the sale of Centaur Hotel Juhu Beach in 2002, Govt. of Maharashtra claimed an amount of Rs 44.8 million from M/s V. Hotels Limited and from the Company for premium payable on the transfer of 1810 sq.mtr of land attached to the hotel property which was on lease from the State Govt. and is to be kept open to sky - to be used only as garden. The same was disputed by the Company before the Revenue Minister, Government of Maharashtra quoting the Agreement to Sell. The Order of the State Government dated 1.6.2014 has directed M/s V. Hotels to make payment of the said premium. M/s V. Hotels Limited has challenged the order in the Bombay High Court, wherein the Company has been made a party.

vii) Pertains to the Company's share of the cost of landscaping of Centaur Hotel Srinagar claimed by Shere Kashmir Convention Centre/ J&K Govt., disputed by the Company

viii) Awards that have gone against the Company for which appeals are preferred

ix) Lease rentals and Turnover levy amounting to Rs. 581.40 million (previous year Rs. 563.80 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. 939.28 million (previous year 693.65 million) is reflected as Contingent Liability.

x) Claims made by employees - various claims on account of reinstatement, promotions, permanency, wage revision, etc by existing and retired employees of the Company are under litigation and the claims will depend on the outcome of the cases. Hence amount is indeterminate.

B **Contingent Assets**

The Hon'ble Arbitral Tribunal published their award under which M/s Sahara Hospitality Ltd. (formerly known as M/s Batra Hospitality Pvt. Ltd.), the buyer of erstwhile Centaur Hotel Mumbai Airport had to pay an amount of Rs. 18.8 million and interest thereon along with legal costs of Rs. 0.40 million to the Company. However, the buyers preferred an appeal in the Hon'ble High Court of Bombay against the award. The Hon'ble High Court set aside the Arbitration Award, which has been challenged by the Company before the Divisional Bench of the Hon'ble High Court of Bombay which has been admitted and is pending for hearing. (refer 30 A iii) above)

32 The matters relating to cost of construction of Centaur Lake View Hotel Srinagar and the cost sharing arrangement between the hotel and Sher e Kashmir Convention Centre (SKICC) between the Company and Government of Jammu & Kashmir (J&K) had been agreed by both the parties in a joint meeting held on 15 October 2004 and all the matters of divergent views were settled. Consequent upon the agreement, the following amounts were receivable / payable:

a) Amount receivable from J & K government in respect of cost sharing arrangements with SKICC is Rs. 135.42 million - (previous year Rs. 127.04 million)- (Note 10)

b) Amount receivable from J & K government on account of joint construction of the hotel and SKICC in 1982- Rs. 29.78 million and interest subsidy Rs. 12.00 million, totalling to Rs. 41.78 million (Note 10)

c) Amount payable to J & K government on account of joint construction of the hotel and SKICC in 1982 is Rs. 39.68 million (Note No. 20)

These balances are subject to reconciliation and confirmation. Adjustment, if any will be accounted in the year in which finality is reached.

However, as a matter of abundant caution, the Company has not made any Provision for Doubtful Advances on the above matter during the current financial year

