AIR INDIA LIMITED

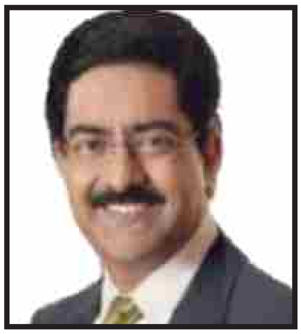
CONTENTS

BOARD OF DIRECTORS

Shri Rajiv Bansal
Chairman & Managing Director

Shri S.K.Mishra
Govt. Nominee Director

Shri V.A.Patwardhan
Govt. Nominee Director



Shri K.M.Birla
Independent Director

Smt. Purandeswari
Independent Director

Shri Vinod Hejmadi
Director (Finance)

Smt. Amrita Sharan
Director (Personnel)

Ms. Meenakshi Mallik
Director (Commercial)

Capt. R.S.Sandhu
Director (Operations)

BOARD OF DIRECTORS (AS ON 29 DECEMBER 2020)

Shri Rajiv Bansal	Chairman & Managing Director
Shri Vimalendra Anand Patwardhan	
Shri Satyendra Kumar Mishra	
Shri Vinod Hejmadi	
Smt.Amrita Sharan	
Ms.Meenakshi Mallik	
Capt.Rajwinder Singh Sandhu	

Company Secretary
Smt.Kalpana Rao

Auditors
M/s.P.K.F.Sridhar & Santhanam LLP, Chennai
M/s.Khandelwal Jain & Co., Mumbai
M/s.Jagdish Chand & Co., New Delhi

Solicitors
M/s.M.V.Kini & Co.
M/s.Suri & Co.

Bankers

Allahabad Bank
Andhra Bank
Bank of Baroda
Bank of India
BBAM
Canara Bank
Central Bank of India
Citibank
Corporation Bank
Dena Bank
DEUTSCHE Bank
Exim Bank of India
Federal Bank
FIRST ABUDHABI Bank
HDFC Bank
IDBI Bank
Indian Bank
Indian Overseas Bank
Industrial & Commercial Bank of China
IndusInd Bank
INVESTEC Bank
MASHREQ Bank
Oriental Bank of Commerce
Punjab National Bank
Punjab & Sindh Bank
State Bank of India
Standard Chartered Bank
Syndicate Bank
Toronto Dominion Bank
UCO Bank
United Bank of India
Union Bank of India

Registered Office
Airlines House,
113 Gurudwara Rakabganj Road,
New Delhi 110 001

MANAGEMENT	(AS ON 29 DECEMBER 2020)
Shri Rajiv Bansal	Chairman & Managing Director
Shri Vinod Hejmadi	Director (Finance)
Smt. Amrita Sharan	Director (Personnel)
Ms. Meenakshi Mallik	Director (Commercial)
Capt. Rajwinder Singh Sandhu	Director (Operations)
Smt. Arti Bhatnagar	CVO

EXECUTIVE DIRECTORS

Capt. A.S. Soman	ED-HQ
Smt. Harpreet A De Singh	ED & holding charge of CEO, AAAL
Ms. Aruna Gopalakrishnan	ED - Corporate Affairs & additional charge of P&F
Smt. Kalpana Rao	ED - Finance & Company Secretary
Shri Madhu C. Mathen	ED - Inflight Services
Smt. Divya Mohan	ED - Customer Services
Shri M.A. D’Silva	ED - Commercial
Smt. S.K. Singh	ED - Finance
Shri H.G. Pai	ED - Finance
Shri Nirbhik R. Narang	ED - Cargo (Offg.)
Shri V.M. Palwankar	ED - MMD (Offg.)
Capt C. M. Edekar	ED - Training (Offg.)
Shri Debashish Bose	ED - Security (Offg.)
Capt. (Smt.) Nivedita Bhasin	ED - Flight Safety (Offg.)
Shri H P Jamadar	ED - Engineering (Offg.)
Shri K.K. Aseri	ED - Internal Audit (Offg.)

REGIONAL DIRECTORS

Shri Prem Singh Negi	RD - Northern Region
Shri R.O. Bodade	RD - Western Region
Shri B.C. Biswas	RD - Eastern Region
Smt. C.N. Hemalatha	RD - Southern Region

CHAIRMAN'S MESSAGE

Dear Shareholders,

At the outset, I wish you and your family the best of health and well-being !

It is my privilege to present to you the 13th Annual Report of the Company, for the year 2019-20.

I wish to now present the Civil Aviation scenario globally and within India to give a brief background, and thereafter, the results of Air India Limited for the financial year 2019-20:

CIVIL AVIATION SCENARIO

WORLD

The year 2019-20 started with loads of expectation and robust forecasts for global aviation industry. The year that progressed well until December 2019, witnessed unprecedented changes, transitions and economic crisis in the last quarter, due to the COVID-19 pandemic which has been the most unprecedented disruptive event in recent times. After years of record traffic growth and unprecedented profitability, the airline industry is facing the sharpest and most sustained fall in demand as the corona virus pandemic has brought international travel to a virtual standstill.

The estimated net loss suffered by airline industry during 2020 was USD 118.5 billion, which dwarfed the USD 30 billion loss during the financial crisis in 2008 and 2009 and brought an abrupt end to 10-year profits run. As per IATA, the full year passenger traffic results for 2020 showed that demand fell by 66% (international-76%, domestic-49%) compared to 2019, by far the sharpest traffic decline in aviation history. Bookings for future travels made in January 2021 were down 70% compared to the previous year putting further pressure on cash positions and partially impacting the timing of expected recovery.

While the industry will see improved performance in 2021, the road to recovery is expected to be long and difficult. Passenger figures are not expected to return to 2019 levels until 2024 at the earliest, with domestic markets recovering faster than international services. The optimism, that the distribution of vaccines would lead to a prompt and early recovery in global air travel have been dashed in the face of new outbreaks and new mutations of the disease.

INDIA

The Indian aviation saw the biggest turmoil in Indian aviation scenario with closure of Jet Airways in the beginning of 2019 resulting in big vacuum in terms of capacity and ending with complete lockdown due to spread of Covid-19 pandemic in India with suspension of all scheduled air operations from 25th March 2020.

In the beginning of the year, Air India's strategy was to first fill the vacuum created by Jet's closure to minimize passenger inconvenience. Air India is the only airline in India with long haul operations and we have been able to step in to effectively bridge the gap between demand and supply post April 2019. We added some capacity into the system with which we have been able to launch the non-stop Delhi-Toronto, Mumbai-Kuwait, Delhi-Doha, Delhi-Seoul and Mumbai-Nairobi flights. In the India/UK market, we added capacity to Heathrow & Stansted and included Amritsar as one more point to UK. For Dubai, the growth opportunity came up with Jet's closure and we added more direct flights from interior points in India to connect Dubai.

While Air India was successfully plugging the vacuum in the long haul international market, COVID-19 pandemic engulfed the globe towards end of the year. The global outbreak of COVID-19 pandemic and the nation-wide lockdown imposed from 25th March 2020 and followed by multiple extensions in lockdown/restrictions imposed by Central/State Governments had a major impact on the aviation industry. Similar lockdowns were imposed in the different parts of the world as well, leading to a severe dent on the business of the Company. AI had to cease all scheduled domestic and international operations in compliance with the directions issued by the DGCA in the aftermath of the pandemic.

Air India has always been standing by the Nation during any crisis. Air India operated a very courageous first repatriation flight to Wuhan – the epicenter of the Covid-19 virus - to evacuate stranded Indians on 31st January 2020 which scripted history with more to follow. The international borders were sealed all over globe resulting in Indians getting stranded all over the world. The Company, as usual, rose up to the occasion and on the directions of the Government, conducted some essential air operations to mitigate the hardship brought about by the unprecedented pandemic times. This included the operation of non-scheduled flights under the 'Vande Bharat Mission' from 7th May 2020 to evacuate stranded fellow citizens throughout the globe. In addition, AI also operated special charter flights on domestic and certain international sectors to facilitate the movement of essential medical and other supplies to various parts of the country and the world. The international borders are still sealed and therefore, the Government of India has signed bubble agreement with 22 countries purely to serve 3rd/4th freedom market. Currently, AI is operating International flights under these Bubble agreements. Air India's brave hearts of Captains, Cabin Crew, Doctors, Engineers and Commercial staff scripted a selfless rescue act going beyond their call of duty to successfully complete the evacuation of Indian nationals stranded abroad.

The resultant socio-economic crisis has had multifarious complexities in the conduct of business or governance. However, I have no doubt that the Nation and the world will recoup with greater growth, rapid prosperity and better quality of development post the Corona crisis.

Performance of the Company

Stand-alone

During the financial year 2019-20 the Company had incurred a net loss of Rs.7,982.82 crore as against Rs.8,556.36 crore in the year 2018-19, representing a decrease of Rs.573.54 crore. The number of passengers carried during 2019-20 increased to 22.1 million as against 21.8 million during 2018-19.

The Net Loss had reduced by about Rs.573 crore as compared to the previous year approximately and if the impact of IND AS 116 is excluded, the improvement in the performance of the Company was about Rs.2,500 crore. The expenditure item which had the highest increase as compared to the previous year was expenditure on Foreign currency translation as dollar shot up from Rs.69 to Rs.75 to one USD. There was increase in Foreign Exchange variation by Rs.2,456 crore mainly due to impact of IND AS 116 of Rs.2,001 crore and normal foreign exchange variation impact of Rs.455 crore.

Consolidated Results

The Consolidated Financial Statement represents consolidation of parent company's financials with the financials of 5 subsidiary companies viz. AAAL, AIXL, AIESL, AIASL & HCI and one joint venture viz. AISATS.

The Consolidated Net Loss of the Group for 2019-20 was Rs.7,693.37 crore which was less by Rs.1,186.85 crore compared to the previous year's loss of Rs. 8,880.22 crore.

Our well trained human resources as well as the continued patronage from public was our greatest strength. One of our subsidiaries, Air India Express Ltd, performed extremely well and has been rated as one of the best low cost carriers in the world. Air India's direct long distance connections to USA as well as Australia, remained our prime products.

Challenges

Adversity brings best out of us and is a litmus test of our courage and strength of character. Air India had been passing through the critical financial condition much before the Covid onslaught. The suspension of all air traffic during this period saw the revenues of the Company plummeting and at the same time, committed and obligated expenditure such as loan repayments, payments to aircraft lessors, salaries, etc., had to be met during this period leading to a further dent in the already strained financial position of the Company.

In spite of this, the airline has left no stone unturned to continue to remain afloat. The Government is doing whatever is necessary to take us out of this turbulence and steer the country into a brighter horizon with a slew of financial, social and administrative measures while focusing on medical care and relief to those affected. However, on its own part, the Company during the COVID period has introduced various measures/ steps to partially offset the adverse financial impact arising out of these difficult times. These include the introduction of salary/allowance cuts across the board for all employees, suspension of all post retirement contractual engagements, introduction of the concept of shorter working week, encouraging the employees to take advantage of the Leave without Pay Scheme etc. The Company also engaged its aircraft lessors in negotiations to secure cuts in lease payments, exercised strict control over vendor payments to ensure best possible use of scarce funds availability.

All airlines including Air India have seen a steep decline in their scale of operations during the first three quarters of FY 2020-21. The estimates of recovery from the impact of COVID-19 have been made by various stakeholders and in most cases, normalcy is projected to return by only around FY 2024.

You would have seen the report on the proposed disinvestment of Air India, the successful conclusion of which will bring out in full measure, its true potential. The procedures relating to disinvestment are in progress. In the interim, the national carrier will strive for impetus in services improving domestic and international connectivity.

ACKNOWLEDGEMENT

I take this opportunity to thank the Government of India, especially our administrative Ministry of Civil Aviation and Ministry of Finance 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 course on a growth trajectory, taking Air India to greater heights. I would like to thank my colleagues on the Board for their valuable guidance.

I would like to thank all the employees of this Company for their exemplary efforts to show the world the strength and resilience of our team spirit in pursuit of excellence, and for always rising to the occasion to uphold the image of Air India.

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

Sd/-
Rajiv Bansal

VISION

Dil mein India, aasmaan mein Air India

To be the leader in Indian aviation and India's Ambassador to the world.

MISSION

Leadership

Customer

- Provide safe, reliable and on-time services
- Deliver the highest quality of service around the world
- Be the epitome of Indian hospitality

Processes

- Continuously improve standards of safety and efficiency
- Operate and maintain a young and modern fleet
- Provide the best and most efficient network
- Create economic value

People

- To be the employer of choice
- Build a highly motivated and professional team
- Maintain highest degree of transparency and ethics
- Be a responsible corporate citizen

India's Ambassador

- Be India's flag carrier in spirit and action
- Provide seamless travel within India and the world
- Connect Indians worldwide

Values

- Zeal to excel and zest for change
- Integrity and fairness in all matters
- Respect for dignity and potential of individuals
- Strict adherence to commitments
- Ensure speed of response
- Foster learning, creativity and team-work
- Loyalty and pride in the Company

DIRECTORS' REPORT

The Shareholders,

On behalf of the Board of Directors, it gives me immense pleasure in presenting to you, the Thirteenth Annual Report on the performance of the Company together with the Audited Accounts, Auditors' Report and Comments of the Comptroller and Auditor General of India on the accounts for the financial year ended 31 March 2020.

1. REVIEW OF PERFORMANCE – HIGHLIGHTS

1.1 Financial Performance

The financial performance of the Company during the year 2019-20 is as under:

(Rupees in Million)

Particulars	2019-20	2018-19
Total Revenue	**285,244.4**	264,877.2
Total Expenses	**362,901.7**	349,625.2
Profit/(Loss) before Exceptional Items, Tax & Comprehensive Income	**(77,657.3)**	(84,748.0)
Exceptional Items	**-**	-
Profit/(Loss) before Tax & Comprehensive Income		
Less: Provision for Tax	**(77,657.3)**	(84,748.0)
Profit/(Loss) before Comprehensive Income	**-**	-
Comprehensive Income	**(77,657.3)**	(84,748.0)
Net Profit/(Loss)	**(2,170.9)**	(815.6)
	(79,828.2)	(85,563.6)

1.2 Physical Performance:

Particulars	Unit	2019-20	2018-19
ASKMs(Scheduled Services)	Million	63186	62134
ASKMs (Total)	Million	63620	62442
PKMs (Scheduled Services)	Million	50395	49063
PKMs (Total)	Million	50397	49064
ATKMs(Scheduled Services)	Million	8415	8340
ATKMs (Total)	Million	8461	8371
RTKMs (Scheduled Services)	Million	5817	5758
RTKMs (Total)	Million	5817	5758
Passenger Load Factor (Scheduled Services)	%	79.8	79.0
Overall Load Factor (Scheduled Services)	%	69.1	69.0
No. of Passenger Carried (Scheduled Services)	Million	22.1	21.8
No. of Passenger Carried (Total)	Million	22.5	22.1
Freight Carried	Tonnes	221257	240656
Total Revenue Hours Flown	No.	482099	469693

2. OTHER FINANCIAL INFORMATION

2.1 Share Capital

Authorized Share Capital

The Authorised Share Capital of the Company is Rs.35,000,00,00,000/- divided into 3,500,00,00,000 equity shares of Rs.10/- each.

Issued, Subscribed & Paid-up Share Capital

As on 31 March, 2020 the Issued, Subscribed & Paid-up Share Capital of the Company was Rs.32,665,21,00,000/- divided into 3266,52,10,000 fully paid up equity shares of Rs.10 each.

The Government of India (GoI) vide letter dated 23 March 2020 infused Rs.1,00,000/- (10,000 Equity Shares of Rs. 10 each) as equity investment in Air India Limited for FY 2019-20 as part of the Turn Around Plan and Financial Restructuring Plan. However, the same were allotted to the Government of India on 6 October 2020.

2.2 Debentures

The Company has issued 136,000 Redeemable, Unsecured Non-Convertible Debentures (NCDs) of face value of Rs.1 Million each guaranteed by Government of India. Out of this, Non Convertible Debentures of Air India Ltd worth Rs.700 Crore (7000 NCDs of face value of Rs.1 Million) had been redeemed on 26 March 2020. Details regarding Maturity Profile and Rate of Interest have been given in Note 13.1 of the Financial Statement.

Debenture Redemption Reserve, as required under Section 71 (4) of the Companies Act, 2013, has not been created in view of the absence of any profits earned by the Company.

Debentures of the Company are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The address of the Transfer Agent of the Company is M/s Link Intime India Pvt. Ltd., C101, 247 Park, LBS Marg, Vikhroli (West), Mumbai 400 083.

2.3 Aircraft Project Loans

As on 31 March 2020, the position of aircraft loans, including future lease obligations in respect of finance leases and Non Convertible Debentures issued for Aircraft financing, was as under:

(Rupees in Million)

Total Loan due as on 1 April 2019	98,645.0
Add: Amount drawn during 2019-20	-
Less: Amount repaid during 2019-20	42,772.2
Add: Exchange adjustments due to revision in rates of Currencies	6,169.9
Balance as on 31 March 2020	62,042.6

2.4 Annual Plan Outlay 2019-20

(Rupees in Million)

	Approved	Actual
Aircraft Projects/Schemes		

	Approved	Actual
Payment to aircraft/spare engine manufacturers	2,520.0	2,073.4
Non-Aircraft Projects		
Other capital expenditure	1,820.0	2,068.7
Equity infusion by Government of India	0.1	0.1
TOTAL PLAN OUTLAY	**4,340.1**	**4,142.2**

Note:

During FY 2019-20, no Equity Support has been provided for Air India in the Union Budget, except for a token amount of Rs. One lakh as Budgetary Support, under Turnaround Plan, in view of the impending Disinvestment of AI. However, the Company is currently going through an acute phase of liquidity crisis. In the absence of Government Support, it is becoming extremely difficult to maintain the current operations of the Company.

2.5 Annual Plan Outlay 2020-21

The total budgeted IEBR expenditure of Air India during 2020-21 is approved at Rs. 1,450.0 Million, entirely for Other Capital Expenditure. The Actual Plan outgo during the year, up to the end of September 2020 is Rs. 293.0 Million.

2.6 Financial Accounting

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

3. MEETINGS OF THE BOARD OF DIRECTORS

Seven Meetings of the Board of Directors were held during the year, the details of which are given in the Corporate Governance Report that forms part of this Report. The intervening gap between the Meetings was within the limit prescribed under the Companies Act, 2013.

4. INFORMATION ABOUT SUBSIDIARY AND JOINT VENTURE COMPANIES

The following are the wholly owned subsidiaries of the Company:

AI Airport Services Limited

Air India Express Limited

AI Engineering Services Limited

Alliance Air Aviation Limited

The Company also holds 80.38% Equity Shares of Hotel Corporation of India Limited and remaining 19.62% Shares are held by the President of India.

Further AISATS Airport Services Pvt. Ltd. is a Joint Venture between Air India Limited and Singapore Airport Terminal Services (SATS) in the ratio of 50:50. AISATS provides ground handling services to airlines at certain Metro airports in pursuance of Government of India Notification on the Ground Handling Policy.

5. INDUSTRIAL RELATIONS

Relations with the work force continued to be cordial during the year 2019-20.

6. ENCOURAGEMENT/ASSISTANCE TO MICRO & SMALL ENTERPRISES

The Company continued to support the MSE Units (which includes SC/ST and women owned units) / Social Welfare / Charitable Organizations. As per record, the procurement carried out through MSE Units amounts to Rs.779.45 Million during the year 2019-20.

7. ENVIRONMENT PROTECTION

Environment Management System

As a part of Air India's vision to be an environment friendly international airline, Air India has taken various measures for protection of the environment. The Corporate EMS of Air India is responsible for monitoring the Fuel Efficiency and Environment emissions reporting to meet regulatory compliance of various regulatory bodies as EU-ETS, IATA and DGCA for all the three AOPs i.e. Air India, Air India Express and Alliance Air.

European Union - Emission Trading Scheme (EU-ETS)

In March 2020, Air India submitted its Emissions Report and surrendered the Carbon credits due to emissions from intra-Europe flights for the year 2019, before the deadline of 30 April 2020. Air India is now fully compliant with EU-ETS Emissions regulations.

DGCA Environment Report

Air India Environment Management Systems submitted Annual Carbon Footprint reports for the year 2019 from ATF emissions to comply with DGCA Environment Circular on Climate Change Initiatives and Local Air Quality Monitoring in Civil Aviation dated 5 August 2015 for all the three AOPs i.e. Air India, Air India Express and Alliance Air.

CORSIA

The EMS prepared the CORSIA Emissions Report based on International Flights of Air India and Air India Express for the year 2019. The Verification Audit of CORSIA Emissions Report and Processes for Air India and Air India Express was carried out in February 2020 by M/s TUV India Pvt. Ltd, an accreditation body approved by DGCA. The Verification Body confirmed that CO_2 emissions from the eligible international flights operated by Air India and Air India Express for the period 1 January 2019 to 31 December 2019 is ‘Verified as Satisfactory’ at Reasonable Level without any material misstatement. The Verified CORSIA Emissions Report was submitted to DGCA on 20 March 2020 before the deadline of 31 March 2020.

DGCA after carrying out Post verification checks on the Emissions Report and data confirmed in August 2020 that the Reported Emissions were correct and submitted the Emissions to ICAO. Air India is now fully compliant with ICAO CORSIA regulations for the year 2019.

8. VIGILANCE

The primary objective of vigilance is to detect malpractices, irregularities and ensure compliance to the laid down rules & regulations. Vigilance Department guards the organization from internal dangers ensuring orderly conduct of affairs by the employees of the organization. It works on the key attributes of Transparency, Responsibility and Accountability to contain corruption.

Air India observed the Vigilance Awareness Week, 2019 with the theme “Integrity a way of life” as identified by the Central Vigilance Commission. The Department encouraged public participation with emphasis on promoting ethical practices and inculcating a culture of honesty and integrity in everyday life by holding Public Events, Cyclothon/Bicycle Rally at Kolkata and 02 Walkathons at Chennai and Hyderabad. The activities saw an overwhelming response with huge public participation from all walks of life along with Air India employees and their family members.

All employees of Air India and subsidiaries, along with the passengers, were encouraged to take the Integrity Pledge. Vigilance Department with a view to sensitize the employees and promote sense of integrity while performing duties and responsibilities organized 13 seminars/workshops wherein distinguished guest lecturers were invited to speak on the subject.

Three Vendor Grievance Redressal Camps were also organized for quick Redressal of Vendor Grievances. For this year’s session on Vendors Grievance Meet, MMD invited vendors to attend the session. 58 Vendors attended the camp along with officials of MMD and Finance Department. The vendors who attended the session expressed their confidence and trust in Air India’s transparent policy of procurement, being managed through SAP-ERP system and were appreciative of timely response on queries and clarifications sought by them. However, some vendors did express concern on some delayed cases of payments which were attributed to constraints of liquidity/funds availability of the Company in the present scenario.

Vigilance Department looked into about 928 complaints during the year 2019, pursued early disposal of cases and Departmental Enquiries. All online stations in the four Regions were subjected to regular inspections by vigilance teams. Consistent checks were conducted in different areas with a particular emphasis on cabin cleaning and dressing, pilferage of cabin items by cabin crew, checks at cargo and waiver of Excess Baggage, to ensure compliance to the established SOPs. A total of 38 Station Inspections and 215 Surprise Checks were conducted by the Vigilance Teams during the year, which resulted in a number of recommendations for System Improvements.

9. OFFICIAL LANGUAGE IMPLEMENTATION

In order to monitor the progressive use of Hindi in Air India, meetings of 57 Official Language Implementation Committees constituted on all India level were held. Desk-to-Desk programmes were organized for various departments at Headquarters and Regional level in order to facilitate officers/ employees in doing their work in Hindi. An all India level workshop was organized at CTE, Hyderabad for the employees of Hindi department.

Air India's website is updated in Hindi on regular basis. Hindi synopsis of the programmes of inflight entertainment system was updated. Hindi fortnight was celebrated on all India level and competitions were organized. In addition, pilots and cabin crew were given awards for the best Hindi announcements. Every year, a Sahitya Sammaan is also given to an employee for his contribution towards Hindi literature. Advertisements, Tenders, Announcements have been issued in Hindi also.

To give wings to the creativity of the employees, a Hindi poetry competition on "Air India" was organized at all India level. Air India employees, participated and won prizes in essay writing competition and "Kavyanjali" (Hindi poetry competition) organized by Ministry of Civil Aviation.

10. 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 2020

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
9041	1887	20.87	673	7.44	691	7.64

11. CORPORATE GOVERNANCE

The Company's Corporate Governance philosophy is to continuously strive to attain higher levels of accountability, transparency, responsibility and fairness in all aspects of its operations. The Company remained committed towards protection and enhancement of overall long term value for all its stakeholders – customers, lenders, employees and the society. The Company also acknowledges and appreciates its responsibility towards the society at large and has embarked upon various initiatives to accomplish this.

During the year under review, the Company continued its pursuit of achieving these objectives through adoption of competitive corporate strategies, prudent corporate and business policies and plans, strategic monitoring and mitigation of risks, while at the same time, creating checks and balances in an organization that values people, propriety, equity and fair play. The Company follows sound business practices and conducts its business in a transparent manner. The Company remained committed towards ensuring observance of Corporate Governance principles in all its dealings.

Integrity Pact Programme was implemented effective 8 February 2008. It has been made mandatory to incorporate Integrity Pact in respect of all contracts with a value of Rs.100 Million and above.

The detailed Corporate Governance Report is attached separately.

12. CHANGE IN NATURE OF BUSINESS

There is no change in the nature of business of the Company.

13. DIVIDEND

In view of the losses suffered during the year 2019-20, the Directors have not recommended any dividend.

14. 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.

15. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has provided loans / guarantees to its Subsidiaries and has made investment in compliance with the provisions of the Companies Act, 2013. The details of such investments made and loans / guarantees provided as on 31 March 2020 are given in the Stand-alone Financial Statements.

16. DEPOSITS

The Company has not accepted any deposits during the year under review.

17. NOMINATION AND REMUNERATION COMMITTEE

The Company, being a Government Company, the appointment, tenure and remuneration of Directors are decided by the Government of India. The provisions of the Companies Act, 2013, relating to appointment of Directors, policy relating to the remuneration of Directors and performance evaluation pertaining to NRC shall not be applicable to Government companies.

The Nomination and Remuneration Committee formulates and review policies related to remuneration / perquisites / incentives for key positions of Executive Directors and CEOs of subsidiaries, within the parameters of Guidelines issued by the Government of India.

In pursuance of Section 178(1) of the Companies Act, 2013, the Nomination and Remuneration Committee comprised of the following, as on 31 March 2020:

Name of the Director	Position held in the Committee	Category of the Director
Dr R K Tyagi	Chairman	Part Time Non Official Director
Chairman & Managing Director	Member	Chairman & Managing Director
Dr Syed Zafar Islam	Member	Part Time Non Official Director
Shri K M Birla	Member	Part Time Non Official Director
Joint Secretary, MOCA	Member	Non Executive Part time Director

Dr R K Tyagi and Dr Syed Zafar Islam ceased to be on the Board of the Company with effect from 31 May 2020 and accordingly Smt Daggubati Purandeswari was inducted and appointed as Chairperson on 7 July 2020.

18. AUDIT COMMITTEE

In compliance with the provisions of Section 177 of the Companies Act, 2013 and DPE Guidelines, the Company has constituted the Audit Committee of the Board. As on 31 March 2020, the following were the Members of the Audit Committee:

Name of the Director	Position held in the Committee	Category of the Director
Dr Syed Zafar Islam	Chairman	Part Time Non Official Director
Dr R K Tyagi	Member	Part Time Non Official Director
Jt. Secretary & Financial Advisor, MOCA	Member	Non Executive Part time Director
Chairman & Managing Director	Permanent Invitee	Chairman & Managing Director

Name of the Director	Position held in the Committee	Category of the Director
Director (Finance)	Special Invitee	Functional Director
Head of Internal Audit	Special Invitee	GM/Executive Director

Dr R K Tyagi and Dr Syed Zafar Islam ceased to be on the Board of the Company w.e.f. 31 May 2020. Accordingly, Jt. Secretary & Financial Advisor, MOCA was appointed as Chairman of the Audit Committee as well as Joint Secretary, MOCA, Shri K M Birla and Smt Daggubati Purandeswari were appointed as Members of the Audit Committee in 103rd Board Meeting held on 11 September 2020.

19. MANAGEMENT DISCUSSION & ANALYSIS REPORT

A detailed Management Discussion and Analysis Report is given separately.

20. PERFORMANCE EVALUATION OF BOARD, IT'S COMMITTEES AND INDIVIDUAL DIRECTORS

As per the Notification dated 5 June 2015 of the Ministry of Corporate Affairs, 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. Air India being a Government Company, the performance evaluation of the Directors is carried out by the Administrative Ministry (MOCA), Government of India, as per applicable Government guidelines.

21. POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

Air India being a Government Company, is exempted to furnish information under Section 134 (3) (e) of the Companies Act, 2013 as per the Notification dated 5 June 2015 of the Ministry of Corporate Affairs.

22. DECLARATION OF INDEPENDENCE

In terms of the Notification dated 31 May 2017 issued by the Ministry of Civil Aviation, Government of India, the tenure of Dr R K Tyagi and Dr Syed Zafar Islam, Independent Directors, ended on 31 May 2020.

Shri Y.C.Deveshwar ceased to be the Director of the Company with effect from 11 May 2019 due to his sad demise.

The Board of Directors confirms that the Independent Directors have given the declaration and they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013.

23. DIRECTORS AND KEY MANAGERIAL PERSONNEL

The following changes have occurred in the constitution of the Board of Directors of the Company from 1 April 2019 till date:

Sr. No.	Name	Designation	Date of Appointment	Date of Cessation	Mode of Cessation
1.	Shri Y.C.Deveshwar	Independent Director	08.08.2018	11.05.2019	Cessation
2.	Shri Arun Kumar	Government Nominee	24.01.2019	10.07.2019	Cessation
3.	Shri Ashwani Lohani	Chairman & Managing Director	14.02.2019	14.02.2020	Cessation

4.	Shri Praveen Garg	Government Nominee	30.08.2019	18.02.2020	Cessation
5.	Shri Rajiv Bansal	Chairman & Managing Director	14.02.2020		
6.	Shri Vimalendra Patwardhan	Government Nominee	18.02.2020		
7.	Dr R K Tyagi	Independent Director	31.05.2017	31.05.2020	Cessation
8.	Dr Syed Zafar Islam	Independent Director	31.05.2017	31.05.2020	Cessation
9.	Smt.Amrita Sharan	Director (Personnel)	14.07.2020		
10.	Ms.Meenakshi Mallik	Director (Commercial)	14.07.2020		
11.	Capt R.S.Sandhu	Director (Operations)	24.07.2020		

24. SEXUAL HARASSMENT

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. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during the year 2019-20:

No. of Complaints received 15

No. of Complaints disposed off 14

25. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

- That in the preparation of the annual accounts, the applicable accounting standards had been followed and wherever there are deviations, necessary disclosures have been given;
- That the selected accounting policies were applied consistently, other than disclosed in the Notes to Accounts and the Directors made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2020 and of the profit or loss of the Company for the period ended on that date;
- 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;
- That the annual accounts have been prepared on a 'going concern' basis; and
- The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

26. COMMENTS OF COMPTROLLER AND AUDITOR GENERAL OF INDIA

The comments of the Comptroller and Auditor General of India under Section 143(6) of the Companies Act, 2013 on the accounts of the Company for the year ended 31 March 2020 and the replies of the Management are annexed to this report.