33 **Subsequent events post Balance Sheet date:**

J&K Govt. vide its Order dated 03.05.2021 constituted a committee to negotiate with HCI to finalize all matters relating to the disposal of the Hotel. Despite a reminder sent on September 6, 2021 by the then Secretary, MoCA to initiate discussions with the HCI management, J&K Govt. instead sent a Termination Notice dt 27.12.2021 alleging that HCI had sublet the premises & given this violation, the lease stands determined and asked for the Hotel to be handed over to the J&K Govt. within 15 days. HCI submitted a detailed representation dt 24.01.2022 & requested for a meeting to resolve this J&K Govt. appointed an Estate Officer who issued a notice dated 05.04.2022 under J&K Public Premises Act asking HCI to Show Cause as to why HCI should not be evicted. This was responded within the deadline. A Caveat was also filed by them on 09.04.2022. Estate Officer then sent an Eviction Notice on 25.04.2022 giving HCI 45 days to vacate. HCI filed an Appeal with the DM on 04.05.2022. Post receiving an approval from MoCA on 06.05.2022, HCI filed a Writ against the Termination Notice in the J&K HC which was dismissed dt. 02.06.2022. HCI filed a SLP in SC & despite the orders of the SC on 08.06.2022, J&K Govt sent forces on 14.06.2022 to seal the property & forcefully took possession of the hotel. The matter was again contested in J&K HC. HCI, J&K Govt., Workers Union & BD&P Hotels have completed the Arguments & the judgement is reserved.Subsequently the dispute was settled by the resolution of AMRD, as per the AMRD resolution communicated by MoCA vide letter refer F. AV17046/43/2021/AI dated 17.07.2023. The Centaur Lake View Hotel, Srinagar, handed over to UT of J&K stand transferred to the UT of J&K, The UT of J&K has already taken over 145 employees of HCIL wirking at Centaur Lake View Hotel Srinagar, UT of J&K has agreed the following claims which may be paid to HCIL within one month:

(i) Valuation of CLVH Srinagar at Net Block as on 31.03.2022 Rs. 6.07 Crore

(ii) Employees liability for Govt. of J&K w.e.f. 01.03.2023 onwards Rs. 17.58 Crore

(iii) Salary of workers (Rs. 2.79 Crore) and officers (Rs. 0.29 Crore) for the months of March, April, May and June 2023.

UT of J&K need to further examine the followign claims and on such examination the claims will be settled within a period of forty five days :

(i) Revision of rates for CRPF/BSF Rs.19.69 Crore.

UT of J&K needs further justification/details/documentation for examining following claims.on such provision of justification/detailing/documentation & upon examination by UT of J&K the claims will be settled within a period of 45 days:

(i) Cost sharing expenses as per books as on 31.03.2022.

Accordingly the consideration towards the Net block of the CLVH unit as on 31.03.2022 of Rs. 61.19 Million has been shown as amount receivable from the Government of UT of J&K.

34 Wage Revision:

a) The earlier wage agreements with workmen had expired on 31.12.2006. The Unions submitted their Charters of Demands.

After protracted negotiations between Wage Negotiation Committee of the Management and Co-Ordination Committee of HCI Unions and after receipt of final approval from the Ministry of Civil Aviation, the Memorandum of Understanding dated 08.08.2019 was entered into between the unions and the Company for implementing wage revision for the Unionised category of employees for a period of 10 years effective 18.08.2008. The wage revision was implemented in the financial year 2019-20.

In view of the above, total estimated provision for arrears of wage revision for the unionised category of employees as on 31.3.2023 is Rs 146.36 million (Refer note no. 19) against which an advance of Rs 34.48 million is shown in the books of accounts (Refer note no.12). The calculations for arrears payable to employees effective 08.08.2008 are in progress. Hence any differential provision would be made in the year it is finalised.

b) The wage revision relating to the Officers Cadre which was due on 01.01.2007 for a period of 10 years is pending. In view of the financial position of the Company the wage revision for the officers has been deferred.

The Management had announced an interim relief of Rs 5,000/- per month per employee for officers effective 1.1.2017 which continues to be paid and has been expensed out in the Statement of Profit and Loss Account. As and when wage revision is approved, this amount would be adjusted against arrears payable, if any, for which employeewise details have been maintained separately in the books of accounts as Advance against Interim relief Rs.70.15 million and Provision against Interim Relief amounting to Rs 67.69 million (Refer note no.12 and 20).

35 Renovation of Hotels :

The Company received a sum of Rs 50 Mns during 2015-16 against issue of equity shares from the Government of India for renovation of hotels. In April 2017, the Company appointed a Consultant to undertake the upgradation and refurbishing of 75 guest rooms and other allied works for Centaur Srinagar. The same is not actively pursued in view of the situation in the Valley and handing over of the Srinagar hotel property to the J&K Government.