27. AUDITORS

M/s.P K F Sridhar & Santhanam LLP, Chennai, M/s.Khandelwal Jain & Co., Mumbai and M/s Jagdish Chand & Co., New Delhi were appointed Joint Statutory Auditors for the year 2019-20 by the Comptroller & Auditor General of India.

Management clarifications / explanations to the qualifications or adverse remarks in the Auditors' Report is annexed to this Report. The Notes on financial statements are self-explanatory and need no further explanation.

28. SECRETARIAL AUDITORS

Shri Upendra Shukla, Practising Company Secretary, Mumbai was appointed to conduct the Secretarial Audit for Financial Year 2019-20. The Secretarial Audit Report for the Financial Year ended 31 March 2020 along with Management clarifications / explanations to the qualifications or adverse remarks of the Auditor is annexed to this Report.

29. EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, Extract of Annual Return i.e. Form MGT-9 is uploaded on the Company's website i.e. www.airindia.in.

30. MATERIAL CHANGES AND COMMITMENTS

As required under the provisions of Section 134(3)(i) of the Companies Act, 2013, following changes have occurred between 31 March 2020 and the date of the Directors' Report which have affected the financial position of the Company:

Impact of COVID-19

The global outbreak of COVID-19 pandemic and the nation-wide lockdown imposed from 25th March 2020 and followed by multiple extensions in lockdown/ restrictions imposed by Central/State Governments had a major impact on the aviation industry. AI had to cease all scheduled domestic and international operations in compliance with the directions issued by the DGCA in the aftermath of the pandemic. The suspension of all air traffic during this period saw the revenues of the Company plummeting and at the same time, committed and obligated expenditure such as loan repayments, payments to aircraft lessors, salaries, etc., had to be met during this period leading to a further dent in the already strained financial position of the Company.

Nevertheless, the Company, during this period, on the directions of the Government, conducted some essential air operations to mitigate the hardships brought forward by the unprecedented pandemic times. This included the operation of non-scheduled flights under the Vande Bharat Mission to evacuate stranded fellow citizens throughout the globe. In addition, AI also conducted special charter flights on domestic and some international sectors to facilitate the movement of essential medical and other supplies to various parts of the country and the world. Subsequently, the DGCA also permitted resumption of domestic operations in a calibrated manner with effect from 25 May 2020.

In light of the COVID-19 pandemic, it is very difficult to assess the air passenger and cargo traffic volume for the coming years. This has directly affected the operations and revenues of aviation sector including AI. However, on its own part, the Company during the COVID period has introduced various measures/ steps to partially offset the adverse financial impact arising out of these difficult times. These include the introduction of salary/allowance cuts across the board for all employees, suspension of all post retirement contractual engagements, introduction of the concept of shorter working week, encouraging the employees to take advantage of the Leave without Pay Scheme etc. The Company also engaged its aircraft lessors in negotiations to secure cuts in lease payments, exercised strict control over vendor payments to ensure best possible use of scarce funds availability.

All airlines including Air India have seen a steep decline in their scale of operations during the first two quarters of FY 2020-21. The estimates of recovery from the impact of COVID-19 have been made by various stakeholders and in most cases; normalcy is projected to return by only around FY 2024 i.e. within 4 to 5 years. Scientific advancements in the fight against COVID-19 and the development of a vaccine to control the pandemic will decide the shape and speed of return to normalcy and which in turn, will determine the nature and traction of global economic recovery from the impact of COVID-19.

The COVID-19 pandemic is still impacting all economic activities worldwide in varied ways and any current estimates to mitigate its impact need to be continuously monitored and reassessed. The management will continue to closely monitor any material changes based on the future economic conditions.

31. RELATED PARTY TRANSACTIONS

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. The Company has obtained approval of the Board in its 106th Meeting held on 27 January 2021 to enter into contracts / arrangements with its subsidiary companies (Government Companies) and it's JV Company for an amount of Rs. 26619.00 Milion during the year 2019-20.

32. RISK MANAGEMENT

Periodic assessments to identify the risk areas are carried out and the Management is briefed on the risks in advance to enable the Company control risk through a properly defined plan. The risks are classified as financial risks, operational risks and market risks. The risks are taken into account while preparing the annual business plan for the year. The Company is also periodically informed of the business risks and the actions taken to manage them.

33. ORDERS OF COURT

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.

34. ANNUAL REPORT OF SUBSIDIARIES AND CONSOLIDATED FINANCIAL STATEMENT

The financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian 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 Statement for the year ended 31 March 2020 of the Company and its Subsidiaries form part of the Annual Report.

35. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Air India 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 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 as specified in Section 178 (3) s are not provided.

Similarly, Section 197 shall not apply to a Government Company. Consequently, 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.

The Chairman & Managing Director and the Whole-time Directors of the Company did not receive any remuneration or commission from any of its Subsidiaries.

36. ACKNOWLEDGEMENTS

The Board sincerely appreciates the Company’s valued customers in India and abroad for using the services of the Company and looks forward to their continued support and confidence. The Board also expresses its deep sense of appreciation for the sincere and devoted service rendered by the employees of the Company at all levels.

The Board also gratefully acknowledges the support and guidance received from various Ministries of the Government of India, the Ministry of Civil Aviation and Ministry of Finance in relation to the implementation of the Company’s operations, Financial Restructuring Plan and growth plans. The Board expresses its gratitude to the DGCA, Comptroller and Auditor General of India, Ministry of Corporate Affairs, the Statutory Auditors, Airport Authority of India, other airport operators, other Government Departments, Airlines, Agents, Oil Companies, Reserve Bank of India, Indian and International Financial Institutions and Banks including the EXIM Bank, USA and Kfw Bank.

For & on behalf of the Board

Sd/-

Place : New Delhi
Date : 18 March 2021

(Rajiv Bansal)
Chairman & Managing Director

MANAGEMENT DISCUSSION & ANALYSIS REPORT

1. ANALYSIS OF THE FINANCIAL/PHYSICAL PERFORMANCE

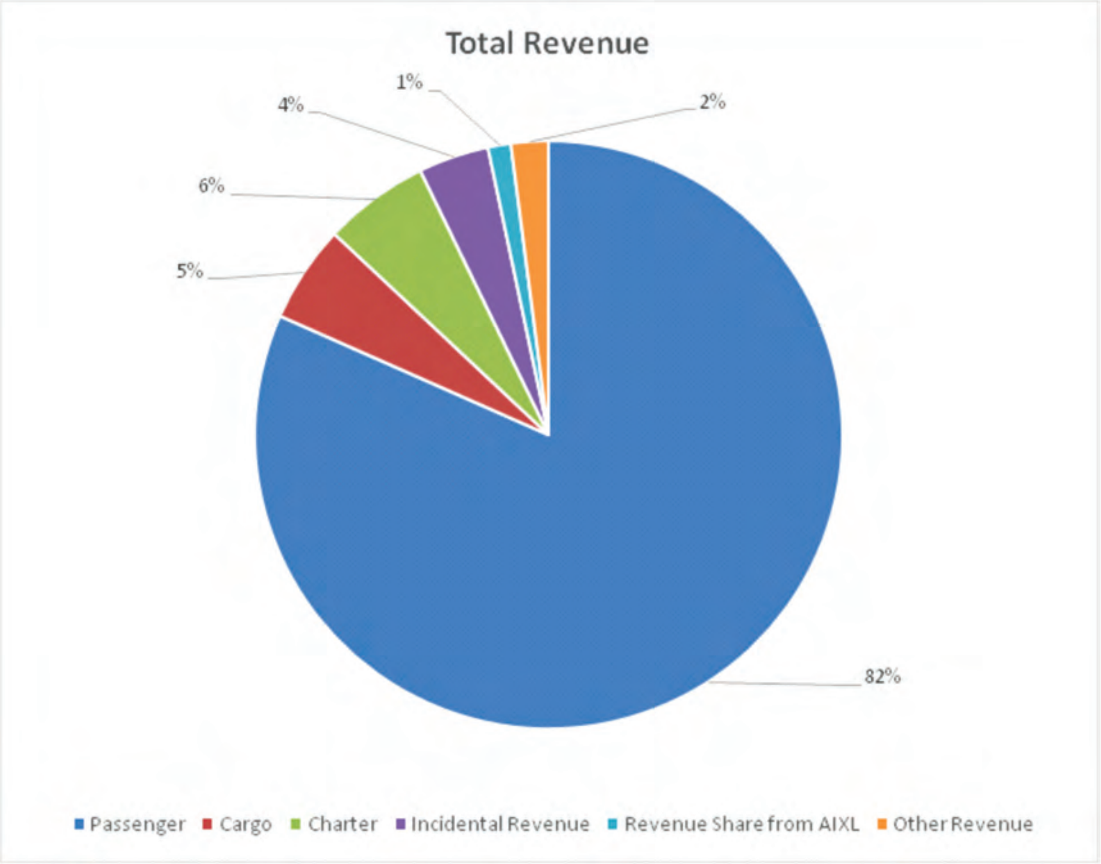
STAND-ALONE

I. REVENUE

Total Revenue increased from Rs. 264,877.2 Million in 2018-19 to Rs. 285,244.4 Million during 2019-20 (increase of Rs. 20,367.2 Million)

Operating Revenue increased from Rs. 255,659.6 Million in 2018-19 to Rs. 277,106.1 Million during 2019-20 (increase of Rs. 21,446.5 Million)

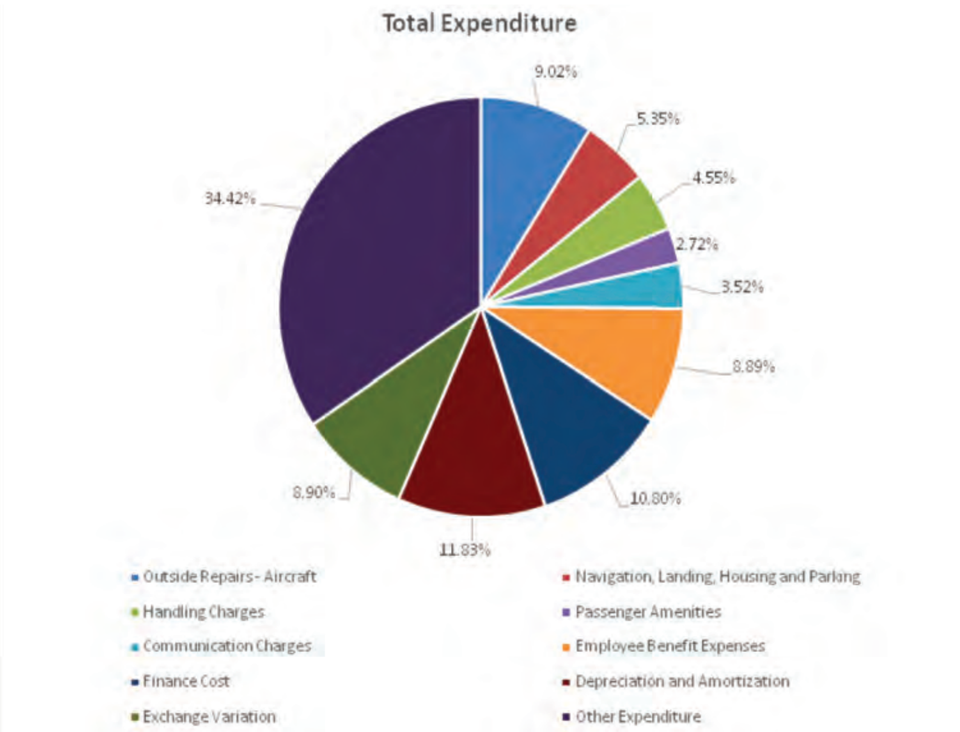
Passenger Revenue increased from Rs.207,741.6 Million in 2018-19 to Rs. 226,197.0 Million during 2019-20 (increase of Rs. 18,455.4 Million)



II EXPENDITURE

- The Total Expenditure incurred during the year was Rs. 362,901.7 Million as compared to the previous year's figure of Rs. 349,625.2 Million (increase of Rs.13,276.5 Million)
- Operating Expenses increased from Rs. 302,512.2 Million during 2018-19 to Rs. 323,709.1 Million during 2019-20 (an increase of Rs. 21,196.9 Million)

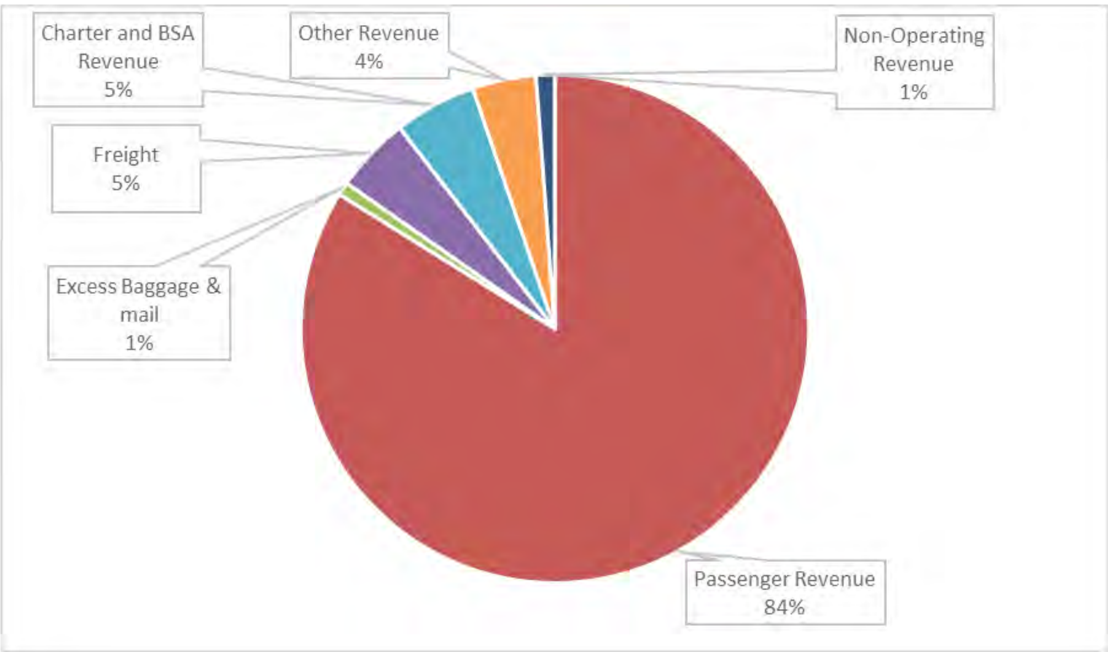
- There was an increase in staff cost by 7% from Rs.30,052.3 Million in 2018-19 to Rs. 32,253.7 Million during 2019-20.
- Fuel cost decreased by 6% from Rs.100,344.6 Million in 2018-19 to Rs. 93,992.7 Million during 2019-20.
- Net impact of Rs 20,130.5 Million, due to applicability of “IND AS 116 – LEASES”.



CONSOLIDATED

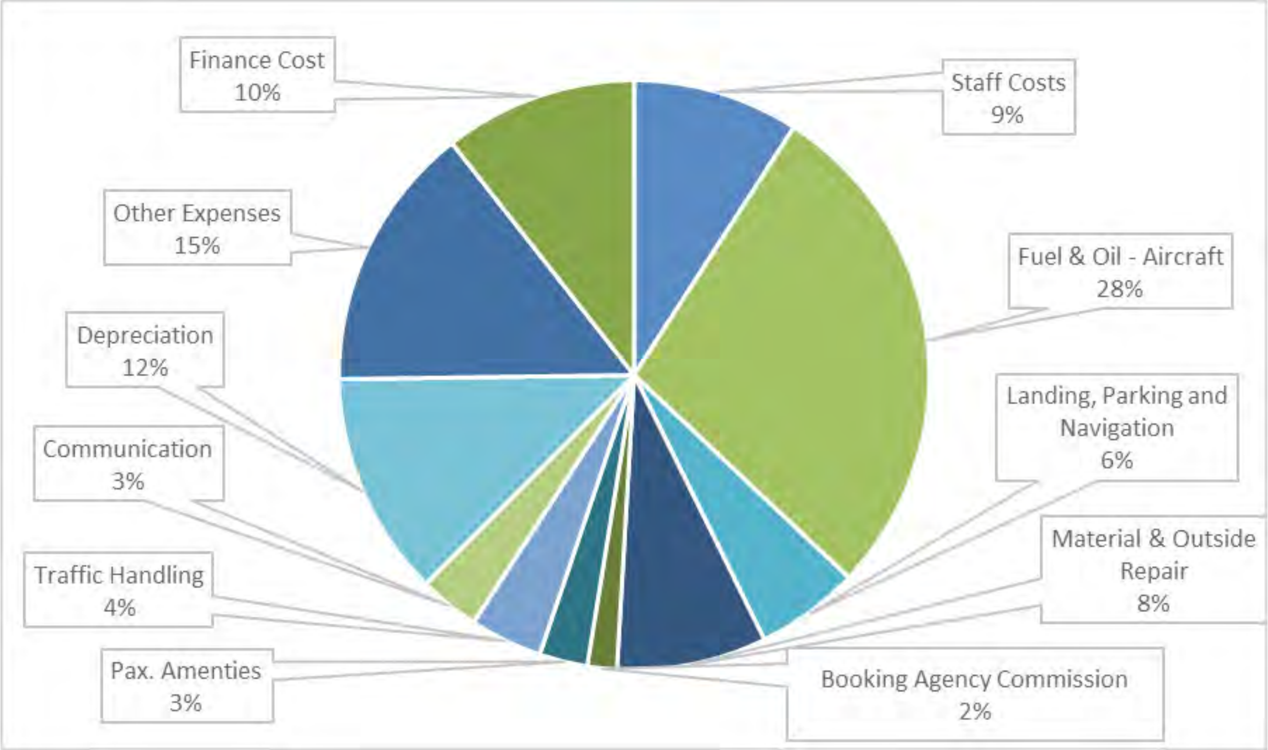
I. REVENUE

- Total Revenue increased from Rs.298,111.5 Million in 2018-19 to Rs.328,306.2 Million during 2019-20, an increase of 10.1%.
- Passenger Revenue increased from Rs.247,283.9 Million in 2018-19 to Rs.275,357.5 Million during 2019-20, an increase of 11.3%.
- Other Revenue increased from Rs.12,242.4 Million during 2018-19 to Rs.13,309.4 Million during 2019-20, increase of 8.7%.
- Group Operating Loss was Rs.24,070.3 Million in 2019-20 as against the Operating Loss of Rs.28,290.7 Million during previous year 2018-19.
- Group had shown Consolidated Net Loss for 2019-20 at Rs.76,933.7 Million which was Less by Rs.11,868.5 Million compared to the previous year’s loss of Rs.88,802.2 Million.



II. EXPENDITURE

- There was an increase in Total Expenses by 5.3% from Rs.370,264.9 Million during 2018-19 to Rs.389,737.4 Million during 2019-20.
- There was an increase in Staff Cost by 8.0% from Rs.32,882.9 Million in 2018-19 to Rs.35,498.8 Million during 2019-20.
- Fuel Cost had decreased by 5.8% from Rs.115,558.9 Million during 2018-19 to Rs.108,879.7 Million during 2019-20.



2. MEASURES TO IMPROVE PERFORMANCE

2.1 Plans to turnaround performance

The Company continued to take several initiatives to improve the performance of the Company including inter-alia:

- Increase in passenger, cargo, excess baggage revenue through aggressive sales & marketing strategy.
- Focus on sale of business class seats.
- Rationalization of certain loss making routes.
- Upgradation of FFP and Introduction of several marketing initiatives including Companion Free Schemes, E Super saver scheme, Preferred Agents Partnership, Promotion of web bookings, etc.
- Rationalising commission to agents.
- Restructuring of city offices in India and abroad.
- Reduction of contractual employment & outsourced agencies.
- Rationalisation of allowances paid to various categories of employees.
- Close monitoring of overtime allowances.
- Reduction in Cabin/Operating Crew Hotel Cost by shifting to lower priced hotels.
- Catering Enhancements---Quarterly change of menu and upgraded first class service.
- In House Publication launched--Passenger feedback shared with crew through in-house online publication "Mirror Mirror in the Air".

2.2 Infusion of Additional Equity- Linked to the Turnaround Plan of the Company

The Paid up capital of the Company as on 31 March 2020 is Rs.32665.21 Million.

The Government of India (GoI) vide letter dated 23 March 2020 infused Rs.1,00,000/- (10,000 Equity Shares of Rs. 10 each) as equity investment in Air India Limited for FY 2019-20 as part of the Turn Around Plan and Financial Restructuring Plan. However, the same were allotted to the Government of India on 6 October 2020.

2.3 Going Concern

The Company has received continuous support from the Government of India (GoI) through the implementation of Turn Around Plan (TAP)/Financial Restructuring Plan (FRP) approved in 2012 and then under the Strategic Revival Plan(SRP) in 2018-19 which has helped the Company to improve its Operating and Financial parameters.

The objective of this SRP was to establish a strong competitive and self-sustaining airline which could be strategically divested. The main component of the Financial Package which was part of the SRP was transfer of debt of Rs 294,640 Million to Air India Assets Holding Limited (AIAHL), including funding of interest liability, cash support of Rs 39,750 Million, Government guarantee of Rs 76,000 Million. Hence, it is evident that the GoI is committed to pursue the path of disinvestment and through various steps taken above is aiding the Company in clearing its balance sheet and as mentioned in the PIM for disinvestment there may be further re-allocation of debts and liabilities of the Company. Further steps taken by the Company as also the GoI in light of the process of disinvestment have been discussed in detail in Note 28 of the Notes to Accounts. All these steps are aimed at creating a positive environment.

In view of the above, and the financial support from the GoI and various revenue enhancement/cost control measures undertaken etc., the Company expects improvement in its performance in the near future and hence the financial statements of the Company have been prepared on Going Concern basis.

The Company has also assessed the impact of COVID-19 on the impairment in the carrying value of its assets, inventories, receivables, etc., appearing in its financial statements. Based on the current indicators of future economic conditions, the management expects to fully recover the carrying value of all its assets. Further, the impact assessment does not indicate any adverse impact on the ability of the Company to continue as a going concern.

2.4 Product Development

Frequent Flyer Programme (Loyalty Programme)

Premier Clubs

The Flying Returns Programme of the Company has four levels of membership viz. Base, The Silver Edge Club, The Golden Edge Club and The Maharajah Club (the highest Tier). Membership of the Maharajah Club, Golden Edge Club and Silver Edge Club is on the basis of earning 75,000 miles, 50,000 miles and 25,000 miles, respectively, in a span of twelve months.

Membership of the Maharaja and Golden Edge Clubs entitles members to enhanced privileges like Bonus Flying Returns points, additional baggage allowance, priority check-in, priority confirmation from the wait-list, upgrade vouchers and lounge access at select airports, etc.

Membership of Silver Edge Club entitles members to the privileges such as Bonus Flying Returns points, additional baggage allowance, upgrade vouchers and priority check-in.

The membership base of the Clubs as on 31 March 2020 was as under:

The Maharaja Club	1,824
Golden Edge Club	2,959
Silver Edge Club	12,496

Flying Returns Programme:

Total Flying Returns membership (Including club members) as on 31 March 2020 was 27,23,185.

Flying Returns Programme (FRP) is designed to recognize and reward frequent flyers of Air India. The benefits and privileges of FRP include:

Increased check-in baggage allowance, tele check-in, personalized check-in counters at select airports, priority for confirmation from the wait-list, priority baggage handling, family pool and wide array of special offers.

Membership is offered even to children aged 2 to 12 years. Members can do many many things online - update profile, claim missing miles, redeem miles for flights and upgrades, etc.

Apart from earning, redeeming and upgrading on Air India, Flying Return members can also earn, upgrade and redeem on all 27 Star Alliance partner carriers and get access to more than 1000 airport lounges worldwide. Members can also accrue points while traveling on select flights of our code share partner airlines.

Besides airlines, there are Non-airline partners like SBI Co Brand Cards, Citibank and Travel Connect, etc. and Members can transfer reward points from our non-airline partners to Flying Returns.

2.5 Marketing Initiatives

Various Marketing initiatives undertaken to maximise passenger and cargo revenues in FY 2019-20 are as follows:

a. Passenger

- Performance based incentives were given to Travel Agent Companies for achieving set milestones, on exceeding previous year's revenue. FAM Tours were also organized.
- Corporate Customers were directly incentivized by offering volume based incentives and several soft benefits for continuous patronage.
- Deals with Travelling Agent Companies like American Express were renewed and customized remuneration packages were offered.
- Various short term promotional schemes were launched for direct sale through the website.
- Focus of the new Call Centre has been upgraded to Sales & Marketing activities along with customer satisfaction by using latest technologies like CRM, Chatbot & Auto dissemination

b. Cargo

- Corporate House scheme was signed on PAN India base with big players like Amazon, Flipkart to enhance revenues.
- Handling charges were introduced for carriage of live animals on international sectors.
- Delivery order charges revised on international import consignments.
- Dynamic pricing was introduced based on performance of flights.

During the year number of 360 degree Advertising campaigns were launched for the promotion of various domestic and international stations which ensured positive brand mileage in addition Air India's USPs such as 25 kg. Baggage Allowance for Economy class, more leg room and hot meals were promoted through innovative and attractive videos and creative theme "Joy of more".

3. AWARDS AND RECOGNITION

- Air India won the prestigious Best International Airlines Award from Tamil Nadu Tourism on 11 April 2019
- Air India won "The Best Inflight Services" award at Today's Traveller Award On 30 July 2019.
- Air India operated 8 international and 44 domestic momentous flights with all women crew to mark International Women's Day 2020. Air India is an airline where women comprise 1/3rd of the workforce. Fuelled by their indomitable spirit, women employees of Air India have been excelling in every field from the Cockpit to the Board Room.

- Air India left its mark at Wings India 2020, the popular Civil Aviation Exhibition & Conference in India held at the Begumpet Airport in Hyderabad from 12 to 15 March, 2020. Air India's history has been synonymous with that of Civil Aviation in India and its pavilion was the centre of attraction at this event.
- Air India has been standing by the Nation since the outbreak of the corona virus by operating two consecutive Boeing 747 flights to evacuate Indians stranded at Wuhan, the epicenter of the COVID-19. Similar rescue flights were operated to bring back Indians stranded in various countries. A total of 68 Air India crew members, who were part of the two special flights that evacuated 647 Indians and seven Maldivians from corona virus-hit Chinese city of Wuhan, were handed over letters of appreciation signed by Hon'ble Prime Minister Shri Narendra Modi on 17 February 2020, at New Delhi.

4. FLEET SIZE, NETWORK, JOINT VENTURES ETC.

4.1 Fleet Size

Fleet as on 31 March 2020

	Owned	Leased		Total
Aircraft type		Sale & Lease back	Dry Lease	
B777 -200LR	3			3
B777-300ER*	15	-	-	15
B747-400	2	2	-	4
B787-800	6	21	-	27
A320-CEO	4	-	5	9
A320-NEO	-	-	27	27
A319	19	-	3	22
A321	20	-	-	20
Total	**69**	**23**	**35**	**127**

*** Includes 2 B777-3ER are under modification to be used for VVIP operations**

4.2 Network

The pattern of operations during 2019-20 for international operation was as under:

Routes	Winter 2019	Summer 2019
India / USA	33	33
India / UK	43	34
India / EUR	43	44
India/Gulf	175	160
India / FEA	20	20
India / SEA	42	56
India/Australia	8	8
India / SAARC	73	69
India/Canada	3	3
India/Africa	4	

4.3 Joint Ventures and Code Share Arrangements

As on 31 March 2020, Air India, a STAR Alliance Member, had a total of 25 Code-Share Agreements that included 14 alliances with STAR carriers - Lufthansa, Austrian Airlines, Swiss, Ethiopian Airlines, Singapore Airlines, Turkish Airlines, Egypt Air, Asiana Airlines, Air Canada, EVA Air, Croatia Airlines, TAP Portugal, LOT Polish Airlines and Avianca and 11 with Non-STAR Carriers - Air Mauritius, Hong Kong Airlines, Air Astana, Flybe, Air Austral, Air India Express, SriLankan Airlines, Royal Brunei Airlines, Air Seychelles, Fiji Airways and Myanmar Airways.

All the Code-Share Arrangements are on Free Flow basis except that with Austrian Airlines and Swiss, which are on a Block Space basis.

5. FINANCING INITIATIVES

Air India had taken delivery of 6 B 787 and 1 B 777 -300 ER aircraft during the period November 2016 to March 2018.

Air India had raised USD 819 Million through Bridge financing from consortium of various foreign lenders and Offshore branches of Indian banks. As the process of disinvestment had commenced, it has been decided to defer the long term financing for these aircraft and Bridge facilities were rolled over multiple times during the last 3 years. As the existing Bridge lenders were not in agreement to further extend these Bridge facilities, it was decided to refinance the same through Short Term INR loan with maturity of one year to be backed by aircraft security and GoI Guarantee as collateral.

Air India has raised Rs. 3,381.65 Cr. from two Indian banks and concluded refinancing of 4 aircraft during the month of December 2020. Air India is in discussion with some of the Indian banks for refinancing remaining 3 aircraft.

6. FLIGHT SAFETY

6.1 WEBSITE

A dedicated website flightsafety@airindia.in has been set up which aids dissemination of vital safety related information in a cost effective manner to all employees of the Company. Our mission is to

- Ensure a sound Safety Management System
- Promote active participation of all departments in adopting optimum safety standards
- Introduce methods which enhance safety awareness
- Investigate Incidents / Accidents
- Recommend safety measures within the Training environment, thereby addressing known / perceived threats and errors

6.2 QUALITY MANAGEMENT SYSTEM (QMS)

QMS Department was issued with QMSISOIS/ISO 9001:2008 License by the Bureau of Indian Standards (BIS). QMS has now changed over to IS/ISO 9001:2015 after clearing the ISO License Renewal Audit by the Bureau of Indian Standards (BIS) with NIL non-conformities.

6.3 DOCUMENTATION MANAGEMENT SYSTEM (DMS)

A centralized Corporate Document Management System provides creation, version management, search, retrieval and dissemination of documents over a browser to all authorised personnel based on individual rights, across all Departments and all three AOP Holders and Strategic Business Units. It effectively complies with IOSA, DGCA, ISAGO, Star Alliance standards, Government as well as organization requirements.

DMS is a major initiative moving towards near paperless office, document repository to comply with Government and Regulatory requirements. This not only generates cost savings for the Company but also improves efficiency, saves times as well as environment.

QMS ensured that all the soft copies of the Manuals of 3 AOC and 2 SBU are reviewed, approved, uploaded and distributed through DMS. Upgradation of DMS through new product is also in pipeline.

6.4 IOSA AUDIT

IOSA Audit was carried out in August 2019, in which there were 25 Findings, all of which have been closed and accepted by IOSA. Now, IOSA registration is valid till 16 January 2022. Since the whole process of IOSA Renewal Audit preparation, completion and closure of Audit findings has to be completed within 150 days before the IOSA Registry expiry, the next IOSA Renewal Audit has been planned in the month of August, 2021.

6.5 SAFETY MANAGEMENT SYSTEM (SMS)

A robust Corporate Safety Management System (SMS) is in place which has been implemented in all 3 AOCs i.e. Air India, Air India Express and Alliance Air. With continuous encouragement to front line officials, the number of voluntary reports have crossed the 1000 mark per year since 2018.

7. INFORMATION TECHNOLOGY

Air India Namaskar Scheme

In-house portal developed by IT Department and launched in September 2019 to book Namaskar Sewa Online. Passengers travelling on AI Flights can book comfortable and time saving Airport Services for Arrival, Departure or during Transit directly from Airline through this portal.

Migration of Internet Booking Engine to Vedaleon

Air India successfully migrated its internet booking engine from SITA E-commerce platform to Vedaleon platform to enhance the user experience and better functionality. This was implemented in phased manner.

Automation of uploading Tenders on CPPP

According to CVC guidelines, Air India Tenders uploaded on Air India website are required to be reflected on CPPP (Central Public Procurement Portal) website also. This has been automated and now, Air India tenders are converted to XML format with token of authentication and automatically uploaded to CPPP.

8. HUMAN RESOURCES

8.1 Staff Strength

The staff strength of Permanent Employees as on 31 March 2020 was 9041.

8.2 Long Service Mementoes

Every year all the employees of the Company who have completed 25 years of service are presented with a long service memento on 27 August. Accordingly, during the year 2019-20, on 27 August 2019, a total of 952 employees were felicitated.

9. SPORT

Air India is proud to have Women/Men Chess Grandmasters, Olympians, World Cup players, Asian Games/Commonwealth Games Medal winners in various disciplines.

- **CRICKET (MEN)**

  Air India Cricket Team (Men) won the prestigious Lala Raghubir Memorial, Goswami Ganesh Dutt Cricket Tournament. Shri Siddharth Trivedi was awarded "Youth Icon" by the Chief Minister of Gujarat.

- **CRICKET (WOMEN)**

  Smt.Jhulan Goswami is a member of the Indian Women's Cricket Squad.

- **BADMINTON**

  Air India Badminton team, as well as players in individual capacity participated in 5 events including Junior & Senior All India Major Ranking Badminton Tournaments. The players won 5 Gold Medals, 4 Silver Medals and 6 Bronze Medal in the five events that they participated.

- **SHOOTING**

  Smt. Annu Raj Singh won 6 Gold Medals in National & International Shooting Competitions. Shri Gagan Narang, Shri Deepak Sharma and Shri Fatehbir Singh excelled in various national and international tournaments during the year.

- **CARROM**

  Air India team won the All India Public Sector Tournament. Shri Riyaz Akbar Ali has been ranked India No. 1 and World Rank No.2.

- **CHESS**

  Air India team participated in National Chess Championship (Men & Women) categories and Ms.Bhakti Kulkarni was winner in Women category. Ms.Tania Sachdev also won the prestigious Commonwealth Chess Championship. Shri Swayam Mishra achieved prestigious Grand Master Title in 2019.

- **HOCKEY**

  Air India Hockey team won Silver Medal in the 10^{th} Hockey India Senior National Hockey Championship held at Jhansi. Shri Shivendra Singh was appointed as Coach of Indian Hockey Team for Tokyo Olympics.

- **TABLE TENNIS**

  Air India Table Tennis team won 2 Gold and 3 Bronze medals in Inter District & Inter State TT Tournaments.

- **KABADDI**

  Air India Kabaddi team won Mumbai District Kabaddi Championship.

- **FOOTBALL**

  Air India Football team has always been a premier and popular Football team in the country and won Nadkarni Cup this year.

10. STATUTORY COMPLIANCE RELATING TO SUBSIDIARIES

Air India has five subsidiary companies. The financial statements of the subsidiaries are included in this Annual Report elsewhere. Their performance is briefly discussed here:

10.1 AI Airport Services Limited (AIASL)

(Formerly Known as Air India Air Transport Services Limited):

(Rs.in Million)

Particulars	2019-20	2018-19
Air India's investment in equity	**1384.24**	1384.24
Total Income	**7088.01**	7050.08
Total Comprehensive Income for the year	**655.69**	558.42

AI Airport Services Limited, a wholly owned subsidiary of Air India Limited was operationalized on 1 February 2013 and started its autonomous operations effective April 2014. Presently it provides ground handling services at 81 Airports in India. Apart from handling the flights of Air India and its subsidiary Companies, ground handling is also provided to 36 Foreign Scheduled Airlines, 3 Domestic Scheduled Airlines, 3 Regional Airlines, 9 Seasonal Charter Airlines. 23 Foreign Airlines availing Perishable Cargo handling services too. In addition, AI Airport Services Limited provides cabin cleaning and cabin dressing services and undertakes repairs of aircraft Unit Load Devices (ULD) and meal carts.

AI Airport Services Limited, with Pan India presence, will continue to achieve higher trajectory growth in the coming years. The foreign exchange earnings will increase in view of handling substantial number of international flights of foreign airlines. AIASL also plans to commence operations in foreign countries.

10.2 Air India Express Limited (AIXL)

(Rs.in Million)

Particulars	2019-20	2018-19
Air India's investment in equity	**7800.0**	7800.0
Total Income	**52306.0**	42014.4
Total Comprehensive Income for the Year	**4127.7**	1615.8

AIXL, a wholly owned subsidiary of Air India, started operations under the Brand name 'Air India Express' from 29 April 2005. Air India Express has achieved highest net profit of Rs 4127.7 Million in FY 2019-20.

During FY 2019-20, Air India Express continued its operations with a fleet of 25 B 737-800 NG aircraft including 8 leased aircraft. The number of destinations served by Air India Express as on 31 March 2020 was 33 - 20 Indian and 13 International.

Air India Express bagged the Management Excellence Award for the turnaround performance in 2019 at the 12th International Civil Aviation Conference organized by ASSOCHAM. Air India Express also received the prestigious Dalmia Bharat CSR Impact Award for its CSR Project 'Care India Express-Simply Cleanliness' from amongst 102 entries as well as the CSR Times Award.

10.3 AI Engineering Services Limited (AIESL)

(Formerly known as Air India Engineering Services Ltd.)

(Rs.in Million)

Particulars	2019-20	2018-19
Air India's investment in equity	**1666.67**	1666.67
Total Income	**14275.85**	12063.87
Total Comprehensive Income for the Year	**758.58**	(2049.37)

AIESL is a leading MRO (Maintenance Repair and Overhaul) service provider in the country providing both Line Maintenance and Major Maintenance for various types of aircraft for the fleet of Air India, Air India Express Limited, Alliance Air, third party airlines as well as Defence Forces. Further, the company is also imparting practical training element (PTE) in association with training institutes.

During the year 2019-20, company has shown improved financials and has earned a net profit for the first time since operationalisation. The company handled around 168 aircraft, on average basis, of Air India Limited and its subsidiaries. SESF flight operations are being managed by Air India and AIESL shall be involved in the maintenance activity of these aircraft.

AIESL has obtained approval from 11foreign civil aviation authorities for undertaking maintenance of aircraft. It has also started capability enhancement considering the future demands of ATRs and NEO aircraft which would be operated by Airlines in future. AIESL has established a branch in Sharjah to provide line maintenance at three locations in UAE and has recently registered an office in Khatmandu.

10.4 Alliance Air Aviation Limited (AAAL)

(Formerly known as Airline Allied Services Limited)

(Rs.in Million)

Particulars	2019-20	2018-19
Air India's investment in equity	4022.50	4022.50
Total Income	11811.54	8362.78
Total Comprehensive Income for the Year	(2010.00)	(2923.23)

AAAL, a wholly owned subsidiary of Air India Limited, which operates under the brand name Alliance Air, commenced operations from 15 April 1996.

Alliance Air Aviation Limited is one of the leading international regional airlines in the country providing connectivity to Tier II & Tier III cities in India in complete synergy with the network of Air India. It is in the process of expanding its operations on pan India basis by inducting more aircraft in its fleet. These aircraft will serve shorter routes within the country and also fly overseas.

Alliance Air has the advantage of operating ATR type of aircraft since January 2003. It intends to build on this experience of over a decade of serving to Tier II and III cities. The company has a fleet of 18 ATR 72-600 aircraft. In the FY 2019-2020, company expanded its network and reach to neighboring countries.

The Regional Connectivity Scheme "Ude Deshka Aam Nagrik" (UDAN) introduced by the Government, which will run for 10 years, will work to revive existing airstrips and airports. With the introduction of RCS,   Alliance Air has been awarded 95 routes till date.

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'.

As operation to unserved and underserved airports has been incentivized by the Government, it will stimulate traffic on regional routes connecting Tier-II/III 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 aggressively in the subsequent rounds of RCS bidding as well.

10.5 HOTEL CORPORATION OF INDIA LIMITED (HCI):

(Rs.in Million)

Particulars	2019-20	2018-19
Air India's investment in equity	**1106.00**	1106.00
Government's investment in equity	**270.00**	270.00
Total Income	**676.25**	672.83
Total Comprehensive Income for the Year	**(655.47)**	(712.04)

HCI provides catering services to Air India Group at Mumbai and Delhi through Chefair, its Flight Catering Unit. In addition, HCI earns revenue through its two Hotels viz. Centaur Lake View Hotel, Srinagar and Centaur Hotel, Delhi and by operating Lounge at T3, Delhi.

As per the direction of the Government, 45000 sq. mts land parcel leased from Airports Authority of India (AAI) for the Delhi units i.e. CHDA, CFCD which was required to be handed over to AAI by 30 November 2019, HCI has been allowed to use the land/structure upto the expiry of the existing lease period i.e. on 31.03.2031 and to vacate the land positively upon the expiry of lease period.

Hence, the Company is in the process of calling for consultants to assist the company to hand over Delhi properties on Management Contract. This would result in savings of fixed and variable costs at Delhi units and also the Company would earn management contract fees.

10.6 JOINT VENURE AGREEMENT BETWEEN AIR INDIA LIMITED AND SINGAPORE AIRPORT TERMINAL SERVICES (SATS) ON GROUND HANDLING

The Company has entered into a Joint Venture (JV) agreement with SATS, Singapore, in the equity ratio of 50:50 to provide ground handling services at certain metro airports. This was in pursuance of Government of India Notification on the Ground Handling policy.

11. RISK MITIGATION STRATEGIES

The Company continuously monitored the risks perceptions and taken preventive action for mitigation of risks on various fronts.

12. INTERNAL CONTROL SYSTEMS

The Company continues to ensure proper and adequate internal control systems and procedures commensurate with its size and nature of business to ensure that all assets are safeguarded and protected against loss from unauthorized use and that transactions are authorized, recorded and reported correctly. The internal control system enables documented policies, guidelines, authorization and approval procedures. Necessary actions were also being taken to address some of the concerns raised by the Auditors in this regard.

The Company has an extensive system of internal controls which ensures optimal utilization and protection of resources, IT security, accurate reporting of financial transactions and compliance with applicable laws and regulations as also internal policies and procedures. The internal control system is supplemented by extensive internal audits, regular reviews by management and well documented policies and guidelines to ensure reliability of financial and other records to prepare financial statements and other data.

The Company has a well defined manual on delegation of authority and administrative powers, based on which, the authorities exercise their powers. This manual is reviewed periodically to cope up with the changes necessitated by the needs of the organization. The said manual, along with the Company's key functional process manuals, further strengthens the internal control system of the organization. The Company has independent internal audit systems to monitor the entire operations and services spanning over all locations, businesses and functions on a regular basis. The Company has also employed outside consultants in its various areas of functioning in order to reduce/monitor its cost platform.

13. COMPLIANCE WITH THE RTI ACT, 2005

Air India Limited, as a PSU Organisation with large public interface, has successfully ensured compliance with the provisions of Right to Information Act for providing information to the citizens.

As required by the RTI Act, information has been displayed on the Company's website for the public at large. Air India has decentralized its structure to deal with the applications / appeals received under RTI Act with effect from 9 January 2015. Presently, Air India has 85 Central Public Information Officers (CPIOs), 75 Central Assistant Public Information Officers (CAPIOs) at outstations and 24 First Appellate Authorities (FAAs) for speedy disposal of applications / appeals.

During 2019-20, 1452 cases of RTI Requests and 161 Appeals were received. Out of 161 Appeals, 155 were disposed off by the First Appellate Authorities.

CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance :

Air India's philosophy on Corporate Governance has been to ensure fairness to the Stakeholders through transparency, full disclosures, empowerment of employees and collective decision making. In this process, the Company continuously strives to attain highest levels of accountability, responsibility and fairness in all aspects of its operations. The Company remains committed towards protection and enhancement of overall long term value for all its stakeholders - customers, lenders, employees and the society. The Company also acknowledges and appreciates its responsibility towards the society at large and has embarked upon various initiatives to accomplish this.

2. The Corporate Governance Structure :

The Governance of the Company is carried out under the overall supervision and guidance of the Board of Directors. To facilitate effective governance the decision making takes place at various levels. Being a service sector industry with large interaction with people, the Company is organised into functional as well as territorial divisions. The field level officials are empowered to take quick decisions, at the same time, the higher levels take strategic decisions and lay down guidelines for the field to take proper decisions. Broadly speaking the decision making authority vests at various levels. These levels are as follows:

1. Board of Directors and the Committees of the Board.
2. The Chairman and Managing Director assisted by the Executive Committee.
3. Functional Directors
4. Heads of Departments
5. Regional Heads
6. Regional Managers
7. Station Managers

3. Board of Directors :

3.1 Composition

Being a Government Company, the Directors are appointed by the Government of India. As on 31 March 2020, the Board comprised of two Whole time Directors - Chairman and Managing Director and Director (Finance) and six non-executive directors (two Government Nominee Directors and four Independent Directors). However, as on 1 December 2020, three more Functional Directors viz. Director (Personnel), Director (Commercial) and Director (Operations), were on the Board of the Company while the number of Independent Directors has reduced to two. Non-executive Board members are eminent personalities having wide experience.

BOARD OF DIRECTORS AS ON 31 MARCH 2020

Shri Rajiv Bansal	Chairman & Managing Director
Shri Vimalendra A Patwardhan	Jt. Secretary & Financial Advisor – Ministry of Civil Aviation
Shri Satyendra Kumar Mishra	Jt Secretary, Ministry of Civil Aviation
Dr R K Tyagi	Independent Director
Dr Syed Zafar Islam	Independent Director
Shri Kumar Mangalam Birla	Independent Director
Smt Daggubati Purandeswari	Independent Director
Shri Vinod Hejmadi	Director (Finance)

3.2 Board/Committee Meetings and Procedures

While the CMD and Functional Directors are whole time directors who are in charge of the day to day operations of the Company, strategic decisions are taken under the overall supervision and guidance of Board of Directors which include Government Nominee Directors and Independent Directors. The Board functions either as a full Board or through its constituted Committees. Meetings of the Board and the Committees are held at regular intervals. Statutory requirements relating to minimum number of meetings and time gap between two consecutive meetings are complied with. In case of exigencies, the Resolutions are passed by circulation. Video Conferencing facility is also offered to the Directors. Company Secretary assists in all the meetings of the Board and Committees and prepares Draft Minutes of such meetings.

3.3 Meetings of the Board

During the year all meetings of the Board were chaired by the CMD. Seven Meetings of the Board of Directors were held during the FY 2019-20 on 1 April 2019, 2 May 2019, 12 July 2019, 7 August 2019, 4 October 2019, 22 October 2019 and 30 December 2019. The attendance of the Directors was as follows:

Name of Director	No of Meetings held during tenure in FY 2019-20	Attendance in Board Meetings held during the year	Whether attended Adjourned AGM held on 31 December 2019	No. of Directorships in Companies	No. of Committee Memberships across all companies
A. EXECUTIVE DIRECTORS					
Shri Ashwani Lohani	7	7	Yes	9	4
CMD					
(ceased eff 14 Feb 2020)					
Shri Rajeev Bansal	0	0	NA	10	4
CMD					
(appointed eff 14 Feb 2020)					

Name of Director	No of Meetings held during tenure in FY 2019-20	Attendance in Board Meetings held during the year	Whether attended Adjourned AGM held on 31 December 2019	No. of Directorships in Companies	No. of Committee Memberships across all companies
Shri Vinod Hejmadi	7	7	No	7	15
Director (Finance)					
B. GOVT NOMINEE DIRECTORS					
Shri S K Mishra	7	7	No	4	7
Shri Arun Kumar	2	2	NA	8	6
(ceased eff 10 Jul 2019)					
Shri Praveen Garg	3	2	No	7	6
(appointed eff 31 Aug 2019 and ceased eff 18 Feb 2020)					
Shri V Patwardhan	0	0	NA	8	8
(appointed eff 18 Feb 2020)					
C. INDEPENDENT DIRECTORS					
Dr R K Tyagi	7	6	No	4	5
Dr Syed Zafar Islam	7	7	No	NIL	3
Shri Kumar Mangalam Birla	7	3	No	17	3
Smt Daggubati Purandeswari	7	1	No	NIL	1

Note:

1. None of the Directors are related to each other;
2. None of the Directors have any pecuniary relationship or transactions with the Company, except remuneration including sitting fees for which they are entitled;
3. The Directorships/Committee Memberships in other Companies are based on the latest disclosures received from the respective Director.

4. Board Sub-Committees:

The Board has been assisted by Board Sub-Committees and the Company Secretary acts as the Secretary to all the Board Committees. The Board Committees deliberate and recommend to the Board the proposals falling under their Terms of Reference and the final authority to decide on the matters is with the Board. The details inter-alia, pertaining to composition, brief of Terms of Reference (ToR), meetings and attendance at the Committee Meetings of the Company is enumerated below:

4.1 Audit Committee

As on 31 March 2020, Audit Committee consists of three Members out of which two are Independent Directors. The Audit Committee assists the Board to fulfill its Corporate Governance and overseeing responsibilities in relation to its financial reporting, internal control systems, risk management systems and internal and external audit functions. While the Director (Finance) and Head of Internal Audit permanent invitees, the Chairman and Managing Director and Statutory Auditors attend as Special Invitees.

During the year under review, five meetings of the Audit Committee were held during the year 2019-20. The details of members including change, if any, in their tenure, number of meetings held during the year and the attendance of the members are given below:

Name of Director	Category	No. of Meetings held during tenure	Attendance by Directors
Dr Syed Zafar Islam	Chairman	5	5
Independent Director			
Dr R.K. Tyagi	Member	5	4
Independent Director			
Shri Arun Kumar	Member	1	1
Additional Secretary and Financial Advisor			
(ceased eff 10 Jul 2019)			
Shri Praveen Garg	Member	3	2
Additional Secretary and Financial Advisor			
(appointed eff 31 Aug 2019 and ceased eff 18 Feb 2020)			
Shri V Patwardhan	Member	0	0
Joint Secretary and Financial Advisor			
(appointed eff 18 Feb 2020)			

The Terms of Reference of the Audit Committee have been approved by the Board, taking into account the provisions of r Section 177 of the Companies Act, 2013 and guidelines on Corporate Governance for CPSEs 2010, issued by the Department of Public Enterprises (DPE) and include the following:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board the fixation of audit fees of external auditors and also approval for payment for any other services
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of section 134(5) of the Companies Act, 2013;
  b. Changes, if any, in accounting policies and practices and reasons for the same;
  c. Major accounting entries involving estimates based on the exercise of judgment by

management;

d. Significant adjustment made in the financial statements arising out of audit findings;

e. Compliance with legal requirements relating to financial statements;

f. Disclosure of any related party transactions; and

g. Qualifications in the draft audit report.

- Reviewing with the management, adequacy of internal audit function, coverage and frequency of internal audit, performance of internal auditors and adequacy of the internal control systems;
- Discussion with internal auditors and/or statutory auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors/auditors/agencies into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the debenture holders, and creditors.
- To review the functioning of the Whistle Blower mechanism.
- To review the follow up action on the audit observations of the C&AG audit.
- To review the follow up action taken on the recommendations of the Committee on Public Undertakings of the Parliament.
- Provide an open avenue of communication between the independent auditor, internal auditor and the Board of Directors.
- Review all related party transactions in the company.
- Review with the independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts and the effective use of all audit resources.
- Consider and review the following with the independent auditor and the management:

  a) The adequacy of internal controls including computerized information system controls and security, and

  b) Related findings and recommendations of the independent auditor and internal auditor, together with the management responses.
- Consider and review the following with the management, internal auditor and the independent auditor:

  a) Significant findings during the year, including the status of previous audit recommendations

  b) Any difficulties encountered during audit work including and restrictions on the scope of activities or access to required information

- Commensurate with its role, the Audit Committee is invested by the Board of Directors with sufficient powers, which include the following:

  a) To investigate any activity within its terms of reference.

  b) To seek information on and from any employee.

  c) To obtain outside legal or other professional advice, subject to the approval of the Board of Directors.

  d) To secure attendance of outsiders with relevant expertise, if it considers necessary.

  e) To protect whistle blowers.

4.2 Corporate Social Responsibility (CSR) and Sustainability Committee

The Board constituted its Corporate Social Responsibility and Sustainability Committee on 11 December 2012 to approve and review sustainability development projects from time to time. As on 31 March 2020, following were the Members of the CSR and Sustainability Committee:

Shri K.M.Birla	Chairman
Dr.R.K.Tyagi	Member
Smt.D.Purandeswari	Member
Director (Finance)	Member
Shri Ashwani Sehgal, GM – Personnel	Nodal Officer

The objective of this Committee is to review, monitor and provide strategic directions to the Company's CSR and sustainability practices, guide the Company in integrating its social and environmental objectives with its business strategies. The Committee shall also formulate and monitor the CSR Policy and recommend to the Board the annual CSR Plan of the Company. The Terms of Reference of this Committee are as under:

i. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified;

ii. Recommend the amount of expenditure to be incurred on the various CSR activities; and

iii. Monitor the Corporate Social Responsibility Policy of the company from time to time.

However, it may be noted that in view of the losses made by the Company, no contribution is made towards CSR in terms of Companies Act 2013.

4.3 Nomination and Remuneration Committee

Based on the Terms of Reference as per Section 178 of the Companies Act, 2013, DPE Guidelines on Corporate Governance for CPSEs, 2010 and the administrative requirements of the Company, the Nomination and Remuneration Committee (NRC) has been constituted. As on 31 March 2020, the NRC comprised of the following:

Dr. R.K.Tyagi	Chairman
Chairman and Managing Director	Member
Dr. Syed Zafar Islam	Member
Shri K.M.Birla	Member
Joint Secretary, MOCA	Member

The Company, being a Government Company, the appointment, tenure and remuneration of Directors are decided by the Government of India. The provisions of the Companies Act, 2013, relating to appointment of Directors, policy relating to the remuneration of Directors and performance evaluation pertaining to NRC shall not be applicable to Government companies.

The Committee shall recommend nomination to the key positions of Executive Directors and CEOs of subsidiaries. In case of hiring of specialized human resources (on contract) the Committee shall decide the remuneration keeping in view the market practices.

The Nomination and Remuneration Committee did not meet during the year under review.

4.3.1 Remuneration to Directors

Air India being a Government Company, the appointment and remuneration payable to its Whole-time Directors is determined by the Government of India. The non-official part-time (Independent) Directors are paid Sitting Fees for Board Meetings and Sub Committee Meetings of the Board attended by them. Air India does not have a policy of paying commission on profits to any of the Directors of the Company.

The details of remuneration of Directors are given below:

a. Executive Directors

Names of Directors	All elements of remuneration packages of the Directors i.e. salary, benefits, bonus, pension, etc.				Total
	Salary & Allowances	Contribution to Provident Fund & other funds	Other benefits & perquisites	Performance Related Pay	
Shri Ashwani Lohani	16,86,026	Nil	32,400	Nil	17,18,426
Shri V Hejmadi	29,20,472	2,35,908	43,200	Nil	31,99.590

b. Independent Directors

The Independent Directors are paid sitting fees at Rs 20,000 for each meeting of the Board and Rs 10,000 for each meeting of the Committee attended by them. The sitting fees paid to the independent directors during the year is given below:

Dr R K Tyagi	Rs. 2,10,000
Dr Syed Zafar Islam	Rs. 2,00,000
Shri K.M. Birla	Rs. 60,000
Smt Daggubati Purandeswari	Rs. 20,000

c. Government Nominee Directors

Government Nominee Directors are neither paid any remuneration nor sitting fees.

4.3.2 Stock Option

The Company has not introduced any Stock Option Scheme.

4.4 Human Resources (HR) Committee

The Terms of Reference of the HR committee are to assist the Board by reviewing and finalising Service Regulations, Passage Regulations, Recruitment Procedure, Promotion Policy, Medical Benefit Scheme, Foreign Posting Policies, organisation structure, etc. As on 31 March 2020, the following were the Members of the HR Committee:

Dr.R.K.Tyagi	Chairman
Director (Finance)	Member
Joint Secretary, MOCA	Member

The HR Committee met once during the year, on 26 April 2019, wherein all the members were present.

4.5 Share Allotment Committee

The Share allotment Committee considers the allotment of shares, issuance of Share certificates and other matters incidental thereto. As on 31 March 2020, the following were the Members of the Share Allotment Committee:

Joint Secretary & Financial Advisor, MoCA	Chairman
Joint Secretary, MoCA	Member
Director (Finance)	Member

The Committee did not meet during the year under review.

4.6 Flight Safety Committee

The Flight Safety Committee was constituted as per the directives of the Ministry of Civil Aviation. The Terms of Reference are to review and monitor all safety related matters and to close the Audit findings in a timely manner. The Committee may carry out inspections for this purpose. ED and Chief of Flight Safety is a permanent invitee and the Committee met three times, during the year under review. As on 31 March 2020, the following were the Members of the Flight Safety Committee:

Dr.R.K.Tyagi	Chairman
Joint Secretary, MOCA	Member
Director (Finance)	Member
Director (Operations)	Member

4.7 Consumer Satisfaction Committee

The Terms of Reference of this Committee are to look into the various areas relating to customer interests/facilities, such as food on board, marketing schemes, loyalty programme, business deals with corporate houses, schemes like Maharaja Direct, etc. As on 31 March 2020, the following were the Members of the Consumer Satisfaction Committee:

Shri K.M.Birla	Chairman
Dr.Syed Zafar Islam	Member
Director (Commercial)	Member, Convenor

ED-Customer Services and ED-Inflight Services are permanent invitees to this Committee. No meeting was held during the year.

4.8 Executive Management Committee

The Executive Management Committee (EMC) forms an integral part of the Governance structure. Presided over by the Chairman and Managing Director, all the functional Directors and heads of all Departments shall be members of the EMC.

The primary role of the Committee is strategic management of the Company's businesses within Board approved direction / framework and realization of Company goals, as well as to enable decision making through multi-functional inputs apart from enhancing participation involvement and commitment of Functional Heads in the Corporate Governance and to ensure ethical and efficient conduct of the affairs of the Company. All subjects coming before the Board are first placed before the EMC and a reasoned decision is arrived at. The deliberations of the EMC, in such cases are placed before the Board.

5. Meeting of Non official Independent Directors

As required under Schedule IV of the Companies Act, 2013, the Independent Directors are required to hold atleast one meeting in a year, without the presence of the other Directors and members of management. The meeting was held on 26 September 2019 and all matters mentioned in the Schedule were reviewed.

6. Code of Conduct for members of the Board and senior management

The Board of Directors has laid down Code of Conduct for the Board members and senior management personnel of the Company. A copy of the Code is available on the website of the Company. All the members of the Board and Senior Management Personnel have affirmed compliance of respective Code of Conduct during the financial year ended on 31 March 2020. A declaration of compliance signed by Chairman & Managing Director of the Company is enclosed with this Annual Report.

7. Integrity Pact

In line with the CVC guidelines, the Company has introduced Integrity Pact (IP) to enhance ethics / transparency in the process of awarding contracts with effect from February 2008. The Integrity Pact has now become a part of tender documents to be signed by the Company and by the vendor (s) / bidder (s) with a value of Rs.100 Million and above.

8. Annual General Meetings

The location, date and time of the AGMs held during the preceding three years are given below:

	Date and time of the Meeting	Venue	Special Resolution Passed at the Meeting
11th Annual General Meeting	29 December 2017	Airlines House, 113 Gurudwara Rakabganj Road, New Delhi 110 001	
12th Annual General Meeting	26 December 2018	Airlines House, 113 Gurudwara Rakabganj Road, New Delhi 110001	
13th Annual General Meeting	30 December 2019	Airlines House, 113 Gurudwara Rakabganj Road, New Delhi 110001	

	Date and time of the Meeting	Venue	Special Resolution Passed at the Meeting
Extra Ordinary General Meeting	4 October 2017	Airlines House, 113 Gurudwara Rakabganj Road, New Delhi 110001	To increase the overall borrowing limit of the Company
Extra Ordinary General Meeting	8 November 2019	Airlines House, 113 Gurudwara Rakabganj Road, New Delhi 110001	Alteration of Memorandum & Articles of Association as per Companies Act, 2013

9. Means of communication

The Company's website (www.airindia.in) provides a variety on the company profile, financial performance etc. Substantial business happens through the website. Matters of interest to employees are circulated internally from time to time.