36 Commitments:

Capital Commitments

Estimated amount of contracts remaining to be executed on Capital Account are given hereunder:

Particulars	As at 31st March 2023	As at 31st March 2022
	-	-
Total	-	-

37 Confirmations of Balances

i) The Company has reconciled the balances in respect of Trade Receivables, Trade Payables, in respect of the Holding Company and its subsidiaries as on 31st March 2023.

ii) The Company is also in the process of obtaining confirmation of balances in respect of Trade payables, other Trade Receivables, Loans and Advances, Deposits and Other Liabilities as on 31st March, 2023. Accordingly, such accounts reflect the balances as per their respective ledger accounts and are subject to adjustments, if any on reconciliation of accounts. The difference, if any, will be adjusted in the accounts as and when reconciliation is completed.

38 LEASES- IND AS 116

The Company has taken land on lease which are generally long term in nature with varying terms, escalation clauses and renewal rights expiring from thirty to ninety nine years. On renewal, the terms of the leases are renegotiable.

a) Total lease liabilities are analysed as under:

Particulars	**31.3.2023**	**31.3.2022**
Current	**29.75**	**27.79**
Non-current	**360.12**	**336.47**
Total	**389.87**	**364.26**

b) Exposure to Future Cash Flows:

The Company has not made lease payments & Turnover Leavy to AAI/DIAL/MIAL (Refer Note no.17) even the interest accrued on the principal amount has been considered as contingent (Refer Note no. 30 Aix), hence undiscounted cash flow of lease liabilities & Turnover Leavy cannot be ascertained. There is no as such payment profile and therefore maturity analysis cannot be prepared.

39 Earnings Per Share:

Particulars	**As at 31.03.2023**	**As at 31.03.2022**
Profit/(Loss) After Tax & Extra-Ordinary Items	(703.83)	(848.12)
Less: Extra-Ordinary Items	-	-
Profit/(Loss) After Tax & Before Extra-Ordinary Items	(703.83)	(848.12)
Weighted Average No. of Equity Shares	**13.76**	**13.76**
EPS		
a) Basic	(51.15)	(61.64)
b) Diluted	(51.15)	(61.64)

40 Remuneration to Auditors:

The details of the audit fees and expenses of the Auditors:-

Particulars	**2021-22**	**2021-22**
Audit fees- For the year	0.27	0.27
Out of Pocket Expenses of previous auditors	0.02	0.04
Total	**0.29**	**0.31**

41 Segment information is provided in **Annexure "I"** as per Ind AS 108 "Operating Segments" under Rule 7 of the Companies (Accounting) Rules, 2014.

42 Related Party Transactions:

Disclosure of the names and designations of the Related Parties as required by Indian Accounting Standard (IND AS-24) during the year 2021-22 and 2022-23 are given below:

Related Party Relationships

i) **Holding Company**

Air India Limited upto 11.01.2022

AI Assets Holding Ltd w.e.f. 11.01.2022

ii) **Group/Associates Companies**

a) AI Airport Services Limited (AIASL) (formerly AIATSL)

b) AI Engineering Services Limited (AIESL)

c) Alliance Air Aviation Limited (AAAL) (formerly known as Airlines Allied Services Ltd. (AASL))

iii) **Person having significant influence**

President of India (through his representative)

A **Key Management Personnel & Relatives** :

Key Managerial Personnel & Relatives

Deepak Khullar - Chief Executive Officer

T.C. Dalal - Chief Financial Officer

Shyamala P. Kunder - Company Secretary (01.04.2021 to 30.09.2021)

Isha Jain - Company Secretary (upto 22.08.2022)

Sonam Gosain- Company Secretary (wef 06.12.2022)

Transactions with Key Managerial Personnel:

i) There are no business transactions with key managerial personnel or their relatives

ii) **Key Managerial Remuneration**

(Rs in million)

S. no	Particulars	as at 31.3.2023	as at 31.3.2022
1	Deepak Khullar - Chief Executive Officer	2.40	2.40
2	T.C. Dalal - Chief Financial Officer	0.90	0.90
3	Shyamala Kunder- Company Secretary (01.04.2021 to 30.09.2021)		0.37
4	Isha Jain- Company Secretary (upto 22.08.2022)	0.63	0.75
5	Sonam Gosain- Company Secretary (w.e.f. 06.12.2022)	0.42	0.75
		4.35	5.17