10. General Shareholders/Debentureholders information

- The total shareholding of the Company is by the Government of India through its nominees.
- The shares of the Company are not listed on any Stock Exchange. However, the Non-convertible Debentures (NCDs) are listed with NSE and BSE. Annual Listing Fees have been paid to the Stock Exchanges
- During the year under review, the Company has redeemed NCDs amounting to Rs 700 crore as per the terms of repayment
- M/s Link Intime India Pvt Ltd having its address at C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai 400 083 are the Registrars and Transfer Agents for the debentures of the Company. All matters connected with debenture transfer, transmission, interest payment is handled by the transfer agents.

11. Disclosures

- During the year, there were no transactions of material nature with the directors or their relatives or the management that had potential conflict with the interest of the Company.
- There were no materially significant related party transactions having potential conflict with the interests of the Company at large during FY 2019-20. Nevertheless, Related Party Disclosures are included in the notes forming part of the Financial Statements of the Company for the year 2019-20.
- There were no instances of non-compliance on any matter related to any guidelines issued by the Government during the last three years.
- The Company has complied with the 'Corporate Governance Guidelines for CPSEs' issued by the Department of Public Enterprises as directed by the Ministry of Civil Aviation and quarterly compliance reports have been regularly submitted.
- The Company being PSU, Central Vigilance Commission Guidelines are applicable, which provide adequate safeguard against victimization of employees.

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 31 March 2020.

Sd/-
(Rajiv Bansal)
Chairman & Managing Director
Air India Ltd.

Place : New Delhi
Date : 27 January 2021

ANNUAL STATEMENT SHOWING REPRESENTATION OF THE PERSONS WITH DISABILITIES IN SERVICE AS ON 1 JANUARY 2020 AND DIRECT RECRUITMENT / PROMOTION DURING THE CALENDAR YEAR 2020

NAME: AIR INDIA LIMITED

	Representation of VH/ HH/OH as on 1.1.2020				**Number of Appointments made during the Calendar Year 2019**											
					By Direct Recruitment-2019				**By Promotion - 2019**				**By Deputation-2019**			
Group	Total	VH	HH	OH	Total	VH	HH	OH	Total	VH	HH	OH	Total	VH	HH	OH
"A"	5129	3	1	23	*52	-	-	-	-	-	-	-	-	-	-	-
"B"	2301	3	2	12	-	-	-	-	10	-	-	-	-	-	-	-
"C"	81	-	-	-	**460	-	-	-	1	-	-	-	-	-	-	-
"D"	1773	10	9	16	-	-	-	-	-	-	-	-	-	-	-	-
Total	9284	16	12	51	512	-	-	-	11	-	-	-	-	-	-	-

Note: Recruitment carried out in the year 2019 for all the posts were "Fixed Term Contract". There is no reservation for PWDs for the posts of Sr. Trainee Pilot/Trainee Pilot, Sr. Trainee Flight Dispatcher/Trainee Flight Dispatcher and Cabin Crew. For other posts, no PWD candidates appeared for the process.

Group	Post	Total No. of appointments on FTC basis
A*	Doctor	08
	Accounts Executives	17
	Sr. Tr. Pilot/ Tr. Pilot	21
	Sr. Tr. Flight Dispatcher/ Tr. Flight Dispatcher	06
C**	Asstt. Controller/ Tr. Controller	86
	Data Entry Operator	70
	Cabin Crew	172
	Accounts Clerk	32

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020
[PURSUANT TO SECTION 204(1) OF THE COMPANIES ACT, 2013 AND RULE NO.9 OF THE COMPANIES (APPOINTMENT AND REMUNERATION PERSONNEL) RULES, 2014]

To,

The Members,

Air India Limited,

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Air India 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 my 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 and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on 31st March, 2020 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records made available to me and maintained by the Air India Limited for the financial year ended on 31st March, 2020 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder subject to the following observations:

  a) Debenture Reserves as required under Section 71(4) of the Companies Act, 2013and rules made thereunder is not created in absence of profit.

(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 borrowing;

  As confirmed by the Management, the Company does not have Foreign Direct Investment and Overseas Direct Investment.

(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 (Issue and Listing of Debts Securities) Regulations, 2008;

  b) Chapter V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

  The Company has issued five series of Debentures and the same are listed with the BSE Ltd. and the National Stock Exchange of India Ltd. I report that the Company has complied with the applicable regulations under SEBI (LODR) Regulations, 2015 except –

(i) Preparation and submission of un-audited / audited financial results to stock exchanges on half yearly basis in specified format and publication of the same in newspapers;

(ii) Submission of a certificate from Debenture Trustee as required under Regulation 52(5)

I report that during the year under review there was no action/event in pursuance of –

a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

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

c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

d) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998; and

e) The Securities and Exchange Board of India (Employees Stock Option Scheme and employees Stock Purchase Scheme) Guidelines, 1999 and/or SEBI (Share Based Employee Benefits) Regulations, 2014;

f) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2009; and

g) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the client.

(VI) Following are the Acts / Guidelines specifically applicable to the Company:

- Aircraft Act, 1934
- Carriage by Air Act,1972
- Tokyo Convention Act,1975
- Anti-Hijacking Act, 1982
- Suppression of Unlawful Acts against Safety of Civil Aviation Act, 1982
- Civil Aviation Requirements issued by Director General of Civil Aviation (DGCA)

Based on the explanation given and representation made by the management, I report that Director General of Civil Aviation (DGCA) has issued Civil Aviation Requirements under Section 4 of the Aircraft Act, 1934 read with Rule 133A of Aircraft Rules, 1937 and the Company is required to comply with such requirements under DGCA check systems. While the broad principles of law are contained in the Aircraft Rules, 1937, Civil Aviation Requirements are issued to specify the detailed requirements and compliance procedure.

As per explanation and representation made by the management, DGCA has issued a circular dated 21.12.2011 in connection with regulatory audit policy and programme, under which regulatory audits are being carried out with an aim to ascertain the internal control of the organisation in its activities and to ensure compliance of regulatory requirements. It is explained by the Company that the regulatory audit of the Company is done by the audit team of DGCA as per the audit programme and audit procedure as prescribed under regulatory audit policy of DGCA. The Joint Director General of Civil Aviation nominated by the DGCA is responsible for all regulatory audits and inspections and is normally the Convening Authority.

Regulatory Audits are conducted for the grant of approvals for Initial Certification, Additional Approval, Routine Conformance and Special Purpose Audit pursuant to the Aircraft Act,1934. The DGCA or any other officer specially empowered in his behalf by the Central Government performs the safety oversight functions in respect of matters specified in this Act or the Rules made thereunder.

I further report that based on the information, explanation and representation made by the management, the Company is generally regular in compliance of the aforesaid laws and the compliance by the Company of such aviation laws being the subject of review by DGCA and other designated professionals/ authorities, I have not reviewed the same in this audit.

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

a) Secretarial Standards with regard to Meeting of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of the Company Secretaries of India;

b) Chapter V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

   The Company has issued five series of Debentures and the same are listed with the BSE Ltd. and the National Stock Exchange of India Ltd. I report that the Company has complied with the applicable regulations under SEBI (LODR) Regulations, 2015 except –

   (i) Preparation and submission of un-audited / audited financial results to stock exchanges on half yearly basis in specified format and publication of the same in newspapers;

   (ii) Submission of a certificate from Debenture Trustee as required under Regulation 52(5)

c) Guideline on Corporate Governance for Central Public Sector Enterprises, 2010 as issued by the Ministry of Heavy Industries and Public Enterprises, Government of India.

   I report the following observations based on the aforesaid Guidelines on Corporate Governance:

   a) As per Clause 3.3.1 of the DPE Guidelines, the Board of Directors is required to meet atleast four times in a year and atleast once in every three months and time gap between any two meetings should not be more than 3 months. Since the last meeting of the Board was held on 30/12/2019 and no such meeting was held during the period 1st January,2020 to 31st March,2020, to this extent the provisions of Clause 3.3.1 remains non-complaint. However, as per the provisions of Section 173(1) of the Companies Act,2013 time gap between two Board Meetings can be maximum 120 days and four such meetings be held in a financial year;

   b) As stated in Clause 3.3.3 of the DPE guidelines, periodical review of compliance report of all laws applicable to the Company is required to be done by the Board;

   c) Risk management as envisaged in Clause 3.6 is required to be strengthen;

I report that during the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards mentioned above subject to the observations made thereunder.

I further report that –

- The Board of Directors of the Company is duly constituted with proper balance of Executive

Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed proposal on agenda were sent in advance duly complying with the time limits specified 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.

- As per the minutes of the meeting duly recorded and signed by the chairman, the decisions of the Board were unanimous.

I further report that based on the information provided by the Company, in my opinion adequate systems and processes and control mechanism exists commensurate with the size and operation of the Company to monitor and ensure compliance with applicable general laws, rules, regulations and guidelines. However, compliance management system needs further strengthening by taking the following actions:

a) To designate a senior employee as Compliance Officer;

b) To establish and maintain effective co-ordination of functional units with compliance officer;

c) Present quarterly compliance report to the Board.

d) Maintain a compliance check list and establish mechanism to detect the non-compliance.

e) Maintain a register of complaints/show cause notices received from various authorities.

f) Place before the Board details of legal cases filed by and against the Company and its status.

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 has been subject to review by statutory financial audit and other designated professionals.

I further report that during the audit period, there was no other specific event/action in pursuance of the above referred laws, rules, regulations, standards, guidelines, etc. referred to above, having major bearing on the Company's affairs.

Sd/-

(U.C. SHUKLA)
COMPANY SECRETARY
UDIN: F002727B002531396
FCS: 2727/CP: 1654

Place: Mumbai
Date: 27 January 2021

Note: 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
Air India Limited
Airlines House,
113, Gurudwara Rakabganj Road
New Delhi 110 001

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

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

2. I 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 the test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed, provide reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Corporation.

4. Wherever required, I have obtained the management representation about the compliance of the laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of corporate and other applicable laws, rules, regulations and 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 future viability of the Corporation nor of the efficacy or effectiveness with which the management has conducted the affairs of the Corporation.

Sd/-

(U.C. SHUKLA)
COMPANY SECRETARY
FCS: 2727/
CP: 1654

Place: Mumbai
Date: 27 January 2021

MANAGEMENT'S REPLY ON THE OBSERVATIONS CONTAINED IN THE SECRETARIAL AUDIT REPORT

(I) Debenture Reserve

Debenture Reserve as required under Section 71(4) of the Companies Act, 2013 and rules made thereunder is not created in absence of profit.

Management's Comments

Debenture Redemption Reserve, as required under Section 71(4) of the Companies Act, 2013, has not been created in view of the absence of any profit earned by the Company.

(II) Compliance with SEBI (LODR) Regulations, 2015

The Company has issued five series of Debentures and the same are listed with the BSE Ltd. and the National Stock Exchange of India Ltd. I report that the Company has complied with the applicable regulations under SEBI (LODR) Regulations, 2015 except –

(i) Preparation and submission of un-audited / audited financial results to stock exchanges on half yearly basis in specified format and publication of the same in newspapers;

(ii) Submission of a certificate from Debenture Trustee as required under Regulation 52(5).

Management's Comments

Noted.

The Company has complied with the applicable regulations under SEBI (LODR) Regulations, 2015 except for submission of financial results to stock exchanges on half yearly basis and publication of the same in newspapers and submission of certificate from Debenture Trustee as mentioned in points (i) & (ii) above. Though the half yearly accounts as on 30 September 2019, are not submitted, the compliances under this Regulation, for the accounts as on 31 March 2020 would be adhered to. In addition, efforts are being made to comply with all the Regulations under SEBI (LODR) Regulations, 2015.

(III) Guidelines on Corporate Governance

(a) As per Clause 3.3.1 of the DPE Guidelines, the Board of Directors is required to meet at least four times in a year and at least once in every three months and time gap between any two meetings should not be more than 3 months. Since the last meeting of the Board was held on 30/12/2019 and no such meeting was held during the period 1st January,2020 to 31st March,2020, to this extent the provisions of Clause 3.3.1 remains non-complaint. However, as per the provisions of Section 173(1) of the Companies Act,2013 time gap between two Board Meetings can be maximum 120 days and four such meetings be held in a financial year;

(b) As stated in Clause 3.3.3 of the DPE guidelines, periodical review of compliance report of all laws applicable to the Company is required to be done by the Board;

(c) Risk management as envisaged in Clause 3.6 is required to be strengthen;

Management's Comments

(a) The Board Meeting was scheduled on 30 March 2020, however, due to the lockdown situation prevailing in the country, due to COVID-19, the same could not be held. Further, for the same reason, the Ministry of Corporate Affairs has issued the circular for one time relaxation for the gap between two consecutive meetings of the Board to be extended to 180 days till the next two quarters of FY 2020-21. It may be noted that the DPE guidelines are yet to be amended, as per the changes in provisions in Companies Act, 2013.

(b) Noted for compliance.

(c) Noted for compliance.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF AIR INDIA LIMITED FOR THE YEAR ENDED 31 MARCH2020

The preparation of financial statements of **AIR INDIA LIMITED** for the year ended 31 March 2020 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 auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are 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 27 January 2021.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **AIR INDIA LIMITED** for the year ended 31 March 2020 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.

Based on my supplementary audit, I would like to highlight the fo llowing 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 Financial Position:

Balance Sheet:

Assets:

(i) Current Assets:

Trade Receivables (Note 3) - Rs. 13,756.1 million

Above includes an amount of Rs. 15 Million on account of collection charges towards Airport Security Fee (ASF) from National Aviation Security Fee Trust (NASFT) on provisional basis during 2019-20. As per SOP of NASFT the company is authorised for collection charges on ASF, if the payment of ASF has been made within the due dates. However, Rs 783.8 million is outstanding against the invoices raised by NASF on the Company as on 31st March, 2020. Thus the company is not entitled for collection charges. Hence, this has resulted in overstatement of Trade Receivables and understatement of Loss by Rs. 15 Million.

(ii) Assets Held for Sale (Note No.10.1)

Others – Rs. 35,864.7 million

The above includes an amount of Rs 39.01 million towards Book value of the Booking Office, at Rajkot as on 31st March 2020.The classification of the above property as ‘Asset held for Sale’was against the provisions of para 7 of Ind AS-105 as the allotment of property at Rajkot was cancelled by Collector Office Rajkot. This property had already been allotted to Head of District Education and Training Organisation, Rajkot in July, 2018. Thus, this has resulted in overstatement of Asset held for sale and understatement of loss by Rs 39.01 million.

B Comments on Cash Flow Statement

Cash Flow from Investing Activities Rs. (14,573.5) million

Acquisition of Property, Plant & Equipment: - Rs. (17,711.6) million

The above includes a reversal entry for provision for capital advances of Rs 7.55 million which is a non-cash transaction and the same should also not have been taken in the cash flow statement and the same is non-compliance of para 43 of Ind-AS 7.

C Comments on Disclosure

Note no. 28 (iii) of Notes forming part of the accounts:

Transaction with AIAHL relating to Disinvestment of Air India Limited

12 flats having book value of Rs.164.69 million at City Garage, Mullen Street, Kolkata included in Asset held for sale was illegally encroached and matter is sub-judice in the Court of Chief Judicial Magistrate, in last Alipore. Since the matter is sub-judice, the sale of above property could not be made. Hence the facts of encroachment/litigation should have been disclosed in notes to accounts. Thus, notes to account is deficient to that extent.

D. Comments on Auditor's Report:

Annexure A of Statutory Auditor's Report:

Inventory of phased out fleet B737-200 amounting to Rs 691.49 million has not been physically verified during the biennial period 2018-20. However, in para (ii) of the Annexure, Independent Auditor's Report have not mentioned this fact in their Independent Auditor's Report rendering the report deficient to that extent. This is also not in compliance with Para No 37 of ICAI Guidance notes on the Companies (Auditor's Report) Order, 2016.

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

Sd/-
(Rina Akoijam)
Principal Director of Audit (Infrastructure)
New Delhi

Place : New Delhi
Dated : 17 March 2021

Management Replies to the comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the Standalone Financial Statements of Air India Limited for the year ended 31st March 2020

	Government Audit Query	Management Reply
A	**Comments on Financial Position**	
(i)	**Balance Sheet:** **Assets:** **Current Assets:** **Trade Receivables (Note 3) - Rs. 13,756.1 million** Above includes an amount of Rs. 15.00 Million on account of collection charges towards Airport Security Fee (ASF) from National Aviation Security Fee Trust (NASFT) on provisional basis during 2019-20. As per SOP of NASFT the company is authorised for collection charges on ASF, if the payment of ASF has been made within the due dates. However, Rs 783.8 million is outstanding against the invoices raised by NASF on the Company as on 31st March, 2020. Thus the company is not not entitled for collection charges. Hence, this has resulted in Overstatement of Trade Receivables and understatement of Loss by Rs. 15.00 Million.	Efforts are being made to obtain the confirmation from NASFT. Air India has also written to NASFT but no response has been received from their end despite repeated follows up. However, necessary action either by raising of Invoice or reversal of provision shall be ensured in FY 2020-21.
(ii)	**Assets Held for Sale (Note No.10.1)** **Others – Rs. 35,864.7 million** The above includes an amount of Rs 39.01 million towards Book value of the Booking Office, at Rajkot as on 31st March 2020. The classification of the above property as 'Asset held for Sale' was against the provisions of para 7 of Ind AS-105 as the allotment of property at Rajkot was cancelled by Collector Office Rajkot. This property had already been allotted to Head of District Education and Training Organisation, Rajkot in July, 2018. Thus, this has resulted in overstatement of Asset held for sale and understatement of loss by Rs 39.01 million.	The vacant land at Rajkot was allotted to Air India and since the land was vacant for long time, the authorities wanted Air India to surrender the land. Air India had agreed to surrender this land with equivalent compensation. As per the information available vide letter dated 11th November, 2020, Air India has now been informed that allocation of the above land stands cancelled and representation of Air India for any compensation is not being considered. Air India is planning to take up the matter again with appropriate authorities and based on final outcome, necessary entries for providing loss of Rs. 39.01 million on sale of asset will be accounted in the current financial year 2020-21.

B	**Comments on Cash Flow Statement**	
	Cash Flow from Investing Activities Rs. (14,573.5) Million **Acquisition of Property, Plant & Equipment: - Rs. (17,711.6) million** The above includes a reversal entry for Provision of Capital Advances of Rs 7.55 million which is a non-cash transaction and the same should also not have been taken in the Cash Flow Statement and the same is non-compliance of para 43 of Ind-AS 7.	In case of non-adjustment of Rs.7.55 million provision, we agree with Audit point that it should have been adjusted as non-cash item. Adjustments of such nature shall be taken care of in FY 2020-21.
C	**Comments on Disclosure**	
	Note no. 28 (iii) of Notes forming part of the accounts: **Transaction with AIAHL relating to Disinvestment of Air India Limited** 12 flats having book value of Rs. 164.69 Million at City Garage, Mullen Street, Kolkata included in Asset held for sale was illegally encroached and matter is sub-judice in the Court of Chief Judicial Magistrate Alipore. Since the matter is sub-judice, the sale of above property could not be made. Hence the facts of encroachment/litigation should have been disclosed in notes to accounts. Thus, notes to account is deficient to that extent.	In view of the ongoing process of disinvestment, efforts have been made for early completion of the entire monetization process. Therefore, the same has been shown under Assets held for Sale. However, disclosure requirement in this regard shall be reviewed in the next financial year.
D.	**Comments on Auditor's Report:** **Annexure A of Statutory Auditor's Report:**	
	Inventory of phased out fleet B737-200 amounting to Rs 691.49 million has not been physically verified during the biennial period 2018-19. However, in para 2 of the Annexure, Independent Auditor's Report have not mentioned this fact in their Independent Auditor's Report rendering the report deficient to that extent. This is also not in compliance with Para No 37 of ICAI Guidance Notes on the Companies (Auditor's Report) Order, 2016.	As a matter of fact that inventory related to phased out fleet B737-200 amounting to Rs. 691.49 million could not be verified physically, thereby rendering further impetus to recognize the same for "Provision for Obsolescence-Stores and Spares". We would like to bring to your notice that obsolescence provision against such phased out inventory exists in the books of accounts as on 31/03/2020. As the entire value of such obsolete stock has been provided the same have not been considered for physical verification. However, it has been proposed to cover such inventory in the ensuing biennial period i.e. 2020-22 for physical verification.

INDEPENDENT AUDITOR'S REPORT

To the Members of Air India Limited

REPORT ON THE AUDIT OF STANDALONE FINANCIAL STATEMENTS

Qualified Opinion

We have audited the standalone financial statements of Air India Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2020, 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 Standalone Financial Statements).

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the aforesaid Standalone Financial Statements give the information (other than certain information mentioned in Para (h) of Emphasis of Matter), required by the Companies Act, 2013, 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 31st March, 2020, its loss (including other comprehensive income), the changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

1. Adjustments on account of reduction in fair value, if any, in the carrying value of Investments in three Subsidiary Companies classified as Assets held for Sale, namely, Hotel Corporation of India Limited, Alliance Air Aviation Limited (Formerly Airline Allied Services Limited) and Air India Engineering Services Limited (Carrying Value of Investments aggregating to Rs. 6,795.2 million), for which net-worth have fully eroded, have not been determined and provided in the accounts as required by Ind AS 105. Refer Note 46.

2. Non- reconciliation/non-confirmation of certain receivables, payables (including certain staff related accounts and suspense / control accounts), inventory lying with third parties, certain bank accounts/ Loans/ fixed deposit with banks and others including direct confirmation for certain cases and statutory dues. Refer Note 35, 36 & 39.

3. Non- Recognition of right of use assets and corresponding lease liabilities for leases (other than Aircrafts and Land classified as PPE in the Previous Year), as required under IND AS 116 "Leases". Refer Note 44(I).

The impact of the above qualifications on the Standalone 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 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 (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 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 qualified opinion.

Material Uncertainty in relation to Going Concern

The Company has incurred a net loss of Rs. 77,657.3 Million during the year ended March 31, 2020 and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 5,42,591.7.Million and it has accumulated losses of Rs. 7,08,759.8 Million which has resulted in complete erosion of the net worth of the Company. In spite of these events or conditions which may cast a doubt on the ability of the Company to continue as a going concern, the management is of the opinion that going concern basis of accounting is appropriate in view of the continued support of the Government of India and having regard to the other facts mentioned in Note No.53.

Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to;

a) Note 29 regarding the possible effects of uncertainties relating to COVID-19 on Company's operations and results as assessed by the management.

b) Note 26 A regarding non-provision of penal charges on delayed payment of Guarantee Fee amounting to Rs. 20,769.9 Million, for reasons stated therein and Note No. 51 regarding non provision of interest on delayed payments to Micro and Small enterprises wherein the amount is not ascertained.

c) Note 49 regarding Deferred Tax Asset of Rs. 28,425.2 Million carried in the accounts in view of the reasons stated therein, the realisation of which would depend on generation of sufficient profits in the future as anticipated / projected by the management.

d) Note 46 regarding the management's opinion that there is no decline in the carrying value of investment in a Subsidiary – Air India Express Limited (Carrying Value of Investments aggregating to Rs. 7,800.0 million) and advances (including interest) of Rs 11,347.0 Million to the said subsidiary company even though the net-worth is fully eroded, for the reasons stated therein.

e) Note.28(iii)(h) read with Note No.46 regarding realisability of advances to subsidiary companies (including interest) of Rs 35,437.0 Million classified as 'Asset Held for Sale' as the same is being transferred at carrying value.

f) Note 34(ii) regarding non-application of Appendix B to Ind AS 21- "The effect of changes in Foreign Exchange rates" in respect of advances received or paid in foreign currency.

g) Note.28(iii) (i) & (m) regarding;

   i) receipts from Air India Assets Holding Limited (AIAHL) Towards Restructuring (RFATR) of Rs 2,18,434.8 million (net of payments) being disclosed separately from the Company's Equity and Liabilities on the face of the balance sheet;

   ii) accounting for reimbursement of Rs 15,574.7 Million for the Financial Year 2019-2020 by AIAHL towards interest and other loan related costs paid by the Company on the identified loans, as a reduction from finance cost;

   iii) accounting for rental income Rs 1424.8 million from identified properties and Revenue sharing income of Rs 545.8 million from subsidiaries for the period from 1st October 2018 to 31st March 2020 net of related cost of Rs 64.6 million recoverable from AIAHL has been shown as adjustment from statement of Profit & Loss. Refer Note 19, 20 & 25;

   iv) classification of certain identified properties amounting to Rs 70,583.2 million as Assets held for sale and certain identified properties amounting to Rs 4,375.7 million as Investment property;

v) classification of investment in subsidiaries amounting to Rs 8,179.4 million along with receivables amounting to Rs 35,437.0 million of the subsidiaries as Assets held for sale and

vi) recognising gain/loss on identified assets which have been sold during the year.

h) Non-Disclosure of certain information in the standalone financial statements as required by Schedule-III of the Companies Act, 2013, and Indian Accounting Standards (Ind AS):

i) Terms of repayment, nature of Security separately for each case of borrowings and period & amount of continuing default in respect of borrowings and interest thereon in respect of each borrowing - Refer Note 13.4 & 18

ii) Foreign Currency Fluctuation under Finance Cost- Refer Note No. 23(a)

iii) Information regarding interest to Micro & Small Enterprises, if any, included in Trade Payable- Refer Note 51

iv) Fair Value of Investment Properties as required in Ind AS 40 “Investment property” - Refer Note. 30 (iii)

v) Expenses relating to short-term leases and low value assets as required in Ind AS 116 “Leases”

Our Opinion is not modified in respect of above matters.

Key Audit Matters

Key audit matters are those matters that in our professional judgement, 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. In addition to the matter described in the Basis for Qualified Opinion and Material Uncertainty in relation to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	**Principal audit procedures performed**
Investment in a subsidiary and advance recoverable from said subsidiary The company has investment in subsidiary, namely Air India Express Limited amounting to Rs 7,800.0 Million and has also made advance (including interest) of Rs 11347.0 Million to said subsidiary. Further, the company has also given guarantees of Rs 8,530.8 Million in respect of loans availed by them. There is a risk of impairment in carrying value of unquoted equity instruments in said subsidiary, in recoverability of advance (including interest) to the said subsidiary and guarantee given to subsidiary carrying accumulated losses which may be considered significant having regard to the financial position of the subsidiary. Refer Note 46.	We have obtained an understanding of management’s processes with regard to identifying existence and testing the impairment in the value of investment, advance to the subsidiary and guarantee to the subsidiary. We have also obtained and verified the latest financial statements of the subsidiary regarding the present level of operations and profitability of the subsidiary. We have also reviewed the management’s estimate of future operations, which has been described in Note 46. Refer Para (d) in Emphasis of Matter.

Key Audit Matters	Principal audit procedures performed
Depreciation and impairment of Property, Plant & Equipment, Right of Use Assets, Investment Properties and Intangible assets The management uses estimates to assess useful life of various items of Property, Plant & Equipment, Right of Use Assets, Investment Properties and Intangible Assets including in the application of component accounting, recognition of early retirement from use, etc. which have a significant impact on the accounts. The Company also assesses whether an impairment indication exists and performs impairment test in respect of Property, Plant & Equipment, Right of Use Assets, Investment Properties, and Intangible Assets wherever such indications exist, which involve management's judgment of various factors including future growth rate etc. Refer Note 54.	We have reviewed the judgments and methodology applied by management including the nature of underlying costs capitalized, determination of realizable value of the assets retired from active use, technical assessment conducted in assessing the useful life of assets, considered the applicable rates prescribed in Schedule II of the Companies Act, 2013, and evaluated the system followed for periodic review. We have reviewed the Company's impairment assessment process and workings of property, plant & equipment, right of use assets and intangible assets including technical assessment of the management, key assumptions and judgement used to determine the impairment and future cash flows, discount rates applied etc. We have also reviewed the adequacy of disclosures relating to impairment of non-current assets in the standalone financial statements.
Impact of Covid-19 on impairment of Property, Plant & Equipment, Right of Use Assets, Investment Properties and Intangible assets There is inherent uncertainty due to Covid 19 pandemic which has significant impact on the management judgment and estimates with regard to recoverable amount – value in use calculation. Refer Note 29.	We have reviewed the reasonableness of assumed duration of disruption due to Covid 19 pandemic and expected growth rates from publicly available industry sources. We have also reviewed the adequacy of disclosures relating to Covid 19 in the standalone financial statements.
Ind AS 116 for Leases – First time adoption The Company has applied the Ind AS 116 standard to its leases of aircrafts and land disclosed under Plant Property and Equipment in the previous year, retrospectively, with the cumulative effect of initially applying the standard, recognized on the date of initial application (i.e. 1st April 2019). Accordingly, the Company has not restated comparative information; instead, the cumulative effect of initially applying this standard has been recognized as an adjustment to the opening balance of retained earnings as on 1 April 2019.	We have obtained an understanding of management's process with regard to identifying ROU Asset. We have reviewed the judgments, methodology applied by the management including practical expedients used and ensured they are in line with the requirements of Ind AS 116. We have reviewed the inputs used for determination of the incremental borrowing rate including, assessment of lease term by reference to the underlying lease contracts and market data.

Key Audit Matters	Principal audit procedures performed
The Company applied practical expedient to "Grandfather Approach" for the assessment as to which transactions are to be categorized as leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17. We considered the first-time application of the standard for aircraft as a key audit matter, due to significant judgement required in the assumptions and estimates used to determine the Right of Use (ROU) asset and lease liability, assessment of lease term, determination of appropriate incremental borrowing rate and practical expedients used. Refer Note 44.	We have performed computation checks on the amount of ROU asset and lease liabilities recognised by tracing of the same to underlying lease agreements/contracts/documents. We have also reviewed the adequacy of the disclosures in respect of the adoption in Note 44 to the standalone financial statements. Refer Para 3 of Basis for Qualified Opinion and para (h)(v) of Emphasis of Matter.
Assets held for sale (Other than Investments in subsidiaries held for sale) The Company has classified assets earmarked for disposal as assets held for sale, including as part of the disinvestment process in progress. Management has estimated the fair value of such assets having regard to various critical factors including market rates. Refer Note No. 28 & 31.	We have verified the procedures in relation to management's classification and valuation of assets held for sale including assessing the methodologies used and the appropriateness of the key assumptions, checking the accuracy thereof on a sample basis etc. Refer Para (e) of Emphasis of Matter.
Recognition of revenue from transportation services We have identified revenue recognition as a key audit matter because passenger revenue is one of the key performance indicators, significance of passenger revenue to the financial statements, complexity of the underlying IT systems of outsourced service provider and the judgment required by management in determining the revenue from Forward sales. The Company extensively uses the services of outsourced service provider for measurement and recognition of revenue, which carries an inherent risk around the accuracy of revenue recorded given the complexity of operations and underlying IT Systems. The Company recognises revenue from passenger and cargo sales on flown basis i.e, when the service is provided. The Company recognises revenue from unexercised rights i.e. forward sales of customers which are non-refundable in nature, based on past trends in proportion to the pattern of rights exercised by the customer.	We have reviewed the internal controls in the company for capturing and recognition of revenue and the reconciliations of revenue between the reports generated by the outsourced service provider and accounting of revenue in ERP system of the company. We have conducted requisite procedures on revenue on a test check of selected samples and scrutinised relevant records and journals to assess the timing and values of revenues recorded. In addition, we have performed cut-off tests in order to verify whether the timing of passenger revenue recognition is in line with company's policy. We obtained the latest available assurance report on service organisation controls relating to revenue accounting and General IT controls.