B In terms of Ind AS 24, following are the disclosure requirements related to transactions with certain Government Related entities i.e. Significantly controlled and influenced entities by Government of India (not included in the list above) :

(Rs in million)

S. No.	Name of the Entities and Nature of transactions	2022-23	2021-22
1	**AIR INDIA LIMITED (upto 11.01.2022)**		
	Sales during the year	-	113.66
	Finance Cost for the year	-	(385.45)
	SOD Ticket	-	(0.01)
	Miscellaneous expenses (security training)		
	Miscellaneous expenses (medical)		
	SAP maintenance expenses		
	Loan received during the year		
	Closing Balance 31.3.2022		
	Trade Receivable from Air India		**50.70**

	AI Assets Holding Limited		
	Loan payable	**(5,482.32)**	**(5,029.59)**
	Finance Cost for the year	**(452.66)**	**(482.75)**
	Sales	**0.02**	
2	**AIAHL SUBSIDIARIES**		
i)	**Sales during the year**		
	AI Airport Services Limited (AIASL) (formerly AIATSL)	**13.82**	**2.19**
	AI Engineering Services Limited (AIESL)	**18.49**	**13.45**
	Alliance Air Aviation Limited (AAAL) (formerly known as Airlines Allied Services Ltd. (AASL))	**1.98**	**0.43**
		-	**-**
ii)	**Trade Receivables as on 31.3.2023**		
	AI Assets Holding Ltd.	**0.01**	
	AI Airport Services Limited (AIASL) (formerly AIATSL)	**5.28**	**2.61**
	AI Engineering Services Limited (AIESL)	**3.88**	**7.20**
	Alliance Air Aviation Limited (AAAL) (formerly known as Airlines Allied Services Ltd. (AASL))	**0.52**	**0.52**

Note: The Related Parties have been identified by the Company and relied upon by the auditors

43 Luxury Tax liability of Centaur Delhi as on 31st March 2023 is NIL (previous year NIL). The Company is in the process of defreezing the bank accounts frozen by the Luxury Tax authorities in 2012-13, hence confirmations of bank accounts amounting to Rs 0.61 million is on the date of freezing.

44 As per the Agreement between Airports Authority of India (AAI) and the Company the lease period for the land on which Centaur Hotel Delhi and Chefair Delhi is located, is valid till 31.3.2032. However AAI had served notice dated 8 November 2016 for early termination of lease of land as the land is required by them for airport expansion. With the intervention of Ministry of Civil Aviation, an extension up to 31 December 2019 for vacating the said leasehold land has been granted. Thus the Company was required to give vacant possession of land by 30.11.2019 and surrender the said leasehold land to AAI by 31 December 2019. In this regard, negotiations for compensation to be claimed from AAI were carried out in consultation with the Ministry.

Accordingly, a meeting was convened on 04.11.2019 by Secretary Civil Aviation to discuss the matter regarding compensation on termination of Lease agreement to HCI. In the said meeting AAI clarified that as per the proposed Master Plan 2016 for Indira Gandhi International Airport, Delhi the project at the HCI hotel site is to be developed under the Master Plan phase commencing from 2026 and it was also confirmed that the HCI property is not infringing the proposed runway but the land would be required for parking of aircraft.

Secretary, Civil Aviation stated that AAI needed to take an economic call on the issue taking into consideration the economics of allowing HCI to continue operations for the balance lease period. In view of the above, it was decided in the meeting that in case AAI decides that the land is not required by AAI for aeronautical purpose then full permission may be given to HCI for commercial utilisation including O&M contract for the remaining period of the lease. The said decision was communicated to HCI vide Ministry's letter 20.12.2019 allowing HCI to use the land/structure upto the expiry of the existing lease period i.e. on 31.03.2032 and to vacate the land positively upon the expiry of lease period. It was also conveyed that since HCI has defaulted in payment of AAI dues from 2002 onwards as per the terms of agreement, an Arbitrator may be appointed as per the provisions of existing agreement to sort out the dispute, which is pending. In the meanwhile, DIAL filed a Writ in the Delhi High Court challenging the Ministry's letter dated 20.12.2019. A single judge bench vide order dated 20.10.2022 under WP (C) 134/2021 quashed the MoCA letter dated 20.12.2019 and gave the judgement in favour of DIAL. HCI has appealed against the order of the single judge bench to the Divisional Bench at the Delhi High Court vide LPV No 619/2022, the matted is under final hearings and the next hearing is scheduled on 14.12.2023.