Key Audit Matters	Principal audit procedures performed
Refer Note 59.	With regard to forward sales, we have considered the consistency and continuity of the methods used to determine the amount of revenue to be recognised from Forward Sales. Refer to para (i) in our report on Internal Financial Controls over financial reporting (Annexure B)
Provisions and Contingent Liabilities and Evaluation of uncertain tax positions There are material claims against the company and uncertain tax/duty positions which are under various stages of dispute, involving significant judgment to determine the possible outcome of these disputes. Refer Note.26.	We have obtained details of key claims against the company, completed tax assessments and demands and tax/duty positions. We reviewed status of disputes and representation taken from the management, discussed with appropriate senior management and evaluated the management's underlying key assumptions. We reviewed management's estimate of the possible outcome of the disputed cases in evaluating management's position on these uncertain claims and tax positions and reviewed the appropriate disclosures in the financials. Refer para (b) of Emphasis of Matter
Deferred Tax Assets The Company has carried deferred tax assets recognised on depreciation in an earlier year which is based on the likelihood of future taxable income available for set off. The recognition of deferred tax asset involves judgement regarding the likelihood of realisation of these assets in particular whether there will be sufficient taxable profits in future periods that support the recognition of these assets. Given the degree of judgement involved in considering these deferred tax assets as recoverable or otherwise, we consider this to be a key audit matter. Refer Note 49.	Our procedures include obtaining an understanding of the process and the controls over preparation of profit forecast. We reviewed the inputs and assumptions used in the forecast, including Revival Plan for Operational & Financial Efficiency formulated by the Govt of India. We verified the disclosures for deferred tax asset balance including those related to significant accounting estimate and judgements. Refer para (c) of Emphasis of Matter.
Inventory The company carries inventory of materials, spare parts etc. across various locations' centres and correct measurement of inventory involves making a proper assessment of the lower of net realisable value over cost and assessment of write down necessary on account of obsolescence etc Refer Note 38.	We have evaluated the systems and processes for recording and valuation of inventory, tested a sample of key controls and comparison of net realizable prices. We have obtained an understanding of the company's policy on control for identification and provision of non-moving inventory based on age-wise analysis and tested the same on a sample basis.

Key Audit Matters	Principal audit procedures performed
	Refer Qualified Opinion para (i) & (iii) in our report on Internal Financial Controls (Annexure B)
Provision for receivables The Company is carrying significant balances as trade receivables including amounts outstanding from earlier accounting periods. The management makes an estimate of the recoverability of individual debtor with reference to the aging profile, historical payment pattern and the past record of the customer and makes provision against the same with reference to the recoverable amount.	We have obtained a list of outstanding receivables, test checked the ageing of trade receivables generated from SAP at year end on a sample basis and reviewed Expected credit loss model used in determining the provision requirement. We have reviewed the controls, systems and processes applied by the management to ensure proper recognition of provision for receivables. Refer Qualified Opinion para (iii) in our report on Internal Financial Controls (Annexure B)
Accounting & disclosure for proposed disinvestment Govt. of India has given approval for strategic disinvestment of the Air India and its subsidiaries. Accordingly, Strategic Revival Plan for Operational & Financial Efficiency in Air India was formulated as per which certain portion of debt along with certain assets, including investments in three subsidiary companies and advances given to them, were decided to be transferred to an Special Purpose Vehicle (SPV) formed for the proposed disinvestment. Necessary adjustments/ disclosures are made in the financial Statements of Air India Limited based on the present decisions and further adjustments would be made after finalization of the same. Refer Note 28.	We have reviewed the Framework agreement, relevant minutes of meeting of Board of Air India Limited as well as of the committees formed for disinvestment and other relevant records made available to us in this regard. We have verified the transactions which have taken place during the year 2019-20 with the SPV and held discussions with the senior management of the Company in order to obtain an understanding of the present position of the various decision taken for the same. We have reviewed the disclosures made in the financial statements in this regard. Refer para (g) of Emphasis of Matter.

Information Other than the Standalone 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 Directors’ Report, Management Discussion and Analysis Report and Report on Corporate Governance but does not include the standalone 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 standalone 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 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.

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.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 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 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, the Board of Directors 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 the Board of Directors 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.

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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate Internal Financial Controls over Financial Reporting 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 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 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, 2016 ("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 except as stated in Basis for Qualified Opinion and Para no. (h) of Emphasis of Matter section.

   (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 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 branches not visited by us.

(c) With respect to foreign stations we have relied upon the management summary reports made available to us for the verification of transactions related to major foreign stations, which have been properly dealt by us in preparing this report.

(d) The Balance Sheet, Statement of Profit and Loss, 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.

(e) Except for the effects of the matter described in para No -1 & 3 of Basis for Qualified Opinion and para (f) & (h) Emphasis of Matter Section above, in our opinion, the aforesaid Standalone Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;

(f) The matters described under Material Uncertainty in relation to Going Concern, Emphasis of matter para on COVID 19 and Basis of Qualified Opinion section above, may, in our opinion have an adverse effect on the functioning of the Company;

(g) We have been informed that the provisions of Section 164(2) of the Act in respect of disqualification of directors are not applicable to the Company, being a Government Company in terms of notification no. G.S.R.463(E) dated 5th June, 2015 issued by Ministry of Corporate Affairs (MCA), Government of India;

(h) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion section above;

(i) With respect to the adequacy of 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 a qualified opinion on the adequacy and operating effectiveness of the Company’s Internal Financial Controls over Financial Reporting.

(j) 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 MCA Notification no. G.S.R. 463 (E) dated 5th June 2015 provisions of section 197 of the Act are not applicable to the company.

(k) 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 standalone financial statements - Refer Note No. 26 to the standalone financial statements;

   ii) The Company has made provisions, as required under the applicable laws or Indian Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts that have been entered into by the Company;

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

3. 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 explanations given to us, in Annexure- C.

For and on Behalf of	For and on Behalf of	For and on Behalf of
Jagdish Chand & Co.	**Khandelwal Jain & Co**	**PKF Sridhar & Santhanam LLP**
Chartered Accountants	Chartered Accountants	Chartered Accountants
FRN: 00129N	**FRN: 105049W**	**FRN.003990S/S200018**
Praveen Kumar Jain	Narendra Jain	V. Kothandaraman
Partner	Partner	Partner
M No.085629	**M No.048725**	**M No.025973**
UDIN: 21085629AAAAAF1543	**UDIN:** 21048725AAAAAK5386	**UDIN:** 21025973AAAAAH5742

Place: New Delhi

Date: 27th January 2021

ANNEXURE 'A' REFERRED TO IN PARAGRAPH UNDER THE HEADING REPORT ON "OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF AIR INDIA LIMITED (THE "COMPANY") FOR THE YEAR ENDED 31st MARCH 2020:

(i)

a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets except in case of certain items which are carried in the fixed asset register on block level as one line item, in respect of which full particulars, including quantitative details and situation of such assets have not been updated.

b. The Company has a programme of verification of fixed assets as per which the verification of all major assets is conducted annually, and the verification of other assets are covered over a biennial period which, in our opinion, is reasonable having regard to the size of the Company and the nature of its Assets. Accordingly, as per the information and explanations furnished to us, physical verification of major items of fixed assets has been conducted by the Management during the year and no material discrepancies were noticed on such verification. In case of fixed assets, which are carried on block level as one line item, physical verification reconciliation has not been done during the year. In respect of other items of fixed assets, physical verification for 2018-2020 biennial period has been completed, although pending reconciliation no effect has been given in respect of discrepancies noticed amounting to Rs 111.7 Million. Refer Note No.33(i)(b)

c. Based on our examination of the books and records of the Company, the title/ lease deeds of immovable properties (included under Property, Plant and Equipment Investment properties, Right of Use, and Assets held for Sale) are held in the name of the Company except to the extent mentioned below [Refer note nos 30 (i) and 31]:

Sl No	Type	Area (Sq Mtrs)	Net Block (Rs in Million)
1.	Land & Building – Freehold	18,682.8	344.8
2.	Land & Building – Leasehold	2,30,516.7	56,655.9
		2,49,199.5	**57,000.7**

In addition to above, title deeds in respect of certain Land & Building - Freehold having Net Block of ₹ 5,428.6 Million as at 31.03.2020 and Land & Building - Leasehold having Net Block of ₹ 2,305.8 Million as at 31.03.2020 could not be verified in original due to mortgage with banks (confirmation from the bank/ financial institution in relation to holding of title deed has not been furnished to us) and financial institutions/ Covid-19 situation (as informed these were lying at multiple locations) / properties were subsequently sold in financial year 2020-21 / original deed were not available and only photocopies were available.

(ii) According to the information and explanation given to us, the inventory has been physically verified by the management in phased manner (biennial) at reasonable intervals. Physical Verification of Inventories for the biennial period 2018-20 has been carried out, except in respect of items lying with third parties amounting to Rs.180.9 Million (refer footnote to Note No. 8) shortages of Rs 32.2 million and excesses Rs 15.5 million were observed during such physical verification. Pending reconciliation/ adjustment at some Regions and approval from the competent authority, a provision amounting to Rs 29.8 million for shortages has been made. Refer Note No.33(ii)

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, during the year, to any companies, firms, limited liability partnerships or other parties covered in register maintained under Section 189 of the Companies Act, 2013. In view of above, the clauses 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable.

(iv) As per information and explanations given to us, Company has not granted any loans or given any guarantee and security covered under section 185 of the Companies Act 2013. Further, the Company is exempted from the provisions of section 186 as it is engaged in the business of providing infrastructure facilities as defined in Schedule-VI of the Companies Act, 2013.

(v) On the basis of the examination of the books of accounts, the Company has not accepted deposits under the provisions of Section 73 to 76 or any other provisions of Companies Act, 2013 and the Rules framed thereunder.

(vi) The maintenance of cost records has not been prescribed by the Central Government of India under sub-section (1) of Section 148 of the Companies Act, 2013, in respect of services of the Company.

(vii)

a. According to the information and explanations given to us and on the basis of our examinations of the Books of Account, undisputed Statutory dues, including Provident Fund, Employees State Insurance Fund, duty of Custom, duty of Excise, Sales Tax, Value Added Tax, TDS, Goods and Services Tax, Cess and any other material Statutory Dues, as applicable, have not been regularly deposited with the appropriate authorities and there have been delays in a large number of cases.

As per the information and explanations, and subject to the facts stated in Note No. 35(iii), undisputed statutory liabilities outstanding for more than six months as on March 31, 2020 are as under;

Sr. No.	Name of the Statute	Nature of dues	Amount in Rs. Millions	Period to which the amount relates
1	Goods and Service Tax (GST)	Interest on GST	544.3	July 2017 to Sept 2019
2	Finance Act, 1994	Interest on Service Tax	778.2	April 2013 to Mar 2015
3	Income Tax Act, 1961	Interest on TDS	5.0	April 2018 to Sept 2019
4	Income Tax Act, 1961	Interest on Salary TDS	324.5	Apr 2014 to Sept 2019
5	Value Added Tax	VAT	0.3	2018-19
6	Indian Customs Act, 1962	Custom Duty	25.3	April 2013 to Sept 2019
7	Provident Fund Act	PF Contribution	1037.6	May 2019 - September 2019
8	Provident Fund Act	Interest on PF Contribution	150.1	Oct 2018 - September 2019
9	Employees State Insurance Act	ESI Contribution	0.3	April 2018 to Sept 2019

b. According to the information and explanations given to us and as per the books of accounts , there are no dues outstanding of Sales tax, Wealth Tax, Custom Duty, Excise Duty, Value Added Tax, Service Tax, Goods and Service tax and Cess which have not been deposited as on 31st March

2020 by the Company, on account of any dispute, except for the following:

SI No.	Name of Statute	Nature of dues	Amount involved (Rs in Million)	Period to which the amount relates (Financial Year)	Forum where dispute is pending
1	Indian Customs Act, 1962	Custom Duty	41.4	2005-2016	Commissioner of Central Excise & Customs
2	Indian Customs Act, 1962	Custom Duty	5.3	1997-2004	Central Board of Excise & Customs
3	Indian Customs Act, 1962	Custom Duty	582.6	2002-2005	Commissioner of Customs (Appeals)
4	Indian Customs Act, 1962	Custom Duty	350.5	2000-2019	CESTAT
5	Indian Customs Act, 1962	Custom Duty	14.4	2005-06	Supreme Court
6	Finance Act, 1994	Service Tax	6,336.7	1997-2014	CESTAT
7	Finance Act, 1994	Service Tax	17.8	2003-2011	Supreme Court
8	Finance Act, 1994	Service Tax	2,453.0	2007-08 and 2010-11	Commissioner of Service Tax
9	Indian Customs Act, 1962	Custom Duty	0.5	2017	Commissioner of Customs
10	Indian Customs Act, 1962	Custom Duty	0.5	2018	Commissioner of Appeals
11	Indian Customs Act, 1962	Custom Duty	1.0	2017-2019	Joint Commissioner of Custom
12	Income Tax Act, 1961	Income Tax	25.2	2012-2015	Deputy Commissioner of Income Tax
13	Income Tax Act, 1961	Income Tax	947.2	2000-07	ITAT
14	Value Added Tax	VAT	126.6	2011-2016	Commercial Tax Office, Govt of Telangana
15	Value Added Tax	VAT	0.5	2015-2016	Revisional Board, West Bengal
16	Sales Tax Act	Sales Tax	3.6	1989-2004	Delhi High Court
17	Other Statutes	Property Tax Octroi & Entry Tax	383.8	2000-2018	Concerned Department

(viii) According to the information and explanations given to us, the Company has delayed in repayment of dues to Financial Institutions/ Banks/ Government and there is an overdue Interest of Rs 7,728.2 Million outstanding for payment as at the year-end [Refer foot notes to Note No.15]. The period and amount of default including lender wise details for the same has not been provided to us in view of the fact stated in the foot note 3 to Note Nos 18 and Note 13.4 of the Standalone Financial Statements.

(ix) The Company has not raised any money by way of initial public offer or further public offer (including debts instruments) and hence the application of such money for the specified purposes is not applicable. The Company has applied the Term Loans for the purpose for which the Loans were obtained.

(x) During the course of our examination of the books and records of the Company carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instances of material fraud by the Company or on the Company by its officers or employees which has been, noticed or reported during the year, nor have we been informed of any such case by the management.

(xi) As informed, the provisions of Section 197 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.

(xii) The Company is not a Nidhi Company. Accordingly, the reporting requirements under clause 3(xii) of the Order are not applicable.

(xiii) In our opinion and according to the information and explanations given to us, transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable. The details of Related Party Transactions have been disclosed in the Standalone Financial Statements, as required by the applicable Ind AS [Refer Note No. 41].

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and as such the clause is not applicable to the Company.

(xv) As per the records of the Company and information and explanation provided to us, the Company has not entered into any non-cash transactions with directors or persons connected with them and hence, the clause is not applicable.

According to the information and explanations given to us and the records of the Company examined by us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting requirement under clause 3(xvi) of the Order is not applicable.

For and on Behalf of	For and on Behalf of	For and on Behalf of
Jagdish Chand & Co.	**Khandelwal Jain & Co**	**PKF Sridhar & Santhanam LLP**
Chartered Accountants	Chartered Accountants	Chartered Accountants
FRN.00129N	**FRN: 105049W**	**FRN.003990S/S200018**
Praveen Kumar Jain	Narendra Jain	V.Kothandaraman
Partner	Partner	Partner
M No.085629	**M No.048725**	**M No.025973**
UDIN: 21085629AAAAAF1543	**UDIN:** 21048725AAAAAK5386	**UDIN:** 21025973AAAAAH5742

Place: New Delhi

Date: 27th January 2021

ANNEXURE ‘B’ REFERRED TO IN PARAGRAPH UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR INDEPENDENT AUDITORS’ REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF AIR INDIA LIMITED FOR THE YEAR ENDED 31st MARCH 2020:

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 Air India Limited(“the Company”) as of March 31, 2020 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. 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.

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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 over Financial Reporting and their operating effectiveness. Our audit of Internal Financial Controls over Financial Reporting included obtaining an understanding of Internal Financial Controls over Financial Reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company’s Internal Financial Controls 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 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

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.

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified for the year ended March 31, 2020:

(i) The Company did not have an appropriate internal control system for reconciliation of Control Accounts in relation to the Sales / Revenue, Inventory and Payroll.

(ii) The Company did not have an appropriate internal control system for deduction, timely deposit and reconciliation of statutory dues.

(iii) The Company did not have an appropriate internal control system for obtaining confirmation of balances on a periodic basis, ageing and reconciliation of Receivables, Payables, (including certain staff related accounts and suspense / control accounts), inventory lying with third parties, certain bank accounts, fixed deposit with Bank and statutory dues.

(iv) The Company did not have an effective internal audit system commensurate with the size, nature and complexities of the business.

(v) The Company did not have an effective Information Systems Audit to evaluate and test the IT general controls, which may affect the completeness, accuracy and reliability of the reports generated from IT System.

(vi) The Company did not have an effective system for timely accounting of entries including delay in accounting of cash collection/disbursement & approval thereof in IT System.

(vii) The Company did not have an effective system for determining fair value of the Company’s investments in its subsidiaries carried as assets held for sale.

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, 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 during the year ended March 31, 2020, 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 the standalone financial statements of the Company as at and for the year ended 31 March 2020, and these material weaknesses have affected our opinion on the standalone financial statements of the Company and we have issued a qualified opinion on the standalone financial statements.

For and on Behalf of	For and on Behalf of	For and on Behalf of
Jagdish Chand & Co.	**Khandelwal Jain & Co**	**PKF Sridhar & Santhanam LLP**
Chartered Accountants	Chartered Accountants	Chartered Accountants
FRN.00129N	**FRN: 105049W**	**FRN.003990S/S200018**
Praveen Kumar Jain	Narendra Jain	V.Kothandaraman
Partner	Partner	Partner
M No.085629	**M No.048725**	**M No.025973**
UDIN: 21085629AAAAAF1543	**UDIN:** 21048725AAAAAK5386	**UDIN:** 21025973AAAAAH5742

Place: New Delhi

Date: 27th January 2021

ANNEXURE C REFERRED TO IN PARAGRAPH UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF AIR INDIA LIMITED (THE "COMPANY") FOR THE YEAR ENDED 31st MARCH 2020:

Sl No	Directions under section 143(5) of Companies Act 2013	Response
1.	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated	The Company has an ERP system in place for processing all accounting transactions through IT systems except for accounting of trade and other receivables which is recorded manually. Some of the activities have been outsourced by the company to outside vendors viz. a. Transportation revenue b. Cargo Revenue c. Processing of crew allowances Some manual intervention is necessitated for various closing entries; however accounting entries for the same are also processed through ERP. Based on our audit procedures, on test basis, wherever the accounting transactions are based on workings outside IT system, no instances of lack of integrity of accounts and no financial implications have been noted / reported. However, we have noted certain internal control weaknesses in processing of transactions, our comments on which have been given in Qualified Opinion para (i), (ii), (iii) & (v) of Annexure B of this audit Report.
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.	As per the information and explanation furnished to us, there has been no case of restructuring of existing loan or waiver / write off of debts/loans/interest etc. made by a lender to the Company during the year. However, as described in detail in Note no. 28, the Company has repaid the debt from the proceeds received from AIAHL and is in the process of implementing financial restructuring plan in line with the Framework Agreement. The financial impact of the same on the standalone financial statements is given in note 28(iii)(m).

Sl No	Directions under section 143(5) of Companies Act 2013	Response
3.	Whether funds received/receivables for specific schemes from Central/ State agencies were properly accounted for/utilized as per its term and condition? List the cases of deviation.	To the best of our information and checks applied by us during the course of our audit, we are of the opinion that no funds received/ receivable for specific schemes from Central/ State agencies for the financial year 2019-2020.

For and on Behalf of
Jagdish Chand & Co.
Chartered Accountants
FRN.00129N

Praveen Kumar Jain
Partner
M No.085629
UDIN: 21085629AAAAAF1543

For and on Behalf of
Khandelwal Jain & Co
Chartered Accountants
FRN: 105049W

Narendra Jain
Partner
M No.048725
UDIN: 21048725AAAAAK5386

For and on Behalf of
PKF Sridhar & Santhanam LLP
Chartered Accountants
FRN.003990S/S200018

V.Kothandaraman
Partner
M No.025973
UDIN: 21025973AAAAAH5742

Place : New Delhi

Date : 27th January 2021

COMPLIANCE CERTIFICATE

We have conducted our audit of accounts of M/S Air India Limited for the year ended 31st March 2020 in accordance with the Directions / Sub Directions issued by C&AG of India u/s 143(5) of the Companies Act 2013 and certify that we have complied with all the Directions / Sub Directions issued to us.

For and on Behalf of	For and on Behalf of	For and on Behalf of
Jagdish Chand & Co.	**Khandelwal Jain & Co**	**PKF Sridhar & Santhanam LLP**
Chartered Accountants	Chartered Accountants	Chartered Accountants
FRN.00129N	**FRN: 105049W**	**FRN.003990S/S200018**
Praveen Kumar Jain	Narendra Jain	V.Kothandaraman
Partner	Partner	Partner
M No.085629	**M No.048725**	**M No.025973**
UDIN: 21085629AAAAAF1543	**UDIN:** 21048725AAAAAK5386	**UDIN:** 21025973AAAAAH5742

Place : New Delhi

Date : 27th January 2021

MANAGEMENT REPLIES TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF AIR INDIA LTD FOR THE FINANCIAL YEAR 2019-20

No	AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
	We have audited the standalone financial statements of Air India Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2020, 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 Standalone Financial Statements). In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the aforesaid Standalone Financial Statements give the information (other than certain information mentioned in Para (h) of Emphasis of Matter), required by the Companies Act, 2013, 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 31st March, 2020, its loss (including other comprehensive income), the changes in equity and its cash flows for the year ended on that date.	
	Basis for Qualified Opinion	
1.	Adjustments on account of reduction in fair value, if any, in the carrying value of Investments in three Subsidiary Companies classified as Assets held for Sale, namely, Hotel Corporation of India Limited, Alliance Air Aviation Limited (Formerly Airline Allied Services Limited) and Air India Engineering Services Limited (Carrying Value of Investments aggregating to Rs. 6,795.2 million), for which net-worth have fully eroded, have not been determined and provided in the accounts as required by Ind AS 105. Refer Note 46.	The company has already disclosed in Note No 46 that in the opinion of the Management there is no diminution in the carrying value of the investments in Subsidiary Cos. Detailed write up on the current status of both AASL and AIESL has been given in the subject Note highlighting that these companies are steadily improving their Financial and Operational performance over the past few years. The performance of the Subsidiary Companies namely AAAL, AIESL and HCI during the year 2019-20 has been quite better than the previous years as discussed below:

No	AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
		(a) <u>AAAL</u> During FY 2019-20, AAAL has registered a substantial improvement and has posted a Net Loss of Rs 2,010.0 million as compared to the Net Loss of Rs 2,923.2 million in FY 2018-19. The company has posted an Operating Profit of Rs 650.9 million in FY 2019-20.This improvement was possible mainly because of the increase in Total Revenues from Rs 8362.8 million in FY 2018-19 to Rs 11,811.5 million in FY 2019-20. The company was operating on 29 UDAN routes as on 31st March 2019 which at present has risen to 61 routes as on 31st March 2020. **(b) <u>AIESL</u>** Similarly, in respect of AIESL, during FY 2019-20 the MRO Revenue from outside parties (other than Group Companies) has increased from Rs 1064.3 million in 2018-19 to Rs 1831.4 million in 2019-20 viz. an increase of 72% when compared to the Previous Year. The company has also posted a Net Profit of Rs 758.6 million in FY 2019-20 as compared to the Net Loss of Rs 2,049.4 million in FY 2018-19. **(c) <u>HCI</u>** Due to renovation of guest rooms and other allied works carried out and also in view of the Equity Infusion of Rs 270.0 million by the Govt of India over the last few years, the Revenues of the company increased to Rs 676.2 million during FY 2019-20. Due to this the Net Loss of the company also registered a decline from Rs 712.0 million in FY 2018-19 to Rs 655.5 million in FY 2019-20. Presently the company is also in the process of inviting Consultants to assist the Company to hand over Delhi properties on Management Contract upto 31st March 2031 i.e. upto the lease period of land leased from AAI. This would result in savings of costs and the company will also earn management contract fees. It can be seen from the above that all the three Subsidiary Companies during FY 2019-20 have posted improvements in their overall financial performance and accordingly it is expected that AI will be able to realize its Investments made in these companies and hence there is no need to provide for any diminution in investments made in these Companies.

<table>
<tr><th>No</th><th>AUDIT OBSERVATIONS</th><th>MANAGEMENT COMMENTS</th></tr>
<tr><td></td><td></td><td>In addition to the above, the investment of Air India in all the three Subsidiary Companies are proposed to be transferred to the newly formed SPV i.e. AIAHL as a part of the restructuring of Air India Ltd for the purposes of disinvestment. A Framework Agreement has been signed by Air India Ltd with AIAHL in this regard. Under this Framework Agreement and as per the decision of the GoI, Air India has already received Rs 219,850.0 million from AIAHL towards repayment of Loans. As a part of AI's obligations under the Agreement these three Subsidiary Companies viz AIASL, AIESL and HCI are to be transferred to AIAHL at book value and the process of transfer is underway.</td></tr>
<tr><td>2.</td><td>Non- reconciliation/non-confirmation of certain receivables, payables (including certain staff related accounts and suspense / control accounts), inventory lying with third parties, certain bank accounts/ Loans/ fixed deposit with banks and others including direct confirmation for certain cases and statutory dues. Refer Note 35, 36 & 39.</td><td>In this regard it may be stated that the company has been addressing the issue of reconciliation of various Receivables & Payables as well as other such related items.

For this purpose, the company has also engaged the services of an outside Professional Consultant to carry out the reconciliation of such accounts based on which the company can take necessary action to streamline the accounting action for the same.

In this regard it may be noted that there is a steady and considerable improvement in this area as compared to previous years as can be seen from the following:

a) All major Borrowings, Bank Balances and Loan Balances have been confirmed and reconciled.

b) In respect of Receivables/Payables also, all major parties such as dues of Oil Companies, Airport Operators, Pax/Cargo Receivables and dues for VVIP Charters are totally reconciled. These parties in fact constitute a major portion of the total Receivables and Payables of the company.

The company is also taking necessary action to further streamline the process of reconciliation and confirmation of Receivables &Payables.</td></tr>
<tr><td>3.</td><td>Non- Recognition of right of use assets and corresponding lease liabilities for leases (other than Aircrafts and Land classified as PPE in the Previous Year), as required under IND AS 116 "Leases". Refer Note 44(I).</td><td>In this regard it is stated that the major leased asset class of the company are aircrafts and land which have already been taken into effect for the transition to Ind AS 116.</td></tr>
</table>

No	AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
		The leases other than aircraft and land are primarily for leasing of office space, residential space, airport land space etc. In the case of land taken from AAI at different airports, these leases are primarily covered under the "Umbrella Agreement" and the same is cancellable and hence not taken under Ind AS 116. Leases other than that in India and foreign stations are for renting of office space and residential space etc which also in most cases are cancellable and not material enough. In view of the above, only leases pertaining to aircraft and land have been considered for reclassification under Ind AS 116.
	The impact of the above qualifications on the Standalone 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 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 (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 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 qualified opinion.	
	Material Uncertainty in relation to Going Concern The Company has incurred a net loss of Rs. 77,657.3 Million during the year ended March 31, 2020 and, as of that date, the Company's current liabilities exceeded its current assets by Rs.5,42,591.7. Million and it has accumulated losses of Rs. 7,08,759.8 Million which has resulted in complete erosion of the net worth of the Company. In spite of these events or conditions which may cast a doubt on the	The Company has received continuous support from the Government of India (GoI) initially through the introduction of the Turnaround Plan (TAP)/Financial Restructuring Plan (FRP) approved in 2012 and then under the Strategic Revival Plan in FY 2018-19 which has helped the Company to improve its operating and financial parameters.

No	AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
	ability of the Company to continue as a going concern, the management is of the opinion that going concern basis of accounting is appropriate in view of the continued support of the Government of India and having regard to the other facts mentioned in Note No.53.	The objective of the Strategic Revival Plan was to establish a strong competitive and self-sustaining airline which can be strategically divested or listed in the next few years. Focus on increasing the operational efficiencies whereby substantial increase in revenue or cost saving can be achieved. The details of the financial package under the Revival Plan broadly included the following: • A total debt amounting to Rs 294,640.0millionto be transferred from Air India Ltd to AIAHL viz Air India Assets Holding Co Ltd with effect from 1st October 2018 • Cash Support of Rs 39750.0million to Air India • Provide a Govt Guarantee of Rs 76000.0million, • In addition, the GoI also approved that AIAHL was to fund the interest liability on the carved-out debt of Rs 294,640.0 million proposed to be transferred to AIAHL effective 1st October 2018. The above support has been duly extended to AI by the Govt of India. Also refer to Note 28. The Company has regularly received Equity Infusion from the GoI. Hence it is evident that the GoI is committed to pursue the path of disinvestment and through various steps taken above is aiding the Company in clearing its balance sheet and as mentioned in the PIM for disinvestment there may be further re-allocation of debts and liabilities of the Company. Further steps taken by the Company as also the GoI in light of the process of disinvestment have been discussed in detail in Note Nos28 &52. All these steps are aimed at creating a positive environment. It is also pertinent to note that the GoI support to Air India continues in the current FY 2020-21 also in which the aviation industry is severely affected by the COVID-19 pandemic. In view of the above and the financial support from the Govt of India and various measures taken by the Company to improve its operational efficiencies, various revenue enhancing measures, cost control measures undertaken etc. the Company expects improvement in its operational and financial

No	AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
		performance, in the near future and hence, the financial statements of the Company have been prepared on the 'Going Concern' basis. A due disclosure to the opinion of the management regarding the Going Concern status of the company has been given in Note No 53.
	Emphasis of Matter	
  a.	We draw attention to; Note 29 regarding the possible effects of uncertainties relating to COVID-19 on Company's operations and results as assessed by the management;	 The effect of COVID-19 pandemic on the operations as well as financials of the company has been duly discussed in detail in Note No 29.
b.	Note 26 A regarding non-provision of penal charges on delayed payment of Guarantee Fee amounting to Rs. 20,769.9 Million, for reasons stated therein and Note No. 51 regarding non-provision of interest on delayed payments to Micro and Small enterprises wherein the amount is not ascertained;	In this regard it is stated that due to the highly stressed liquidity position of the company, which has further been worsened due to the Covid 19 impact and also due to the ongoing Disinvestment process of the company, the matter of waiver of the Additional Guarantee Fees owed to the GoI has already been taken up with the GoI, along with waiver of the unpaid normal guarantee fees.As per the PIM issued for the Disinvestment of Air India the Current Liabilities in excess of the Current Assets will be allocated to AIAHL. However, a Contingent Liability for an amount of Rs 20,769.9 million has been disclosed in the Notes to Accounts Note No 26. As regards the non-provision of interest on delayed payments of Small and Micro enterprises is concerned, it is stated that all efforts are made by the company to clear such dues in a timely manner. However, inspite of the best efforts of the company there may have been delays in making payments to some of these enterprises, however, in the opinion of the management the interest is not expected to be material. A due disclosure to this effect has also been given in Note No 51.
c.	Note 49 regarding Deferred Tax Asset of Rs. 28,425.2 Million carried in the accounts in view of the reasons stated therein, the realisation of which would depend on generation of sufficient profits in the future as anticipated / projected by the management;	The company has given the detailed status of Deferred Tax in Note No 49. It may be noted that in view of the clarifications given in Note No 53 regarding the Going Concern status of AI, there is a reasonable certainty that the company will be able to realize its DTA from future taxable profits. The same is evident from the following:

No	AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
		a) The Govt of India approved the Revival Plan of the Company through which a series of measures were introduced to improve the operational and financial efficiencies as detailed in Note 28 and Note No 53. b) The Company is under the disinvestment process as approved by the Govt of India which is currently in progress. c) There is a huge amount of unabsorbed depreciation amount available with the company against which the subject DTA has been recognized and these depreciation losses can be carried forward indefinitely in terms of the Income Tax Act provisions. d) The Company is therefore hopeful of showing improved performance in the future and accordingly, has reasonable certainty that the Deferred Tax assets recognized will be realized against future taxable profits. Further, the Deferred Tax Assets have been created against carry forward Depreciation only which are available to the Company indefinitely as per the provisions of the Income Tax Act. e) Moreover, the adoption of Ind-AS from FY 2017-18 by AI, it further provides an additional leverage to the company for carrying forward of DTA as from "virtual certainty" of realization of DTA against future taxable profits as per Indian GAAP, Ind AS now talks of only the reasonable probability of realization of DTA against future taxable profits. In view of the above, AI has decided to carry forward the DTA only to the extent of Rs 28,425.2 crores in its books of accounts as on 31st March 2020.
d.	Note 46 regarding the management's opinion that there is no decline in the carrying value of investment in a Subsidiary – Air India Express Limited (Carrying Value of Investments aggregating to Rs. 7,800.0 million) and advances (including interest) of Rs 11,347.0 Million to the said subsidiary company even though the net-worth is fully eroded, for the reasons stated therein.	Management is of the firm view that there is no decline in the carrying value of investments of Air India in Air India Express Ltd (AIXL). In fact, AIXL has been profitable over the past four years despite adverse market conditions prevalent in the aviation industry. In fact during FY 2019-20 the company has posted a Net Profit of Rs 4127.7 million which is a substantial increase from it's Net Profit of Rs 1615.9 million in FY 2018-19.

No	AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
		Further, the Net Worth of AIXL is also constantly improving on a year to year basis and based on the future plans of the company,it will only consolidate and further improve its performance.Hence, there is no reason for Air India to consider any erosion or decline in it's investment in AIXL. A detailed disclosure for the same has been given in Note No 46 (i).
e.	Note.28(iii)(h) read with Note No.46 regarding realisability of advances to subsidiary companies (including interest) of Rs 35,437.0 Million classified as 'Asset Held for Sale' as the same is being transferred at carrying value.	As explained in detail in Note Nos 28, as per the Disinvestment Plan of Air India, at the time of issuance of Preliminary Information Memorandum (PIM), all Receivables and Payables of these Subsidiary Companies are eventually going to be transferred to the entirely Govt owned SPV-AIAHL, hence affording a sure security for AIL for the realization of Investments/Receivables due from them to Air India Ltd. As per the Framework Agreement signed between Air India and AIAHL, it has been stated that all Receivables of Subsidiary Companies namely AIESL, AAAL, AIASL and HCI shall be transferred to AIAHL. During the year AIAHL has already transferred Rs 21,985 cr to Air India, which the company has used to repay the loans which is higher than the carrying value of the Assets and Investments in Subsidiaries held for transfer to AIAHL. In view of the above, the company has no doubt in the realizability of the Advances made to Subsidiary Companies and hence, the same have not been provided for by the company.
f.	Note 34(ii) regarding non-application of Appendix B to Ind AS 21- "The effect of changes in Foreign Exchange rates" in respect of advances received or paid in foreign currency.	This fact has been duly disclosed in Note No 34 (ii). However, it may be noted that the impact on this account is not likely to be material.
g.	Note.28(iii) (i) & (m) regarding; i) receipts from Air India Assets Holding Limited (AIAHL) Towards Restructuring (RFATR) of Rs 2,18,434.8 million (net of payments) being disclosed separately from the Company's Equity and Liabilities on the face of the balance sheet;	All details regarding the transactions with the AIAHL have been disclosed in detail in Note No 28. The note gives detailed disclosures with respect to the modalities and reasons adopted by the company for accounting the transactions with AIAHL.

No	AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
	ii) accounting for reimbursement of Rs 15,574.7 Million for the Financial Year 2019-20 by AIAHL towards interest and other loan related costs paid by the Company on the identified loans, as a reduction from finance cost; iii) accounting for rental income Rs 1424.8 million from identified properties and Revenue sharing income of Rs 545.8 million from subsidiaries for the period from 1st October 2018 to 31st March 2020 net of related cost of Rs 64.6 million recoverable from AIAHL has been shown as adjustment from statement of Profit &Loss. Refer Note 19, 20 & 25; iv) classification of certain identified properties amounting to Rs 70,583.2 million as Assets held for sale and certain identified properties amounting to Rs 4,375.7 million as Investment property; v) classification of investment in subsidiaries amounting to Rs 8,179.4 million along with receivables amounting to Rs 35,437.0 million of the subsidiaries as Assets held for sale and vi) recognising gain/loss on identified assets which have been sold during the year.	The Framework Agreement executed between AI and AIAHL lists out the obligations of both the parties. The legal transfer of the Subsidiaries and non-core assets would follow the due process and requires approvals of the relevant authorities. It is agreed by both parties that on completion of all the obligations by AI listed in the Framework Agreement, would be full and adequate consideration for the obligations of AIAHL. As the entire process of transfer of Subsidiaries, Assets and novation of NCDs is not completed in the FY 2019-20, the receipt of funds from AIAHL and the proceeds of Assets monetized have been accountedin the new Account “Receipts from AIAHL Towards Restructuring A/c” (RFATR). The balance in this account of Rs 218,434.8 million has been shown as a separate line item between “Equity” and “Liabilities” in the Financial Statements. After the entire transaction is completed the balance in the RFATR A/c will be transferred to “Other Equity”. Similarly, the net amount Payable by AI to AIAHL has also been kept in the AIAHL Intermediary Settlement A/c as per which the net amount payable to AIAHL is Rs 5,026.2 million. The broad breakup of all transactions in both the above stated accounts has also been given in Note No 28 (iii) (k)
h.	Non-Disclosure of certain information in the standalone financial statements as required by Schedule-III of the Companies Act 2013, and Indian Accounting Standards (Ind AS):	
(i)	Terms of repayment, nature of Security separately for each case of borrowings and period & amount of continuing default in respect of borrowings and interest thereon in respect of each borrowing - Refer Note No.13.4& 18	This is a statement of fact. Due to the confidential nature of the agreements entered into with the consortium of banks wherein the terms of payments, rates of interest, the nature of security has been clearly specified, it has not been disclosed. However, the same is available with the company, the important extracts of which are already disclosed in the accounts.
(ii)	Foreign Currency Fluctuation under Finance Cost- Refer Note No. 23(a)	As already stated in Note No 23 (a), the exchange rate differences in the nature of interest cost on foreign currency borrowings has not been classified due to the complexity of transactions.

No	AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
iii)	Information regarding dues/payments/interest to Micro & Small Enterprises, if any, included in Trade Payable- Refer Note No 51	A detailed Note has been given regarding MSME dues in Note No 51. It has already been stated that 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.
iv)	Fair Value of Investment Properties as required in Ind AS 40 "Investment property" - Refer Note No. 30 (iii)	As stated in Note No 30 (d) under disinvestment plan, monetization of the identified properties is in the process, hence fair value of the investment properties could not be disclosed as a confidentiality measure.
v)	Expenses relating to short-term leases and low value assets as required in Ind AS 116 "Leases" Our Opinion is not modified in respect of above matters.	As stated in Accounting Policy VII the company has recognized the lease payments on short term leases and also low value assets as an operating expense on a straight-line basis over the term of the lease or another systematic basis which is more representative of the pattern of use of the underlined assets.

Key Audit Matters	**Principal audit procedures performed**
Key audit matters are those matters that in our professional judgement, 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. In addition to the matter described in the Basis for Qualified Opinion and Material Uncertainty in relation to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.	
Investment in a subsidiary and advance recoverable from said subsidiary The company has investment in subsidiary, namely Air India Express Limited amounting to Rs 7,800.0 Million and has also made advance (including interest) of Rs11347.0 Million to said subsidiary. Further, the company has also given guarantees of Rs 8,530.8 Million in respect of loans availed by	We have obtained an understanding of management's processes with regard to identifying existence and testing the impairment in the value of investment, advance to the subsidiary and guarantee to the subsidiary. We have also obtained and verified the latest financial statements of the subsidiary regarding the

Key Audit Matters	Principal audit procedures performed
them. There is a risk of impairment in carrying value of unquoted equity instruments in said subsidiary, in recoverability of advance (including interest) to the said subsidiary and guarantee given to subsidiary carrying accumulated losses which may be considered significant having regard to the financial position of the subsidiary. Refer Note 46.	present level of operations and profitability of the subsidiary. We have also reviewedthe management's estimate of future operations, which has been described in Note 46. Refer Para (d) in Emphasis of Matter.
Depreciation and impairment of Property, Plant & Equipment, Right of Use Assets, Investment Properties and Intangible assets The management uses estimates to assess useful life of various items of Property, Plant & Equipment, Right of Use Assets, Investment Properties and Intangible Assets including in the application of component accounting, recognition of early retirement from use, etc. which have a significant impact on the accounts. The Company also assesses whether an impairment indication exists and performs impairment test in respect of Property, Plant & Equipment, Right of Use Assets, Investment Properties, and Intangible Assets wherever such indications exist, which involve management's judgment of various factors including future growth rate etc. Refer Note 54.	We have reviewed the judgments and methodology applied by management including the nature of underlying costs capitalized, determination of realizable value of the assets retired from active use, technical assessment conducted in assessing the useful life of assets, considered the applicable rates prescribed in Schedule II of the Companies Act, 2013, and evaluated the system followed for periodic review. We have reviewed the Company's impairment assessment process and workings of property, plant & equipment, right of use assets and intangible assets including technical assessment of the management,key assumptions and judgement used to determine the impairment and future cash flows, discount rates applied etc. We have also reviewed the adequacy of disclosures relating to impairment of non-current assets in the standalone financial statements.
Impact of Covid-19 on impairment of Property, Plant & Equipment, Right of Use Assets, Investment Properties and Intangible assets There is inherent uncertainty due to Covid 19 pandemic which has significant impact on the management judgment and estimates with regard to recoverable amount – value in use calculation. Refer Note 29.	We have reviewed the reasonableness of assumed duration of disruption due to Covid 19 pandemic and expected growth rates from publicly available industry sources. We have also reviewed the adequacy of disclosures relating to Covid 19 in the standalone financial statements.

Key Audit Matters	Principal audit procedures performed
Ind AS 116 for Leases – First time adoption The Company has applied the Ind AS 116 standard to its leases of aircrafts and land disclosed under Plant Property and Equipment in the previous year, retrospectively, with the cumulative effect of initially applying the standard, recognized on the date of initial application (i.e. 1st April 2019).Accordingly, the Company has not restated comparative information; instead, the cumulative effect of initially applying this standard has been recognized as an adjustment to the opening balance of retained earnings as on 1 April 2019. The Company applied practical expedient to "Grand father Approach" for the assessment as to which transactions are to be categorized as leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17. We considered the first-time application of the standard for aircraft as akey audit matter, due to significant judgement required in the assumptions and estimates used to determine the Right of Use (ROU) asset and lease liability, assessment of lease term, determination of appropriate incremental borrowing rate and practical expedients used. Refer Note 44.	We have obtained an understanding of management's process with regard to identifying ROU Asset. We have reviewed the judgments, methodology applied by the management including practical expedients used and ensured they are in line with the requirements of Ind AS 116. We have reviewed the inputs used for determination of the incremental borrowing rate including, assessment of lease term by reference to the underlying lease contracts and market data. We have performed computation checks on the amount of ROU asset and lease liabilities recognised by tracing of the same to underlying lease agreements/contracts/documents. We have also reviewed the adequacy of the disclosures in respectof the adoption in Note 44 to the standalone financial statements. Refer Para 3 of Basis for Qualified Opinion and para (h)(v) of Emphasis of Matter.
Assets held for sale (Other than Investments in subsidiaries held for sale) The Company has classified assets earmarked for disposal as assets held for sale, including as part of the disinvestment process in progress. Management has estimated the fair value of such assets having regard to various critical factors including market rates. Refer Note No. 28& 31.	We have verified the procedures in relation to management's classification and valuation of assets held for sale including assessing the methodologies used and the appropriateness of the key assumptions, checking the accuracy thereof on a sample basis etc. Refer Para (e) of Emphasis of Matter.
Recognition of revenue from transportation services We have identified revenue recognition as a key audit matter because passenger revenue is one of the key performance indicators, significance of passenger revenue to the financial statements, complexity of the underlying IT systems of outsourced service provider and the judgment required by management in determining the revenue from Forward sales.	We have reviewed the internal controls in the company for capturing and recognition of revenue and the reconciliations of revenue between the reports generated by the outsourced service provider and accounting of revenue in ERP system of the company.

Key Audit Matters	Principal audit procedures performed
The Company extensively uses the services of outsourced service provider for measurement and recognition of revenue, which carries an inherent risk around the accuracy of revenue recorded given the complexity of operations and underlying IT Systems. The Company recognises revenue from passenger and cargo sales on flown basis i.e, when the service is provided. The Company recognises revenue from unexercised rights i.e. forward sales of customers which are non-refundable in nature, based on past trends in proportion to the pattern of rights exercised by the customer. Refer Note 59.	We have conducted requisite procedures on revenue on a test check of selected samples and scrutinised relevant records and journals to assess the timing and values of revenues recorded. In addition, we have performed cut-off tests in order to verify whether the timing of passenger revenue recognition is in line with company's policy. We obtained the latest available assurance report on service organisation controls relating to revenue accounting and General IT controls. With regard to forward sales, we have considered the consistency and continuity of the methods used to determine the amount of revenue to be recognised from Forward Sales. Refer to para (i) in our report on Internal Financial Controls over financial reporting (Annexure B)
Provisions and Contingent Liabilities and Evaluation of uncertain tax positions There are material claims against the company and uncertain tax/duty positions which are under various stages of dispute, involving significant judgment to determine the possible outcome of these disputes. Refer Note.26.	We have obtained details of key claims against the company, completed tax assessments and demands and tax/duty positions. We reviewed status of disputes and representation taken from the management, discussed with appropriate senior management and evaluated the management's underlying key assumptions. We reviewed management's estimate of the possible outcome of the disputed cases in evaluating management's position on these uncertain claims and tax positions and reviewed the appropriate disclosures in the financials. Refer para (b) of Emphasis of Matter
Deferred Tax Assets The Company has carried deferred tax assets recognised on depreciation in an earlier year which is based on the likelihood of future taxable income available for set off. The recognition of deferred tax asset involves judgement regarding the likelihood of realisation of these assets in particular whether there will be sufficient taxable profits in future periods that support the recognition of these assets. Given the degree of judgement involved in considering these deferred	Our procedures include obtaining an understanding of the process and the controls over preparation of profit forecast. We reviewed the inputs and assumptions used in the forecast, including Revival Plan for Operational & Financial Efficiency formulated by the Govt of India. We verified the disclosures for deferred tax asset balance including those related to significant accounting estimate and judgements.

Key Audit Matters	Principal audit procedures performed
tax assets as recoverable or otherwise, we consider this to be a key audit matter. Refer Note 49.	Refer para (c) of Emphasis of Matter.
Inventory The company carries inventory of materials, spare parts etc. across various locations' centres and correct measurement of inventory involves making a proper assessment of the lower of net realisable value over cost and assessment of write down necessary on account of obsolescence etc Refer Note 38.	We have evaluated the systems and processes for recording and valuation of inventory, tested a sample of key controls and comparison of net realizable prices. We have obtained an understanding of the company's policy on control for identification and provision of non-moving inventory based on age-wise analysis and tested the same on a sample basis. Refer Qualified Opinion para (i)&(iii)in our report on Internal Financial Controls (Annexure B)
Provision for receivables The Company is carrying significant balances as trade receivables including amounts outstanding from earlier accounting periods. The management makes an estimate of the recoverability of individual debtor with reference to the aging profile, historical payment pattern and the past record of the customer and makes provision against the same with reference to the recoverable amount.	We have obtained a list of outstanding receivables, test checked the ageing of trade receivables generated from SAP at year end on a sample basis and reviewed Expected credit loss model used in determining the provision requirement. We have reviewed the controls, systems and processes applied by the management to ensure proper recognition of provision for receivables. Refer Qualified Opinion para (iii) in our report on Internal Financial Controls (Annexure B)
Accounting & disclosure for proposed disinvestment Govt. of India has given approval for strategic disinvestment of the Air India and its subsidiaries. Accordingly, Strategic Revival Plan for Operational & Financial Efficiency in Air India was formulated as per which certain portion of debt along with certain assets, including investments in three subsidiary companies and advances given to them, were decided to be transferred to an Special Purpose Vehicle (SPV) formed for the proposed disinvestment. Necessary adjustments/ disclosures are made in the financial Statements of Air India Limited based on the present decisions and further adjustments would be made after finalization of the same. Refer Note 28.	We have reviewed the Framework agreement, relevant minutes of meeting of Board of Air India Limited as well as of the committees formed for disinvestment and other relevant records made available to us in this regard. We have verified the transactions which have taken place during the year 2019-20 with the SPV and held discussions with the senior management of the Company in order to obtain an understanding of the present position of the various decision taken for the same. We have reviewed the disclosures made in the financial statements in this regard. Refer para (g) of Emphasis of Matter.

	Information Other than the Standalone 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 Directors' Report, Management Discussion and Analysis Report and Report on Corporate Governance but does not include the standalone 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 standalone 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 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. 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.	This is a statement of fact.
	Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 Indian Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting	This is a statement of fact.

	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, the Board of Directors 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 the Board of Directors 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.	
	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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate Internal Financial Controls over Financial Reporting 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 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 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, 2016 ("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 except as stated in Basis for Qualified Opinion and Para no. (h) of Emphasis of Matter section. (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 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 branches not visited by us. (c) With respect to foreign stations we have relied upon the management summary reports made available to us for the verification of transactions related to major foreign stations, which have been properly dealt by us in preparing this report. (d) The Balance Sheet, Statement of Profit and Loss, 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. (e) Except for the effects of the matter described in para No -1 & 3 of Basis for Qualified Opinion and para (f) & (h) Emphasis of Matter Section above, in our opinion, the aforesaid Standalone Financial Statements comply with the Indian Accounting Standards	

	specified under Section 133 of the Act read with relevant rules issued thereunder; (f) The matters described under Material Uncertainty in relation to Going Concern, Emphasis of matter para on COVID 19and Basis of Qualified Opinion section above, may, in our opinion have an adverse effect on the functioning of the Company; (g) We have been informed that the provisions of Section 164(2) of the Act in respect of disqualification of directors are not applicable to the Company, being a Government Company in terms of notification no. G.S.R.463(E) dated 5th June, 2015 issued by Ministry of Corporate Affairs (MCA), Government of India; (h) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion section above; (i) With respect to the adequacy of 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 a qualified opinion on the adequacy and operating effectiveness of the Company’s Internal Financial Controls over Financial Reporting. (j) 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 MCA Notification no. G.S.R. 463 (E) dated 5th June 2015 provisions of section 197 of the Act are not applicable to the company. (k) 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 standalone financial statements - Refer Note No. 26 to the standalone financial statements; ii. The Company has made provisions, as required under the applicable laws or Indian Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts that have been entered into by the Company; iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.	
3	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 explanations given to us, in Annexure- C.	

ANNEXURE'A' REFERRED TO IN PARAGRAPH UNDER THE HEADING REPORT ON "OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF AIR INDIA LIMITED (THE "COMPANY") FOR THE YEAR ENDED 31ST MARCH 2020:

	AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
(i) a b)	The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets except in case of certain items which are carried in the fixed asset register on block level as one-line item, in respect of which full particulars, including quantitative details and situation of such assets have not been updated. The Company has a programme of verification of fixed assets as per which the verification of all major assets is conducted annually, and the verification of other assets are covered over a biennial period which, in our opinion, is reasonable having regard to the size of the Company and the nature of its Assets. Accordingly, as per the information and explanations furnished to us, physical verification of major items of fixed assets has been conducted by the Management during the year and no material discrepancies were noticed on such verification. In case of fixed assets, which are carried on block level as one line item, physical verification reconciliation has not been done during the year. In respect of other items of fixed assets, physical verification for 2018-2020 biennial period has been completed, although pending reconciliation no effect has been given in respect of discrepancies noticed amounting to Rs 111.7Million. Refer Note No.33(i) (b)	The Company has a regular procedure for the physical verification of all aircraft, APUs and other related equipment which constitutes nearly 93% of the total value of the assets which are tallied with the Assets Register maintained. As regards the remaining assets, the Company has already implemented the Fixed Assets module which streamlines the data on Fixed Assets including the details of location and quantitative details on the SAP system. As regards to the items entered in SAP at block level, these represents those assets which were migrated into SAP at block level as individual item-wise details were not available. However, over a period of time, efforts have been made to bifurcate these into item-wise details, whereby a considerable number of assets have already been uploaded item-wise but still there exists certain block level entries which are being looked into but the value of the same is not very significant. Further, it may be noted that as stated in Note No 33, the Physical Verification for the biennial period 2018-20 has been completed. However, the necessary action on the Physical Verification Report received is under progress and necessary action on the same will be taken on receipt of approval from the Competent Authority.
c)	Based on our examination of the books and records of the Company, the title/ lease deeds of immovable properties (included under Property, Plant and Equipment Investment properties, Right of Use, and Assets held for Sale) are held in the name of the Company except to the extent mentioned below[Refer note nos30(i) and 31]:	There are some properties for which the company is not in possession of the title deeds or for which only photocopies are available or for which registration formalities are to be completed. The Company is taking necessary action to obtain duplicate certified copies of such title deeds and other relevant records

<table>
<tr><th></th><th>AUDIT OBSERVATIONS</th><th>MANAGEMENT COMMENTS</th></tr>
<tr><td></td><td>
<table>
<tr><th>Sl No</th><th>Type</th><th>Area (Sq Mtrs)</th><th>Net Block
(Rs in Millions)</th></tr>
<tr><td>1.</td><td>Land & Building – Freehold</td><td>18,682.8</td><td>344.8</td></tr>
<tr><td>2.</td><td>Land & Building–Leasehold</td><td>2,30,516.7</td><td>56,655.9</td></tr>
<tr><td></td><td></td><td>2,49,199.5</td><td>57,000.7</td></tr>
</table>

In addition to above, title deeds in respect of certain Land & Building - Freehold having Net Block of ₹ 5,428.6 Million as at 31.03.2020 and Land & Building - Leasehold having Net Block of ₹ 2,305.8 Million as at 31.03.2020 could not be verified in original due to mortgage with banks (confirmation from the bank/ financial institution in relation to holding of title deed has not been furnished to us) and financial institutions/ Covid-19 situation (as informed these were lying at multiple locations) / properties were subsequently sold in financial year 2020-21/original deed were not available and only photocopies were available.
</td><td>
of properties in cases where original title deeds are not in possession of the Company. Further, the Company is also in the process of completing registration formalities in respect of such properties.

Due disclosure has been given for the same in Note Nos 30 (i) and 31 (i) & (v)

However, it is also stated that out of the above properties as a part of the monetization process of AI, two of the major unregistered properties namely Vasant Vihar Housing Colony (Rs 51295.1 million) and Baba Kharag Singh Marg Land (Rs 4770.7 million),have been handed over to the Ministry of Housing and Urban Affairs (MoHUA).

The MoHUA has been entrusted with the overall responsibility of sale of these two properties by the Government and the monetization proceeds will be transferred to AIAHL through AIL. Adequate disclosure for the same has been made vide Note No 31 (ii)

As regards the properties mortgaged with the banks, the FRP Loans have been fully paid during FY 2019-20 and the mortgage has not been released and the Company is in the process of getting NOC from all the banks.

Necessary disclosure with regard to the above has been made in Foot Notes to Note No 10.1, 13 &18
</td></tr>
<tr><td>(ii)</td><td>According to the information and explanation given to us, the inventory has been physically verified by the management in phased manner (biennial) at reasonable intervals. Physical Verification of Inventories for the biennial period 2018-20 has been carried out, except in respect of items lying with third parties amounting to Rs.180.9 Million (refer footnote to Note No. 8) shortages of Rs 32.2 million and excesses Rs 15.5 million were observed during such physical verification. Pending reconciliation/ adjustment at some Regions and approval from the competent authority, a provision amounting to Rs 29.8 million for shortages has been made. Refer Note No.33(ii)</td><td>The Physical Verification of aircraft/non-aircraft inventory (except inventory relating to phased out fleet and lying with third parties) including non-moving inventory for the biennial period 2018-20 has been completed.

Pending finalizationand approval of the Physical Verification Report, by the competent authority, a Provision of Rs 29.8 million for shortages has been made pending adjustment.</td></tr>
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	AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
(iii)	According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, during the year, to any companies, firms, limited liability partnerships or other parties covered in register maintained under Section 189 of the Companies Act, 2013. In view of above, the clauses 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable.	This is a statement of fact.
(iv)	As per information and explanations given to us, Company has not granted any loans or given any guarantee and security covered under section 185 of the Companies Act 2013.Further, the Company is exempted from the provisions of section 186 as it is engaged in the business of providing infrastructure facilities as defined in Schedule-VI of the Companies Act, 2013.	This is a statement of fact.
(v)	On the basis of the examination of the books of accounts, the Company has not accepted deposits under the provisions of Section 73 to 76 or any other provisions of Companies Act, 2013 and the Rules framed thereunder.	This is a statement of fact.
(vi)	The maintenance of cost records has not been prescribed by the Central Government of India under sub-section (1) of Section 148 of the Companies Act, 2013, in respect of services of the Company.	This is a statement of fact.
(vii) (a.)	According to the information and explanations given to us and on the basis of our examinations of the Books of Account, undisputed Statutory dues, including Provident Fund, Employees State Insurance Fund, duty of Custom, duty of Excise, Sales Tax, Value Added Tax, TDS, Goods and Services Tax, Cess and any other material Statutory Dues, as applicable, have not been regularly deposited with the appropriate authorities and there have been delays in a large number of cases. As per the information and explanations, and subject to the facts stated in Note No. 35(iii), undisputed statutory liabilities outstanding for more than six months as on March 31, 2020 are as under;	This is a statement of fact. However, it is stated that It may be noted that all Statutory Dues relating to TDS and GST have been fully paid. Due to the severe liquidity crunch faced by the company, efforts are made to first settle the Statutory Dues. However, full provision has been made for interest and as and when notices are received, interest is also being paid.

	AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
	(nested table below)	The reasons for the delayed deposits of certain undisputed Statutory Dues is on account of the fact that the company has a very stressed liquidity position. However, every effort was made to pay the Statutory Dues out of the support received from the Govt.
b)	According to the information and explanations given to us and as per the books of accounts, there are no dues outstanding of Sales tax, Wealth Tax, Custom Duty, Excise Duty, Value Added Tax, Service Tax, Goods and Service tax and Cess which have not been deposited as on 31st March 2020 by the Company, on account of any dispute, except for the following:	This is a statement of fact.