45 The Micro, Small and Medium Enterprises Development Act

The Micro, Small and Medium Enterprises suppliers defined under “The Micro Small and Medium Enterprises Development Act 2006” have been identified. The payments to such undertakings covered under Micro Small and Medium Enterprises are generally being made within the prescribed credit period agreed upon with the supplier and hence no interest is calculatted on delayed payments.

46 The Company had conducted physical verification of each group of fixed assets in 2019-20. All the assets so verified have been mapped with the Fixed Assets Register during the year 2021-22 and 2022-23. No major discrepancies have been observed.

47 There is no impairment of assets as envisaged under Indian Accounting Standards (Ind AS 36) ‘Impairment of Assets’.

48 The company is in the process of :

a) streamlining the inventory reporting system in terms of generation of reports towards movement of item-wise store records and configuring of the stores ledger during the year. At the year end, consumption as per the stores records is reconciled with the financial records and adjustments are duly accounted for.

b) instituting a maker checker process in order that a system of checks and balances is in place to prevent revenue leakage through Purchase and misuse and to ensure proper control over the Procurement and Consumption Cycles.

49 The Company is in the process of :

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

b) Reviewing the frequency of verification of cash, cheques, drafts etc., in hand through internal audit/officers other than cashiers.

c) Laying down Standard Operating Procedures with regard to timely accounting of all transactions to ensure that proper books of accounts are maintained.

50 In the opinion of the Company, the Current Assets and Loans and Advances are approximately of the value stated if realised in the ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.

51 Impact of COVID 19

The outbreak of corona virus (COVID-19) pandemic globally and in India in the year 2020-21 caused significant disturbance and slowdown of economic activity. The Company’s operation and revenue revived during the current year.

52 Going Concern:

The Company faces significant uncertainties which has impacted the operations of the Company adversely. Management believes that as per estimates made conservatively, the Company will continue as a going concern and will be able to discharge its liabilities and realise the carrying amount of its assets as on March 31, 2023.

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. Also, the Company has signed Master Service Agreements with Air India which is valid upto 31.12.2024 and a new customer has been on borded i.e. M/s Spicejet Limited with Catering Agreement up to 01.05.2025, which ensures that company will be able to run its business as going concern in near future. Accordingly the Company has prepared its accounts on a “going concern” basis. Various initiatives have also been taken by the management for improving the operational performance of the company and increasing the revenues in view of the following:

The Company is also tapping Online Travel Agents, Walk-in Customers, Event Booking, Corporates for increasing the business. The Company is also planning of introducing additional capex for operationally essential matters, The company has obtained the ISO Certification and is in process to upgrade the present facilities.

Refurbishment of additional 30 Guest Rooms at Centaur Hotel Delhi Airport to increase the occupancy level.

53 Previous year figures have been regrouped/ reclassified to conform presentation as per Ind AS as required by Schedule III of the Act.

54 The financial statements were authorised for issue by the Board of Directors on 20.12.2023

The accompanying notes are an integral part of the Financial Statements
As per our report of even date

As per our report of even date
For JAIN JAGAWAT KAMDAR & Co.
Chartered Accountants
Firm Registration No. 122530W

CA Agnel Rodrigues
Partner
Membership No: 156128

Place : Mumbai
Date : 28.12.2023

For and on behalf of the Board of Directors
of HOTEL CORPORATION OF INDIA LIMITED