Sr. No.	Name of the Statute	Nature of dues	Rs in Million	Period to which the amount relates
1	Goods and Service Tax (GST)	Interest on GST	544.3	July 2017 to Sept 2019
2	Finance Act, 1994	Interest on Service Tax	778.2	April 2013 to Mar 2015
3	Income Tax Act, 1961	Interest on TDS	5.0	April 2018 to Sept 2019
4	Income Tax Act, 1961	Interest on Salary TDS	324.5	Apr 2014 to Sept 2019
5	Value Added Tax	VAT	0.3	2018-19
6	Indian Customs Act, 1962	Custom Duty	25.3	April 2013 to Sept 2019
7	Provident Fund Act	PF Contribution	1037.6	May 2019to Sept 2019
8	Provident Fund Act	Interest on PF Contribution	150.1	Oct 2018 - September 2019
9	Employees State Insurance Act	ESI Contribution	0.3	April 2018 to Sept 2019

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<tr><th></th><th colspan="5">AUDIT OBSERVATIONS</th><th>MANAGEMENT COMMENTS</th></tr>
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Sl No.	Name of Statute	Nature of dues	Amounts Involved (Rs. in Million)	Period to which the amount relates (Financial Year)	Forum where disputed is pending
1	Indian Customs Act, 1962	Custom Duty	41.4	2005-2016	Commissioner of Central Excise & Customs
2	Indian Customs Act, 1962	Custom Duty	5.3	1997-2004	Central Board of Excise & Customs
3	Indian Customs Act, 1962	Custom Duty	582.6	2002-2005	Commissioner of Customs (Appeals)
4	Indian Customs Act, 1962	Custom Duty	350.5	2000-2019	CESTAT
5	Indian Customs Act, 1962	Custom Duty	14.4	2005-06	Supreme Court
6	Finance Act, 1994	Service Tax	6,336.7	1997-2014	CESTAT
7	Finance Act, 1994	Service Tax	17.8	2003-2011	Supreme Court
8	Finance Act, 1994	Service Tax	2,453.0	2007-08 and 2010-11	Commissioner of Service Tax
9	Indian Customs Act, 1962	Custom Duty	0.5	2017	Commissioner of Customs
10	Indian Customs Act, 1962	Custom Duty	0.5	2018	Commissioner of Appeals
11	Indian Customs Act, 1962	Custom Duty	1.0	2017-2019	Joint Commissioner of Custom
12	Income Tax Act, 1961	Income Tax	25.2	2012-2015	Deputy Commissioner of Income Tax
13	Income Tax Act, 1961	Income Tax	947.2	2000-07	ITAT
14	Value Added Tax	VAT	126.6	2011-2016	Commercial Tax Office, Govt of Telangana
15	Value Added Tax	VAT	0.5	2015-2016	Revisional Board,West Bengal
16	Sales Tax Act	Sales Tax	3.6	1989-2004	Delhi High Court
17	Other Statutes	Property Tax Octroi & Entry Tax	383.8	2000-2018	Concerned Dept

	AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
(viii)	According to the information and explanations given to us, the Company has delayed in repayment of dues to Financial Institutions/ Banks/ Government and there is an overdue Interest of Rs 7,728.2 Million outstanding for payment as at the year-end [Refer foot notes to Note No.15]. The period and amount of default including lender wise details for the same has not been provided to us in view of the fact stated in the footnote 3 to Note Nos 18and Note 13.4 of the Standalone Financial Statements.	Due to the liquidity position faced by the company, there have been certain delays in the payment of Interest. However, the same have been paid subsequently and there has been no further demand on this account from the banks.

	AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
(ix)	The Company has not raised any money by way of initial public offer or further public offer (including debts instruments) and hence the application of such money for the specified purposes is not applicable. The Company has applied the Term Loans for the purpose for which the Loans were obtained.	This is a statement of fact.
(x)	During the course of our examination of the books and records of the company carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instances of material fraud by the company or on the company by its officers or employees which has been, noticed or reported during the year, nor have we been informed of any such case by the management.	This is a statement of fact.
(xi)	As informed, the provisions of Section 197 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.	This is a statement of fact.
(xii)	The Company is not a Nidhi Company. Accordingly, the reporting requirements under clause 3(xii) of the Order are not applicable.	This is a statement of fact.
(xiii)	In our opinion and according to the information and explanations given to us, transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable. The details of Related Party Transactions have been disclosed in the Standalone Financial Statements, as required by the applicable Ind AS; Refer Note No. 41.	This is a statement of fact.
(xiv)	The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review as such the clause is not applicable to the company.	This is a statement of fact.
(xv)	As per the records of the company and information and explanation provided to us, the company has not entered into any non-cash transactions with directors or persons connected with them and hence, the clause is not applicable	This is a statement of fact.

	AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
(xvi)	According to the information and explanations given to us and the records of the Company examined by us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting requirement under clause 3(xvi) of the Order is not applicable	This is a statement of fact.

ANNEXURE 'B' REFERRED TO IN PARAGRAPH UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF AIR INDIA LIMITED FOR THE YEAR ENDED 31ST MARCH 2020.

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

No	AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
	We have audited the internal financial controls over financial reporting of Air India Limited("the Company") as of March 31, 2020 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. 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.
	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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable	

	to an audit of internal financial controls. 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 over Financial Reporting and their operating effectiveness. Our audit of Internal Financial Controls over Financial Reporting included obtaining an understanding of Internal Financial Controls over Financial Reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's Internal Financial Controls 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	This is a statement of fact.

	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 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.	
	Qualified Opinion According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified for the year ended March 31, 2020:	
(i)	The company did not have an appropriate internal control system for reconciliation of Control Accounts in relation to the Sales / Revenue, Inventory and Payroll.	Constant efforts are being made to improve the internal controls in Sales/Revenue, Inventory and Payrolls etc. The company has outsourced the accounting of Revenue Data to Accelya who are controlling both Sales and Revenue, and the data from the Accelya System is being directly pushed into SAP and any mismatch in the interface is being checked and necessary action is taken in SAP System. Similarly, the linkage of RAMCO System with SAP System had been implemented to ensure timely and accurate upload of inventory data into SAP. Further, necessary controls in the Payrolls system are also being strengthened in consultation with the Personnel Department.

(ii)	The company did not have an appropriate internal control system for deduction, timely deposit and reconciliation of statutory dues.	All statutory dues are properly reconciled. However, due to the shortage of funds available there is a delay in the deposit of TDS on certain occasions. However, interest on such delays are provided for in the books of accounts.
(iii)	The Company did not have an appropriate internal control system for obtaining confirmation of balances on a periodic basis, ageing and reconciliation of Receivables, Payables, (including certain staff related accounts and suspense / control accounts), inventory lying with third parties, certain bank accounts, fixed deposit with Bank and statutory dues.	In this regard it may be noted that there is a steady and considerable improvement in this area as compared to previous years as can be seen from the following: a) All major Borrowings, Bank Balances have been confirmed and reconciled. b) In respect of Receivables/Payables, all major parties such as dues of Oil Companies, Airport Operators, Pax/Cargo Receivables and dues for VVIP Charters are totally reconciled. These parties in fact constitute a major portion of the total Receivables and Payables of the company. c) Further, in respect of certain other Receivables/Payables such as Staff related accounts and unlinked debits/ credits lying in various such accounts, the company has continued to use the help of the outside professional firm to carry out the Reconciliation of such accounts and the necessary accounting effect for the observations of 2019 will be given on due verification of the same.
(iv)	The company did not have an effective internal audit system commensurate with the size, nature and complexities of the business.	External Internal Auditors were appointed by the company to strengthen and enhance the scope of Internal audit in several areas of the company's business. With the assistance of these Auditors and the In-house internal audit team the company will strengthen the scope and coverage of internal audit commensurate with the size and nature of the company's business.
(v)	The Company did not have an effective Information Systems Audit to evaluate and test the IT general controls, which may affect the completeness, accuracy and reliability of the reports generated from IT System.	The Company has an effective ERP-SAP System in place and IBM has been appointed to implement and hand hold AI upto FY 2023. Several computers related applications are checked for accuracy and control by the Service Providers. The reliability/accuracyof these Reports are also checked before passing necessary entries in the books of accounts.

(vi)	The company did not have an effective system for timely accounting of entries including delay in accounting of cash collection/disbursement & approval thereof in IT System.	With the help of the SAP Consultant, the company will incorporate an effective system of timely accounting of entries in the IT System. During the year progress has been made in the B2B Invoicing for the fuel invoices we will expand to Catering and Airport Operators also the PSS System.
(vii)	The Company did not have an effective system for determining fair value of the Company's investments in its subsidiaries carried as assets held for sale.	Already replied to in reply to Point No 1 of the main audit qualifications.
	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, 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 during the year ended March 31, 2020, 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 the standalone financial statements of the Company as at and for the year ended 31 March 2020, and these material weaknesses have affected our opinion on the standalone financial statements of the Company and we have issued a qualified opinion on the standalone financial statements.	

ANNEXURE C REFERRED TO IN PARAGRAPH UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF AIR INDIA LIMITED (THE "COMPANY") FOR THE YEAR ENDED 31ST MARCH 2020:

Sl No	Directions under section 143(5) of Companies Act 2013	Response
1.	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated	The Company has an ERP system in place for processing all accounting transactions through IT systemsexcept for accounting of trade and other receivables which is recorded manually. Some of the activities have been outsourced by the company to outside vendors viz. a. Transportation revenue b. Cargo Revenue c. Processing of crew allowances Some manual intervention is necessitated for various closing entries; however accounting entries for the same are also processed through ERP. Based on our audit procedures, on test basis, wherever the accounting transactions are based on workings outside IT system, no instances of lack of integrity of accounts and no financial implications have been noted / reported. However, we have noted certain internal control weaknesses in processing of transactions, our comments on which have been given in Qualified Opinion para (i), (ii), (iii) & (v) of Annexure B of this audit Report.
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.	As per the information and explanation furnished to us, there has been no case of restructuring of existing loan or waiver /write off of debts/loans/interest etc. made by a lender to the Company during the year. However, as described in detail in Note no.28, the Company has repaid the debt from the proceeds received from AIAHL and is in the process of implementing financial restructuring plan in line with the Framework Agreement. The financial impact of the same on the standalone financial statements is given in note 28(iii)(m).
3.	Whether funds received/receivables for specific schemes from Central/State agencies were properly accounted for/ utilized as per its term and condition? List the cases of deviation.	To the best of our information and checks applied by us during the course of our audit, we are of the opinion that no funds received/ receivable for specific schemes from Central/ State agencies for the financial year 2019-2020.

STANDALONE BALANCE SHEET AS AT 31ST MARCH 2020

(Rupees in Million)

Particulars	Note No.	As at March 31, 2020		As at March 31, 2019	
ASSETS:					
Non-Current Assets					
(i) Property, Plant & Equipment	1	251,287.3		255,284.6	
(ii) Right of use Assets	1	202,905.4		-	
(iii) Capital Work-in-Progress	1	1,001.1		726.7	
(iv) Investment Property	1	4,375.7		4,377.7	
(v) Intangible Assets	1	64.3		194.7	
(vi) Intangible Assets under development	1	12.5		12.5	
		459,646.3		260,596.2	
(vii) Financial Assets :					
a) Investments	2	9,103.0		9,330.7	
b) Trade Receivables	3	-		-	
c) Loans	4	4,039.9		3,316.4	
d) Others	5	10,676.7		10,838.1	
		23,819.6		23,485.2	
(viii) Income Tax Assets (Net)	7	1,918.1		2,264.1	
(ix) Deferred Tax Assets (net)	49	28,425.2		28,425.2	
(x) Other Non-Current Assets	6	169.7		5,854.8	
			513,978.9		320,625.5
Current Assets					
(i) Inventories	8	9,471.3		8,063.8	
(ii) Financial Assets :					
a) Trade Receivables	3	13,756.1		20,133.8	
b) Cash and Cash Equivalents	9	6,248.4		2,450.4	
c) Bank Balances other than (b) above	10	6,855.7		6,342.3	
d) Loans	4	175.5		145.8	
e) Others	5	2,874.6		3,122.5	
		29,910.3		32,194.8	
(iii) Income Tax Assets (Net)	7	746.2		1,458.8	
(iv) Other Current Assets	6	13,264.4		12,657.0	
			53,392.2		54,374.4
Assets held for Sale	10.1		150,052.9		148,734.7
TOTAL			717,424.0		523,734.6

The accompanying notes are an integral part of the Financial Statements
This is the Balance Sheet referred to in our report of even date

For and on Behalf of
Khandelwal Jain & Co.
Chartered Accountants
FRN : 105049W
Sd/-
(Narendra Jain)
Partner
M.No. 048725

For and on Behalf of
Jagdish Chand & Co.
Chartered Accountants
FRN : 000129N
Sd/-
(Praveen Kumar Jain)
Partner
M.No. 85629

For and on behalf of the Board

Sd/-
(Rajiv Bansal)
Chairman & Managing Director
DI No.00245460

For and on Behalf of
PKF Sridhar & Santhanam LLP.
Chartered Accountants
FRN : 003990S/S200018
Sd/-
(V. Kothandaraman)
Partner
M.No.025973

Sd/-
(V.S. Hejmadi)
Director-Finance
DI No.07346490
Sd/-
(Kalpana Rao)
Company Secretary
M.No.ACS8194

Place : New Delhi
Date : 27 January 2021

Place : New Delhi
Date : 27 January 2021

STANDALONE BALANCE SHEET AS AT 31ST MARCH 2020

(Rupees in Million)

Particulars	Note No.	As at March 31, 2020		As at March 31, 2019	
EQUITY AND LIABILITIES:					
Equity					
(i) Equity Share Capital	11	326,652.1		326,652.1	
(ii) Other Equity	12	(701,203.2)		(621,315.7)	
			(374,551.1)		(294,663.6)
Receipts from Air India Assets Holding Ltd. (AIAHL) towards Restructuring	28(iii)		218,434.8	-	
Liabilities					
Non-current Liabilities					
a) **Financial Liabilities**					
(i) Borrowings	13	55,118.4		82,999.6	
(ii) Lease Liabilities	44	184,416.1		-	
(iii) Other Fiancial Liabilities	15	43.5		47.9	
		239,578.0		83,047.5	
b) Provisions	16	37,576.5		28,271.8	
c) Other Non Current Liabilities	17	401.9		-	
			277,556.4		111,319.3
Current Liabilities					
a) **Financial Liabilities**					
(i) Borrowings	18	250,869.4		276,303.4	
(ii) Lease Liabilities	44	27,684.2		-	
(iii) Trade Payables					
a) Total outstanding dues of micro enterprises and small enterprises	14	267.1		163.7	
b) Total outstanding dues of creditors other than micro enterprises and small enterprises	14	100,667.7		82,485.5	
(iv) AIAHL Intermediary Settlement Account	28(iii)	5,026.2		-	
(v) Other Financial Liabilities	15	143,062.1		283,464.4	
		527,576.7		642,417.0	
b) Other Current Liabilities	17	66,234.4		62,544.7	
c) Provisions	16	2,172.8		2,117.2	
			595,983.9		707,078.9
TOTAL			717,424.0		523,734.6
Significant Accounting Policies and	A		-		-
Notes forming part of the Financial Statements	1-62				

The accompanying notes are an integral part of the Financial Statements

This is the Balance Sheet referred to in our report of even date

For and on Behalf of
Khandelwal Jain & Co.
Chartered Accountants
FRN : 105049W

Sd/-

(Narendra Jain)
Partner
M.No. 048725

For and on Behalf of
Jagdish Chand & Co.
Chartered Accountants
FRN : 000129N

Sd/-

(Praveen Kumar Jain)
Partner
M.No. 85629

For and on Behalf of
PKF Sridhar & Santhanam LLP.
Chartered Accountants
FRN : 003990S/S200018

Sd/-

(V. Kothandaraman)
Partner
M.No.025973

Place : New Delhi
Date : 27 January 2021

For and on behalf of the Board

Sd/-

(Rajiv Bansal)
Chairman & Managing Director
DI No.00245460

Sd/-
(V.S. Hejmadi)
Director-Finance
DI No.07346490

Sd/-

(Kalpana Rao)
Company Secretary
M.No.ACS8194

Place : New Delhi
Date : 27 January 2021

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020

(Rupees in Million)

	Particulars	Note No.	2019-20	2019-20	2018-19	2018-19
I	**Revenue**					
	1. Revenue from Operations	19				
	i) Scheduled Traffic Services		**243,032.7**		224,005.6	
	ii) Non-Scheduled Traffic Services		**17,159.1**		15,914.9	
	iii) Other Operating Revenue		**16,914.3**		15,739.1	
	Revenue from Operations			**277,106.1**		255,659.6
II	2. Other Income	20		**8,138.3**		9,217.6
III	**Total Revenue (I+II)**			**285,244.4**		264,877.2
IV	**Expenses**					
	1. Aircraft Fuel & Oil			**93,992.7**		100,344.6
	2. Other Operating Expenses	21		**105,140.0**		131,113.9
	3. Employee Benefit Expenses	22		**32,253.7**		30,052.3
	4. Finance Costs	23		**39,192.6**		47,113.0
	5. Depreciation and Amortization	24		**42,921.8**		15,879.3
	6. Other Expenses	25		**49,400.9**		25,122.1
	Total Expenses			**362,901.7**		349,625.2
V	**(Loss) before Exceptional Items and Tax (III-IV)**			**(77,657.3)**		(84,748.0)
VI	Exceptional Items (Net)			**-**		-
VII	**(Loss) before Tax (V+VI)**			**(77,657.3)**		(84,748.0)
VIII	**Tax Expenses :**			**-**		-
IX	**(Loss) after Tax for the year (VII-VIII)**			**(77,657.3)**		(84,748.0)
X	**Other Comprehensive Income**					
	Items that will not be reclassified to Profit & Loss and its related income tax effect :			**-**		-
	i) Re-measurements of the Defined Benefit Plans			**(1,943.2)**		(863.8)
				(227.7)		48.2
	ii) Fair value changes on Equity Instruments through other comprehensive income			**-**		-
	iii) Income Tax on the above					
	Other Comprehensive Income/(Loss) for the year			**(2,170.9)**		(815.6)
XI	**Total Comprehensive Income/(Loss) for the year (IX+X)**			**(79,828.2)**		(85,563.6)
XII	**Earning per equity share of face value of Rs. 10 each**	50				
	Basic			**(Rs.2.38)**		(Rs.2.90)
	Diluted			**(Rs.2.38)**		(Rs.2.90)
	Significant Accounting Policies and	**A**				
	Notes forming part of the Financial Statements	**1-62**				

The accompanying notes are an integral part of the Financial Statements
This is the statement of Profit and Loss referred to in our report of even date

For and on Behalf of
Khandelwal Jain & Co.
Chartered Accountants
FRN : 105049W
Sd/-
(Narendra Jain)
Partner
M.No. 048725

For and on Behalf of
Jagdish Chand & Co.
Chartered Accountants
FRN : 000129N
Sd/-
(Praveen Kumar Jain)
Partner
M.No. 85629

For and on Behalf of
PKF Sridhar & Santhanam LLP.
Chartered Accountants
FRN : 003990S/S200018
Sd/-
(V. Kothandaraman)
Partner
M.No.025973

Place : New Delhi
Date : 27 January 2021

For and on behalf of the Board

Sd/-
(Rajiv Bansal)
Chairman & Managing Director
DI No.00245460

Sd/-
(V.S. Hejmadi)
Director-Finance
DI No.07346490

Sd/-
(Kalpana Rao)
Company Secretary
M.No.ACS8194

Place : New Delhi
Date : 27 January 2021

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2020

(Figures in Million)

A. Equity Share Capital (Refer Note 11)	For the year ended 31.03.2020		For the year ended 31.03.2019	
	No. of Shares	Amount in Rupees	No. of Shares	Amount in Rupees
Balance at the beginning of the year	**32,665.21**	**326,652.1**	28,690.21	286,902.1
Changes in the Equity Share Capital during the year				
Add : Equity Shares Allotted during the year	-	-	3,975.00	39,750.0
Balance at the end of the year	**32,665.21**	**326,652.1**	32,665.21	326,652.1

(Rupees in Million)

B. Other Equity (Refer Note 12)	Share Application Money	Capital Reserve	General Reserve	FCMITDA	Retained Earnings	Equity Instruments through OCI	Total
Balance as at 01.04.2018	-	6,878.7	(1,436.7)	(2,137.3)	(539,887.8)	743.9	(535,839.2)
(Loss) for the year	-	-	-	-	(84,748.0)	-	(84,748.0)
Transfer from General Reserve to Retained Earnings	-	-	1,436.7	-	(1,436.7)	-	-
Other comprehensive income for the year	-	-	-	-	(863.8)	48.2	(815.6)
Additions during the year	-	1,163.5	-	(1,135.5)	-	-	28.0
Amortization during the year	-	(454.6)	-	513.7	-	-	59.1
Balance as at 31.03.2019	-	7,587.6	-	(2,759.1)	(626,936.3)	792.1	(621,315.7)
Impact of Ind AS 116 - Leases (Refer Note 44)	-	-	-	-	**(2,223.0)**	**-**	**(2,223.0)**
Balance as at 01.04.2019	-	**7,587.6**	**-**	**(2,759.1)**	**(629,159.3)**	**792.1**	**(623,538.7)**
(Loss) for the year	-	**-**	**-**	**-**	**(77,657.3)**	**-**	**(77,657.3)**
Other Comprehensive Income for the year	-	**-**	**-**	**-**	**(1,943.2)**	**(227.7)**	**(2,170.9)**
Additions during the year	0.1	**186.6**	**-**	**(315.1)**	**-**	**-**	**(128.4)**
Amortization during the year	-	**(459.7)**	**-**	**2,751.8**	**-**	**-**	**2,292.1**
Balance as at 31.03.2020	0.1	**7,314.5**	**-**	**(322.4)**	**(708,759.8)**	**564.4**	**(701,203.2)**
Significant Accounting Policies and	A						
Notes forming part of the Financial Statements	1-62						

The accompanying notes are an integral part of the Financial Statements
This is the statement of Changes in Equity referred to in our report of even date

For and on Behalf of
Khandelwal Jain & Co.
Chartered Accountants
FRN : 105049W
Sd/-
(Narendra Jain)
Partner
M.No. 048725

For and on Behalf of
Jagdish Chand & Co.
Chartered Accountants
FRN : 000129N
Sd/-
(Praveen Kumar Jain)
Partner
M.No. 85629

For and on behalf of the Board

Sd/-
(Rajiv Bansal)
Chairman & Managing Director
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FRN : 003990S/S200018
Sd/-
(V. Kothandaraman)
Partner
M.No.025973

Place : New Delhi
Date : 27 January 2021

Sd/-
(V.S. Hejmadi)
Director-Finance
DI No.07346490
Sd/-
(Kalpana Rao)
Company Secretary
M.No.ACS8194

Place : New Delhi
Date : 27 January 2021

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2020

(Rupees in Million)

	Particulars	2019-20		2018-19	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	(Loss) before Exceptional and Extraordinary Items and Tax		**(77,657.3)**		(84,748.0)
	Adjustment for :				
	Unrealised Foreign Exchange (Gain)/Loss	**21,680.6**		2,791.4	
	Depreciation and amortisation	**42,921.8**		16,333.9	
	Provision for Obsolescence / Inventory Reconciliation *	**32.8**		(498.2)	
	Allowance for credit risk, credit impairment & doubtful advances*	**(67.8)**		1,315.0	
	Provision for Employee Benefits *	**653.2**		(433.9)	
	Provision for Redelivery of Aircrafts *	**-**		2,361.9	
	(Profit)/Loss on sale of fixed assets	**(409.0)**		(1,225.6)	
	Dividend income	**(66.5)**		(72.7)	
	Interest income (on Bank Deposits, advances to subsidiary companies & others)	**(5,115.4)**		(4,985.6)	
	Interest Cost on Lease Liabilities	**6,675.0**		-	
	Interest and Finance Charges	**32,517.6**		47,113.0	
			98,822.3		62,699.2
	Operating (Loss) / Profit Before Working Capital Changes		**21,165.0**		(22,048.8)
	Adjustments for :				
	(Increase) / Decrease in Inventories	**(1,440.2)**		1,466.3	
	(Increase) / Decrease in Trade and Other Receivables	**13,131.7**		(1,280.2)	
	Increase / (Decrease) in Trade and Other Payables	**20,463.1**		11,879.5	
			32,154.6		12,065.6
	Cash Generated from Operations		**53,319.6**		(9,983.2)
	Direct Taxes paid		**(397.8)**		(492.2)
	Net Cash Flow (used in)/ from Operating Activities		**52,921.8**		(10,475.4)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Acquisition of Property, Plant & Equipment	**(17,711.6)**		(14,367.1)	
	Proceeds from sale of Property, Plant & Equipment (Incl Assets Held For Sale)	**2,457.1**		4,092.6	
	(Increase) / Decrease in Right to Use Assets	**-**		-	
	(Increase) / Decrease in Bank Deposits (Maturity of more than 3 months)	**(427.9)**		(754.8)	
	Interest received (on Bank Deposits, advances to subsidiary companies & others)	**1,042.4**		1,062.4	
	Dividend Received	**66.5**		72.7	
	Net Cash Flow used in Investing Activities		**(14,573.5)**		(9,894.2)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Issue of Shares / Share application money received	**0.1**		39,750.0	
	Proceeds from Long Term Borrowings	**851.4**		4,221.3	
	Repayment of Long Term Borrowings	**(130,808.6)**		(30,940.1)	
	Proceeds from ShortTerm Borrowings	**35,584.9**		66,028.9	
	Repayment of Short Term Borrowings	**(59,393.9)**		(10,330.4)	
	Hire charges of Right to Use Assets	**(32,423.2)**		-	
	Payment towards foreclosure of leases	**(43,832.6)**		-	
	Receipts from Air India Assets Holding Ltd. (AIAHL) towards restructuring (net)	**223,461.1**		-	
	Increase/(Decrease) in Capital & Other Reserves (Net)	**186.7**		708.9	
	Interest Paid	**(27,875.3)**		(48,137.2)	
	Net Cash Flow from/(used in) Financing Activities		**(34,249.4)**		21,301.4
					49,069.0
	Net increase/ (Decrease) in Cash and Cash equivalents		**4,098.9**		931.8
	Unrealised Foreign Exchange Gain/(Loss) in Cash & Bank Balances		**(300.9)**		(367.4)
	Cash and Cash equivalents (Opening balance)		**2,450.4**		1,886.0
	Cash and Cash equivalents (Closing balance)		**6,248.4**		2,450.4

Notes

* These figures have been taken from Balance Sheet movements.

1 For details of components of Cash and Cash equivalents, see Note No. 9

2 Reconciliation of Liabilities arising from Financing Activities:- **(Rupees in Million)**

Particulars	As at 31.03.2019	Financing Cash Flows			Non Cash Flows - Exchange Loss/(Gain)	As at 31.03.2020
		Proceeds	Repayment	Adjustments relating to Ind AS 116		
Long Term Borrowings	306,255.5	851.4	(130,808.6)	(43,832.6)	328.8	132,794.5
Short Term Borrowings	276,303.4	35,584.9	(59,393.9)	811.6	(2,436.7)	250,869.3

3 Pursuant to adoption of Ind AS 116, operating lease payments which were considered as part of 'Cash flow from Operating Activities' until Financial Year 2018-19 has been recognised as part of 'Cash Flow from Financing Activities' with effect from Financial Year 2019-20."

The accompanying notes are an integral part of the Financial Statements
This is Cash Flow Statement referred to in our report of even date

For and on Behalf of
Khandelwal Jain & Co.
Chartered Accountants
FRN : 105049W

Sd/-

(Narendra Jain)
Partner
M.No. 048725

For and on Behalf of
Jagdish Chand & Co.
Chartered Accountants
FRN : 000129N

Sd/-

(Praveen Kumar Jain)
Partner
M.No. 85629

For and on behalf of the Board

Sd/-

(Rajiv Bansal)
Chairman & Managing Director
DI No.00245460

For and on Behalf of
PKF Sridhar & Santhanam LLP.
Chartered Accountants
FRN : 003990S/S200018

Sd/-

(V. Kothandaraman)
Partner
M.No.025973

Place : New Delhi
Date : 27 January 2021

Sd/-
(V.S. Hejmadi)
Director-Finance
DI No.07346490

Sd/-

(Kalpana Rao)
Company Secretary
M.No.ACS8194

Place : New Delhi
Date : 27 January 2021

NOTE: A

Accounting Policies forming part of the Standalone Financial Statements of Air India Limited for the year ended 31st March 2020

(Rupees in Millions except otherwise stated)

1. Company Information / Overview

Background

Air India Limited, (a Government of India Company, hereinafter referred to as AI/Company/AIL/Air India) is a Company incorporated in India, registered under the Provisions of Companies Act, 1956. The Govt of India holds 100% of Equity Share Capital of the Company. Debentures issued by the Company are listed on National Stock Exchange and Bombay Stock Exchange. The Company provides domestic and international air transport services, which includes mainly passenger and cargo services and other related services. The aircraft fleet of the Company consists of a wide range of aircrafts.The registered office of the Company is situated at Airlines House, 113, Gurudwara Rakabganj Road, New Delhi -110001.

2. Basis of preparation of Financial Statements

(i) Statement of Compliance

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

The Standalone Financial Statements for the year ended 31st March, 2020 have been approved by the Board of directors of the Company in their meeting held on 27th January, 2021.

The accounting policies, as set out in the following paragraphs of this note, have been consistently applied, by the Company, to all the periods presented in the said Financial Statements. The Financial Statements are based on the classification provisions contained in Ind AS 1, 'Presentation of Financial Statements' and Division II of Schedule III of the Companies Act 2013.

(ii) Basis of Preparation of Financial Statements

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

(iii) Critical Accounting Estimates /Judgments

In preparing these standalone 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 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 and Investments in subsidiaries and Joint Venture

b) Estimate of revenue recognition from "Forward Sales Account"

c) Fair value of Liability on account of Frequent Flyer Programme (FFP)

d) Measurement of useful life and residual values of property, plant and equipment and components thereof

e) Basis of classification of a Property as Investment Property

f) Basis of classification of Non-Current Assets held for sale

g) Estimation of Costs of Re-delivery, provision of maintenance redelivery and overhaul cost

h) Recognition of Deferred Tax Assets

i) Recognition and measurement of defined benefit obligations

j) Judgement required for ascertainment of contracts in the nature oflease, leasetermand fair value of lease as per Ind AS 116

k) Measurement of Fair Values and Expected Credit Loss (ECL)

l) Judgement is required to ascertain whether it is probable ornot that an outflowof resources embodying economic benefits will be required to settle the taxation disputes and legal claim.

m) Estimation of uncertainties on account of the global health pandemic Covid-19

(iv) 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 Stand-alone Financial Statements are presented in Indian Rupees (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.

(v) 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 CompaniesAct, 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 liabilities and assets.

3. Significant Accounting Policies

I. Property, Plant and Equipment (PPE)

a) An item is recognized as a property, plant or equipment, if and only if, it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses, if any.

b) 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 ever applicable, up to the date of putting the concerned asset to its working condition for its intended use.

c) Significant parts which meet the definition of property, plant and equipment (i.e. Aircraft Rotables, Repairables (with Serialized Control) including the major cost incurred on modernization / modification / conversion of aircraft and engines) have been capitalized as a separate component.

d) Physical Verification of Assets is done on a rotational basis so that every asset is verified in block of two years and the discrepancies observed in the course of the verification adjusted in the year in which report is finalized.

e) An item of PPE is de-recognized 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 PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss

II. 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, except in case of capitalization of major overhaul costs relating to engines and airframes which are identified as separate components.Depreciation method, useful lives and residual value are reviewed by the management at each year end.

b) On the basis of technical assessment, the useful life of B-777, B-787 and A-320 family aircraft(procured from 2006-07 onwards) are considered as 25 years (instead of the life of 20 years as prescribed under Schedule II of the Companies Act 2013) keeping a residual value of 5% of the original cost.

c) 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 technically qualified personsand approved by the Board of Directors keeping a residual value of 5% of the original cost as under**:**

1. Rotables:

   (i) Aircraft Rotables relating to Airbus family are depreciated over the residual average useful life of the aircraft fleet relating to the respective family and of the respective engineering base, from the relevant year of purchase.