Sd/-
Satyendra Kumar Mishra
Chairman
DIN : 07728790

Sd/-
Rubina Ali
Nominee Director
DIN : 08453990

Sd/-
Deepak Khullar
Chief Executive Officer

Sd/-
K. Gopal Krishna
Chief Financial Officer

Sd/-
Sonam Gosain
Company Secretary

Place : New Delhi
Date : 20.12.2023

Formula	Numerator (Amount)	Denominator (Amount)	31-Mar-23			31-Mar-22			% Variance	Reason for variance*
					Ratio			Ratio		
Current assets/ Current liabilities	Total current asset	Total current liabilities	425.28	1,384.22	0.31	410.22	1,133.69	0.36	-15%	Not Applicable
Total debt/ Shareholder's Equity	Borrowings	Equity + reserve	5,482.32	-6,824.33	-0.80	5,029.59	-6,138.61	-0.82	-2%	Not Applicable
[Net Profits after taxes – Preference Dividend (if any)]/ Average Shareholder's Equity	PAT	Avg Equity	-703.83	-6,481.42	0.11	-848.12	-5,717.35	0.15	-27%	Return on equity decreased due to decrease in profit earned during the year
Cost of goods sold OR sales/ Average Inventory	Revenue form operation	Avg Inventory	537.35	11.54	46.58	262.77	11.65	22.55	107%	Inventory Turnover Ratio increased on account of higher purchases and lower stock in hand
Net Credit Sales/ Average Accounts Receivable	Revenue form operation	Average trade receivable before provision	537.35	23.05	23.31	262.77	133.21	1.97	1082%	Trade Receivable turnover Ratio has increased due to reduction in receivable balance during the period.
Net Credit Purchases/ Average Trade Payables	Cost of Raw Material Consumed	Average Trade payable	131.96	55.85	2.36	60.92	43.16	1.41	67%	Trade Payable Turnover Ratio increased on account of increase in purchases and expenses coupled with timely payment to creditors.
Net Sales/ Working Capital	Revenue form operation	Current asset - current liabilities	537.35	-958.94	-0.56	262.77	-723.47	-0.36	54%	Net Capital turnover ratio increased on account of closure of a major unit resulting an increase in litigation and other subsequent closure expenses.
Net Profit/ Net Sales	PAT	Revenue form operation	-703.83	537.35	-1.31	-848.12	262.77	-3.23	-59%	The net profit margin decreasaed due to lower EBITDA generation and consequent losses in FY 2022-23
Earning before interest and taxes/ Capital Employed	EBIT	Share holder equity + Debts	-222.04	-1,341.91	0.17	-346.82	-1,109.02	0.31	-47%	Return on capital employed is lower due to decrease in profitability

Annexure I

Hotel Corporation of India Ltd

Segmentwise Reporting for the year 2022-2023

A. PRIMARY BUSINESS SEGMENT :

₹ in Millions

Particulars	Hotels	Flight Kitchens	Others	Total
1. SEGMENT REVENUE	**174.30**	**369.62**	**3.40**	**547.32**
	185.39	155.45	11.52	352.36
2. SEGMENT RESULT (LOSS)				
Loss after Interest, Exceptional and Extraordinary Items	**(141.39)**	**(59.17)**	**(485.06)**	**(685.62)**
	(228.78)	(119.12)	(494.61)	(842.51)
3. SEGMENT ASSETS	**431.24**	**244.61**	**107.04**	**782.89**
	469.49	221.75	163.99	855.22
4. SEGMENT LIABILITIES	**1,158.44**	**925.77**	**5,521.25**	**7,605.46**
	1,154.91	804.14	5,034.77	6,993.83
5. CAPITAL EMPLOYED	**(727.20)**	**(681.16)**	**(5,414.21)**	**(6,822.57)**
	(685.42)	**(582.40)**	**(4,870.79)**	**(6,138.61)**
6. TOTAL CAPITAL EXPENDITURE	**5.61**	**12.23**	**-**	**17.85**
	2.32	13.57	-	15.89

Figures in brackets relate to previous year.

B. GEOGRAPHICAL SEGMENT :

The Company provides services within India and hence, does not have any operations in economic environments with different risks and returns. Hence, it is considered that the Company is operating in a single geographical segment.

AI Assets Holding Limited
Registered Address of the Company is: 2nd Floor,
AI Administration Building, Safdarjung Airport, New Delhi-110003

website: www.aiahl.in