   (ii) Aircraft Rotables relating to Boeing family are depreciated over the residual average useful life of the related aircraft fleet from the relevant year of purchase.

2. Aircraft Repairables**:**

   Repairable which are serially controlled are recognized as Property, Plant & Equipment and are accordingly depreciated over a period of 10 years.

d) Depreciation on additions to “Rotables”and“Repairables” is provided from the date of receipts of Property,Plant and Equipment.

e) In respect of leases of aircraft/engines in which the Company acquires, a residual right in the aircraft by paying a termination/release sum, such amount is treated as PPE and amortized over the remaining useful life of the aircraft/engines.

f) Major overhaul costs relating to engine and airframe are identified as separate components for owned aircraftsand aircrafts under finance lease and are fully depreciated over the expected lives between major overhauls

g) Cost incurred on major modifications/refurbishment, modernization/conversion carried out to owned and leased assets are depreciated over the useful life/period of lease of the asset.

III. Assets Held for Sale

Assets included and identified for divestment purposes are classified as held for sale if it is highly probable that they will be recovered primarily through salein its present condition rather than through continuing use and are measured at the lower of carrying amount and fair value less costs incurred to sell.No depreciation is provided, once the asset is transferred to Assets Held for Sale.

IV. Investment Properties

Investment Properties are properties held to earn rentals and / or for capital appreciation. Investment properties are measured initially at cost including transaction cost, Subsequently, Investment properties are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is provided as per Note No 3(II). Any gain or loss on disposal is recognized in Statement of Profit & Loss.

V. Intangible Assets

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the assets will flow to the enterprises and the cost of the assets can be measured reliably. Intangible assets are recorded at cost of acquisition including incidental costs related to acquisition and installation and are carried at cost less accumulated amortization and impairment losses, if any.

Intangible assets which have finite useful lives are amortized on straight line method over the estimated useful life, which is reviewed by the management every year i.e.

a) Software of Passenger Services System, over 10 years, and

b) Other software/website, over 5 years.

VI. Capital work-in-progress

Cost of property, plant and equipment including intangible assets not ready for use as at the reporting date are disclosed as capital work-in-progress.

VII. Leases

As a Lessee

The Company has adopted Ind AS 116 “Leases” from 1st April 2019 as Ind AS 116 introduced a single, on-balance sheet lease accounting model for lessees with effect from 1st April 2019. As a result, the Company, as a lessee, has recognized “Right-of-Use Assets” (ROU) representing its rights to use the underlying Assets and “Lease Liabilities” representing its obligation to make lease payments.

Ind AS 116 has been adopted retrospectively by the Company with the cumulative effect of initially applying the new standard as an adjustment to the opening balance of the retained earnings as on the date of initial application i.e. as on April 1, 2019. Accordingly, the Company is not required to restate the comparative information for the year ended 31st March 2019.

The Company has adopted the “Grand father Approach” for the assessment as to which transactions are to be categorized as leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

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 such asset. The Company's leased asset classes primarily consist of leases for Aircrafts, Engines and Leasehold Land.

At the date of commencement of the lease, the Company recognizes 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 recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease or another systematic basis which is more representative of the pattern of use of the underlying asset.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

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 and estimated cost for re-delivery/removing/restoration of the underlying asset 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 lease term. 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. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if it exercises an extension or a termination option.

As a Lessor

In the case of any leased assets transferred/sub-leased to Subsidiary Cos, the Subsidiaries recognize the lease liability as such, transfer/sub-leased directly related to the business of the respective Subsidiaries.

Accounting Standard effective till 31stMarch 2019, Ind AS 17 – Leases

(i) Finance lease

a) A lease is classified as finance lease or operating lease at the inception date. Leases of property, plant and equipment that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance lease.

b) Assets held under finance lease are initially capitalized at the fair value at the inception of lease or at the present value of the minimum lease payments whichever is lower.

c) Minimum lease payments made under finance lease are apportioned between the finance costs and the reduction of the outstanding liability treated as loan. The finance cost is allocated to each period during the lease term. However, if they are directly attributable to qualifying assets, then they are capitalized in accordance with the Company's general policy on borrowing cost.

(ii) Operating Lease

a) Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased assets are classified as Operating Lease.

b) Lease payments in respect of assets taken on operating lease are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with the expected general inflation to compensate the lessors expected inflationary cost increases. Any change in the lease terms are accounted prospectively over the remaining term of lease.

c) Contributions made to lessors on account of Maintenance Reserve for which, maintenance is expected to arise during the lease period is treated as Expense.

d) The Company has in its fleet, aircrafts on operating 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. The redelivery costs are estimated by management based on historical trends and data and are charged to Statement of Profit & Loss in proportion to the expired lease period. These are recorded at the discounted value, where effect of the time value of money is material.

(iii) Sale and Lease Back (SLB)Transactions

Profit or losses arise on sale at fair value and leaseback transactions of asset resulting in an operating lease of such assets, are recognized immediately in the statement of Profit and Loss. Where the sale price is below fair value, any profits/ losses are immediately recognized in the Statement of Profit and Loss except where the loss is compensated by future lease payments at below market price. In such cases loss is deferred and amortized in proportion to the lease payments over the initial period for which the asset is expected to be used. In the case where the sale price is above fair value of the asset, the excess over fair value is amortized over the initial period of the lease period for which the asset is expected to be used.

VIII. Inventories

a) Inventories primarily consists of stores and spares and loose tools (other than those which meet the criteria of property, plant and equipment). Cost of inventories comprise all costs of purchase after deducting non-refundable rebates and discounts at the time of purchase and all other costs incurred in bringing the inventories to their present location and condition and is determined on weighted average basis.

b) Inventories are valued at lower of cost and Net RealizableValue ('NRV').NRV for stores and spares, loose tools and fuel 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.

c) 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 isclosed on the completion of repair work.

d) Obsolescence provision for aircraft stores and spare parts

(i) Provision is made for the non-moving inventory exceeding a period of five years (net of 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 Aircrafts.

(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.

e) Full Obsolescence Provision for non-aircraft stores and spares is made for non-moving inventory exceeding a period of five years.

f) Spares retrieved from the cannibalization of the scrapped aircraft are accounted for at Rupee One.

IX. Investments in Subsidiaries, Associates &Joint Ventures

Investments in Subsidiaries, Associate and Joint Ventures are carried at cost, less impairment losses, if any,in the value of investments.Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, associates and joint venture, the difference between net disposal proceeds and thecarrying amounts are recognized in the statement of profit and loss.

X. 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.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's 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 discount rate that reflects current market assessments.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). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

XI. 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 are 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.

XII. Revenue Recognition

The Company recognizes revenue in accordance with Ind- AS 115. Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration that the Company expects to receive in exchange for those products or services.The Company presents revenues net of indirect taxes in its Statement of Profit and loss.

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 and Revenue is recorded when the recovery of consideration is probable and determinable.

a) The Company’s revenue primarily derives from transportation services for Passengers,Cargo and Mail Revenue. Revenue is recognized when the transportation service has been provided. Passengers tickets paid for in advance of transportation are recognized, net of discounts, as deferred revenue on ticket sales in current liabilities until the customer has flown. At the end of each financial year, unutilized balance in Forward sales for more than two years is fully recognized as Revenue and for balance amount Revenue is recognized at a certain estimated percentage of the value of tickets/airway bills sold based on available historical statistical data. The Company considers whether it is an agent or a principal in relation to transportation services by considering whether it has a performance obligation to provide services to the customer or whether the obligation is to arrange for the services to be provided by a third party. Other operating revenues arerecognized as the related performance obligation is satisfied (over the time) using an appropriate methodology which reflects the activity that has been undertaken to satisfy the related obligation.

b) The Company operates Frequent Flyer Programme that provides loyalty points based on accumulated mileage points to those who have joined this facility.The revenue recognized when the transportation service is provided is reduced by the estimated fair value of the mileage points issued in the year such loyalty points are earned.The fair value attributed to the awarded loyalty points is treated as a deferred liability and recognized as revenue on redemption of the points. The liability for FFP is provided based upon Actuarial Valuation at the year end.

c) Loss or gain on reissue/refund/ involuntary transfer of passengers to other carriers is also deducted or included, as the case may be, in the transport revenue.

d) 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.

e) 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.

f) Dividend is recognized as, income, if the right to receive is established before the close of the year.

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

h) Warranty claims/credit notes received from vendors are recognized on acceptance of claim/receipt of credit note.

i) Gain or loss arising out of sale/scrap of PPE including aircraft over the net depreciated value is taken to Statement of Profit & Loss as Non-Operating Revenue or Expenses.

j) Other Items:

   i) 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.

   ii) Liability/ Claims for amounts payable towards IATA dues are recognized to the extent of claims/ invoices received.

XIII. Segment Reporting

The Company is engaged in airline related business which is the only reportable segment. Hence, the Company considers only geographical area wise revenue earned for the purposes of Segment Reporting.

Operating segments are reported in a manner consistent with the internal financial reporting to the Chief Operating Decision Maker "CODM" of the Company i.e. the Board of Directors of the Company under Ind AS 108 “Operating Segments”.

XIV. Manufacturer’s Credit (Cash & Non-Cash Incentives)

Manufacturer’s credit entitlements are accounted for on accrual basis and credited to ‘Incidental Revenue’ by contra debit to ‘Advances’; when the credit entitlement is used, the ‘advances’ are adjusted against the liability created for either acquiring an asset or incurring an expenditure.

XV. Borrowing Costs

a) 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 recognized as expenses in the period in which they are incurred.

b) 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.

XVI. Foreign Currency Transactions

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.

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.

b) Foreign Currency Non-Monetary Items

Non-monetary items denominated in Foreign Currency are stated at the rates prevailing on the date of the transaction/exchange rate at which transaction is actually affected.

c) 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.

XVII. Employee Benefits

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. The Company has created separate Trusts to administer Provident Fund contributions to which contributions are made regularly. 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.

Liability for Gratuity,Pension and other retirement Benefits for staff directly recruited at foreign stations is provided in compliance with local laws prevailing in the respective countries based on available information as at the year end.

c) **Other Long-Term EmployeeBenefits:** 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 arerecognized in Statement of Profit and Loss in the period in which they arise.

d) **Short Term Benefits**

Short Term Employee Benefits are accounted for in the period during which the services have been rendered.

XVIII. Taxes on Income

(i) Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date. Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

(ii) 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 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 assetto 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.

XIX. 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) Contingent liabilities are disclosed by way of a note in respect of possible obligations thatmay arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

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

XX. 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.

XXI. 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.

XXII. Fair Value Measurement

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.

XXIII. 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 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) Investment in subsidiaries, joint ventures and associates

The Company has accounted for its investment in subsidiaries, joint ventures and associates at cost. The Company assesses whether there is any indication that these investments may be impaired. If any such indication exists, the investment is considered for impairment based on the fair value thereof.

(vi) 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.

(vii) 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**

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.

XXIV. Threshold Limits

The Company has adopted following materiality threshold limits in therecognition of expenses/incomes:

		(Rs in Million)
No	**Threshold Items**	**Threshold Value**
i)	Fair Valuation of Financial Instruments	50.00
ii)	Prior Period Items	
	-Identificationbased on individual limits	25.0
	-Restatement based on overall limits	1% of Total Revenue of Previous FY

XXV. Recent Accounting Pronouncements

a) Changes in Accounting Standards Issued after 31st March 2020, however effective from 1st April 2019

- Ind AS 116 Leases – Clarification on whether rent concessions as a direct consequence of COVID- 19 pandemic can be accounted as lease modification or not.

b) Changes in Accounting Standards that may affect the Company after 31st March 2020

The following Accounting Standards have been modified on miscellaneous issues with effect from 24th July 2020. Such changes include clarification/guidance on:

- Ind AS 1 Presentation of Financial Statements – Substitution of the definition of term ‘Material’
- Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors – In order to

maintain consistency with Ind AS 1, the respective changes have been made to Ind AS 8 also.

- Ind AS 10 Events after the Reporting Period – Clarification on the disclosures requirements to be made in case of a material non- adjusting event.
- Ind AS 34 Interim Financial Reporting – In order to maintain consistency with the amendments made in other Ind AS, respective changes have been made to Ind AS 34.
- Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets – Clarification on the accounting treatment for restructuring plans.
- Ind AS 103 Business Combination – Detailed guidance on term ‘Business’ and ’Business Combination’ along with providing an Optional test to identify concentration of Fair Value.
- Ind AS 107 Financial Instruments: Disclosures – Clarification on certain disclosures to be made in respect of uncertainty arising from interest rate benchmark reforms.
- Ind AS 109 Financial Instruments – Clarification on temporary exceptions from applying specific hedge accounting requirements along with providing guidance on transition for hedge accounting.

The Company does not expect any significant impact of these amendment on its financial statements.

NOTE "1" :

(Rupees in Million)

Sl. No.	Particulars	GROSS BLOCK					DEPRECIATION					NET BLOCK	
		As at April 01, 2019	Additi-ons/ Reclassi-fication	Deducti-ons / Reclassi-fication	Adjust-ments relating to Ind AS 116	As at March 31, 2020	Upto April 01, 2019	For the year	Deductions / Reclassi-fication	Adjust-ments relating to Ind AS 116	Upto March 31, 2020	As at March 31, 2020	As at March 31, 2019
PROPERTY, PLANT & EQUIPMENT													
A.	**LAND & BUILDINGS * @**												
1.	Land-Freehold	2,994.0	-	2,711.4	-	282.6	-	-	-	-	-	**282.6**	2,994.0
2.	Land-Leasehold	643.9	-	463.9	(180.0)	-	-	-	-	-	-	**-**	643.9
3.	Buildings	8,722.7	-	25.8	-	8,696.9	546.2	361.7	6.2	-	901.7	**7,795.2**	8,176.5
	SUB TOTAL "A"	12,360.6	-	3,201.1	(180.0)	8,979.5	546.2	361.7	6.2	-	901.7	8,077.8	11,814.4
B.	**AIRCRAFT FLEET, ROTABLES & REPAIRABLES**												
1.	Airframes												
	Owned	174,014.3	553.0	(144,807.7)	(144,807.7)	174,567.3	22,565.9	5,318.1	(62,914.5)	(59,830.2)	30,968.3	**143,599.0**	151,448.4
	Leased	-	-	-	-	-	-	-	-	-	-	**-**	-
2.	Aero Engines & Power Plants					-					-		
(a)	Owned-Fixed Cost	72,415.3	1,492.6	(52,187.8)	(52,187.8)	73,907.9	8,628.2	2,283.0	(22,161.3)	(21,078.4)	11,994.1	**61,913.8**	63,787.1
(b)	Owned-Variable Cost (Component)	3,231.5	-	-	-	3,231.5	2,862.7	188.2	-	-	3,050.9	**180.6**	368.8
(c)	Owned-Repair Cost	7,603.9	10,483.2	-	-	18,087.1	3,472.7	2,576.2	-	-	6,048.9	**12,038.2**	4,131.2
3.	Simulators & Link Trainers	2,732.4	-	-	-	2,732.4	279.7	158.6	-	-	438.3	**2,294.1**	2,452.7
4.	Airframe Rotables	9,314.8	1,792.2	7.6	-	11,099.4	1,414.4	656.7	0.8	-	2,070.3	**9,029.1**	7,900.4
5.	Aero-Engine Rotables	757.0	-	-	-	757.0	181.5	60.5	-	-	242.0	**515.0**	575.5
6.	Aircraft Repairables	10,379.9	2,774.3	644.1	-	12,510.1	2,829.4	1,124.6	110.9	-	3,843.1	**8,667.0**	7,550.5
7.	Simulator Rotables	-	-	-	-	-	-	-	-	-	-	**-**	-
	SUB TOTAL "B"	280,449.1	17,095.3	196,343.8)	(196,995.5)	296,892.7	42,234.5	12,365.9	(84,964.1)	(80,908.6)	58,655.9	238,236.8	238,214.6
C.	OTHERS *												
1.	Workshop Equipment, Instruments, Plant & Machinery and Vehicles	5,272.2	222.3	5.3	-	5,489.2 -	932.6	439.2	0.9	-	1,370.9 -	**4,118.3**	4,339.6
2.	Ground Support & Ramp Equipment	426.5	2.2	17.9	-	410.8	303.2	5.8	14.8	-	294.2	**116.6**	123.3
3.	Furniture & Fixtures	223.3	4.9	0.1	-	228.1	84.9	21.3	0.1	-	106.1	**122.0**	138.4
4.	Office Appliances & Equipment	169.9	10.7	0.4	-	180.2	75.3	19.9	0.1	-	95.1	**85.1**	94.6
5.	Computer System	343.6	85.0	0.5	-	428.1	138.0	59.9	-	-	197.9	**230.2**	205.6
6.	Electrical Fittings & Installations	488.8	2.4	0.2	-	491.0	134.7	56.0	0.2	-	190.5	**300.5**	354.1
7.	Object D'art (Net Block Rs.37,168.97)^	0.6	-	-	-	0.6	0.6	-	-	-	0.6	**-**	-
	SUB TOTAL "C"	6,924.9	327.5	24.4	-	7,228.0	1,669.3	602.1	16.1	-	2,255.3	4,972.7	5,255.6
TOTAL PROPERTY, PLANT & EQUIPMENT		**299,734.6**	**17,422.8**	**(193,118.3)**	**(197,175.5)**	**313,100.2**	**44,450.0**	**13,329.7**	**(84,941.8)**	**(80,908.6)**	**61,812.9**	**251,287.3**	**255,284.6**
RIGHT OF USE ASSETS #													
1.	Aircraft Fleet	-	811.6	197,807.2	425,473.2	228,477.6	-	29,919.4	85,075.8	80,908.6	25,752.2	**202,725.4**	-
2.	Land-Leasehold	-	-	-	180.0	180.0	-	-	-	-	-	**180.0**	-
	TOTAL RIGHT OF USE ASSETS	-	811.6	197,807.2	425,653.2	228,657.6	-	29,919.4	85,075.8	80,908.6	25,752.2	**202,905.4**	-
INVESTMENT PROPERTY *													
1.	Investment Property Land - Freehold	191.7	-	-	-	191.7	-	-	-	-	-	**191.7**	191.7
2.	Investment Property Land - Leasehold	4,104.6	-	-	-	4,104.6	-	-	-	-	-	**4,104.6**	4,104.6
3.	Investment Property - Buildings	102.4	-	-	-	102.4	21.0	2.0	-	-	23.0	**79.4**	81.4
	TOTAL FOR INVESTMENT PROPERTY	**4,398.7**	**-**	**-**	**-**	**4,398.7**	**21.0**	**2.0**	**-**	**-**	**23.0**	**4,375.7**	**4,377.7**
INTANGIBLE ASSETS :													
A.	**COMPUTER SOFTWARE**	**950.3**	**-**	**-**	**-**	**950.3**	**755.6**	**130.4**	**-**	**-**	**886.0**	**64.3**	**194.7**
B.	**OTHERS**	**383.6**	**-**	**-**	**-**	**383.6**	**383.6**	**-**	**-**	**-**	**383.6**	**-**	**-**
TOTAL FOR INTANGIBLE ASSETS		**1,333.9**	**-**	**-**	**-**	**1,333.9**	**1,139.2**	**130.4**	**-**	**-**	**1,269.6**	**64.3**	**194.7**
TOTAL ASSETS		**305,467.2**	**18,234.4**	**4,688.9**	**228,477.7**	**547,490.4**	**45,610.2**	**43,381.5**	**134.0**	**-**	**88,857.7**	**458,632.7**	**259,857.0**
Capital Work-in-Progress		726.7	274.4	-	-	1,001.1	-	-	-	-	-	**1,001.1**	726.7
Intangible Assets under Development		12.5	-	-	-	12.5	-	-	-	-	-	**12.5**	12.5
GRAND TOTAL		**306,206.4**	**18,508.8**	**4,688.9**	**228,477.7**	**548,504.0**	**45,610.2**	**43,381.5**	**134.0**	**-**	**88,857.7**	**459,646.3**	**260,596.2**

1 During the year, the Company has capitalized translation difference of Rs.874.0 Million (Previous Year : Rs.4,047.0 Million) arising on settlement and reporting of long term monetary items. Additions to "Aircraft Fleet, Rotables & Repairables" includes Exchange Rate Fluctuations (Net of Debit & Credit) on underlying loans in foreign currency : Rs. 874.0 Million (Previous Year: Rs. (4,047.0 Million).

2 37 Aircraft (Carrying Value of Rs.197,807.2 Million) taken on lease earlier, were transferred to "Property, Plant & Equipment" during the year upon discharge of loan to lenders. However, the title of 15 Aircraft have not yet been transferred due to the cross default clause in other facilities.

3 Borrowing costs capitalized during the year are Rs.35.0 Million (Previous Year : Rs.21.0 Million)

4 Depreciation includes debit of Rs.459.7 Million (Previous Year : Debit of Rs.454.6 Million) to Capital Reserve.

5 As per Accounting Policy, the Company has carried out impairment of assets as required under Ind AS 36.

6 Special tools included in "Property, Plant & Equipment" under the sub head "Others" are being Depreciated at year wise total Block Amount.

7 Leasehold land on long term basis with the option to extend the same are identified as perpetual lease and are not amortised during the period of Lease.

8 "Intangible Asset - Others" represents Membership Fees for joining Star Alliance.

9 Object D'art reflected in "Property, Plant & Equipment" Note as a separate line item are old assets and have been fully depreciated appearing at NIL value(Rs 1).

* Property, Plant & Equipment identified for transfer to AI Engineering Services Ltd. (Refer Note 30(iv))

^ Object D'art planned to be transferred to AIAHL / NGMA

@ Land and Building identified for monitization amounting to Rs.3,181.9 Million (Previous Year : Rs.68,066.3 Million) have been reclassified as Asset Held for Sale

\# For movement of Right of Use Assets Refer Note 44

NOTE "1"

(Rupees in Million)

Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at April 01, 2018	Additions/ Reclassification	Deductions / Reclassification	As at March 31, 2019	Upto April 01, 2018	For the year	Deductions / Reclassification	Upto March 31, 2019	As at March 31, 2019	As at March 31, 2018
PROPERTY, PLANT & EQUIPMENT											
A.	**LAND & BUILDINGS**										
1.	Land-Freehold	5,725.4	43.6	2,775.0	2,994.0	-	-	-	-	**2,994.0**	5,725.4
2.	Land-Leasehold	1,838.1	-	1,194.2	643.9	-	-	-	-	**643.9**	1,838.1
3.	Buildings	9,450.8	22.0	750.1	8,722.7	255.8	384.6	94.2	546.2	**8,176.5**	9,195.0
	SUB TOTAL "A"	17,014.3	65.6	4,719.3	12,360.6	255.8	384.6	94.2	546.2	11,814.4	16,758.5
B.	**AIRCRAFT FLEET, ROTABLES & REPAIRABLES**										
1.	Airframes										
	Owned	171,908.4	2,829.1	723.2	174,014.3	14,938.3	8,225.1	597.5	22,565.9	**151,448.4**	156,970.1
	Leased	-	-	-	-	-	-	-	-	**-**	-
2.	Aero Engines & Power Plants										
(a)	Owned-Fixed Cost	69,119.3	6,129.3	2,833.3	72,415.3	5,445.5	3,182.7	-	8,628.2	**63,787.1**	63,673.8
(b)	Owned-Variable Cost (Component)	3,231.5	-	-	3,231.5	2,447.8	414.9	-	2,862.7	**368.8**	783.7
(c)	Owned-Repair Cost	5,282.7	2,321.2	-	7,603.9	2,054.9	1,417.8	-	3,472.7	**4,131.2**	3,227.8
3.	Simulators & Link Trainers	2,732.4	-	-	2,732.4	114.8	164.9	-	279.7	**2,452.7**	2,617.6
4.	Airframe Rotables	8,407.7	907.1	-	9,314.8	881.8	532.6	-	1,414.4	**7,900.4**	7,525.9
5.	Aero-Engine Rotables	757.0	-	-	757.0	121.0	60.5	-	181.5	**575.5**	636.0
6.	Aircraft Repairables	9,498.2	1,085.4	203.7	10,379.9	2,007.5	958.2	136.3	2,829.4	**7,550.5**	7,490.7
7.	Simulator Rotables	-	-	-	-	-	-	-	-	**-**	-
	SUB TOTAL "B"	270,937.2	13,272.1	3,760.2	280,449.1	28,011.6	14,956.7	733.8	42,234.5	238,214.6	242,925.6
C.	**OTHERS**										
1.	Workshop Equipment, Instruments,	4,352.8	947.6	28.2	5,272.2	486.9	450.8	5.1	932.6	**4,339.6**	3,865.9
	Plant & Machinery and Vehicles										-
2.	Ground Support & Ramp Equipment	442.7	3.1	19.3	426.5	273.5	45.1	15.4	303.2	**123.3**	169.2
3.	Furniture & Fixtures	220.5	3.9	1.1	223.3	62.6	22.3	-	84.9	**138.4**	157.9
4.	Office Appliances & Equipment	166.4	3.9	0.4	169.9	47.8	24.9	(2.6)	75.3	**94.6**	118.6
5.	Computer System	328.0	24.1	8.5	343.6	76.4	61.6	-	138.0	**205.6**	251.6
6.	Electrical Fittings & Installations	487.5	1.4	0.1	488.8	78.9	56.6	0.8	134.7	**354.1**	408.6
7.	Object D'art (Net Block Rs.38,096.38)	0.6	-	-	0.6	0.6	-	-	0.6	**-**	-
	SUB TOTAL "C"	5,998.5	984.0	57.6	6,924.9	1,026.7	661.3	18.7	1,669.3	5,255.6	4,971.8
TOTAL PROPERTY, PLANT & EQUIPMENT		**293,950.0**	**14,321.7**	**8,537.1**	**299,734.6**	**29,294.1**	**16,002.6**	**846.7**	**44,450.0**	**255,284.6**	**264,655.9**
INVESTMENT PROPERTY											
1.	Investment Property Land - Freehold	-	191.7	-	191.7	-	-	-	-	**191.7**	
2.	Investment Property Land - Leasehold	4,213.0	-	108.4	4,104.6	-	-	-	-	**4,104.6**	4,213.0
3.	Investment Property - Buildings	6,569.4	-	6,467.0	102.4	862.8	59.6	901.4	21.0	**81.4**	5,706.6
TOTAL FOR INVESTMENT PROPERTY		10,782.4	191.7	6,575.4	4,398.7	862.8	59.6	901.4	21.0	**4,377.7**	9,919.6
INTANGIBLE ASSETS :											
A.	**COMPUTER SOFTWARE**	**885.4**	**64.9**	**-**	**950.3**	**611.7**	**143.9**	**-**	**755.6**	**194.7**	**273.7**
B.	**OTHERS**	**383.6**	**-**	**-**	**383.6**	**255.8**	**127.8**	**-**	**383.6**	**-**	**127.8**
TOTAL FOR INTANGIBLE ASSETS		1,269.0	64.9	-	1,333.9	867.5	271.7	-	1,139.2	**194.7**	401.5
TOTAL ASSETS		306,001.4	14,578.3	15,112.5	305,467.2	31,024.4	16,333.9	1,748.1	45,610.2	**259,857.0**	274,977.0
Capital Work-in-Progress		813.6	423.3	510.2	726.7	-	-	-	-	**726.7**	813.6
Intangible Assets under Development		82.9	-	70.4	12.5	-	-	-	-	**12.5**	82.9
GRAND TOTAL		**306,897.9**	**15,001.6**	**15,693.1**	**306,206.4**	**31,024.4**	**16,333.9**	**1,748.1**	**45,610.2**	**260,596.2**	**275,873.5**

1. During the year, the Company has capitalized translation difference of Rs.4,047.0 Million (Previous Year : Rs.244.4 Million) arising on settlement and reporting of long term monetary items. Additions to "Aircraft Fleet, Rotables & Repairables" includes Exchange Rate Fluctuations (Net of Debit & Credit) on underlying loans in foreign currency : Rs. 4,047.0 Million (Previous Year: Rs. (244.4 Million).
2. "Aircraft Fleet, Rotables & Repairables" includes 34 Aircraft (One B777-300 ER, Six B787-800, Four B747-400, Ten A-319, Five A320 & Eight A-321), 22 Spare Engines (includes 10 CFM-5B, 2 CFM Leap Engines) & 4 Spare APUs (Previous Year : 39Aircraft (one B777-300 ER, Six B 787-800 , Five B 747-400 , Nine A-319, Ten A320 & Eight A-321) 20 Spare engines & 4 APUs) owned by Air India Ltd.
3. "Aircraft Fleet, Rotables & Repairables" includes 36 Aircraft (Three B777-200LR, Twelve B777-300 ER, Nine A-319 & Twelve A-321) (Previous Year : 37 Aircraft - {Three B777-200LR, Twelve B777-300ER, Ten A-319 & Twelve A-321}) & 5 GE Spare Engines (Previous Year 5 GE Spare Engines) and Registration of these 36 Aircraft & 5 Spare Engines continues to be in the name of SPV Company for which beneficial ownership is with Air India Ltd. (Refer Note 43(i)(a))
4. Borrowing costs capitalized during the year are Rs.21.0 Million (Previous Year : Rs.1,636.8 Million)
5. Depreciation includes debit of Rs.454.6 Million (Previous Year : Debit of Rs.463.5 Million) to Capital Reserve.
6. As per Accounting Policy, the Company has carried out impairment of assets as required under Ind AS 36.
7. Special tools included in "Property, Plant & Equipment" under the sub head "Others" are being Depreciated at year wise total Block Amount.
8. Leasehold land on long term basis with the option to extend the same are identified as perpetual lease and are not amortised during the period of Lease.
9. "Intangible Asset - Others" represents Membership Fees for joining Star Alliance.
10. Object D'art reflected in "Property, Plant & Equipment" Note as a separate line item are old assets and have been fully depreciated appearing at NIL value(Rs 1).

NOTE "2" : NON-CURRENT INVESTMENTS

(Rupees in Million)

	Particulars	As at March 31, 2020	As at March 31, 2019
1	INVESTMENTS at Cost		
1.1	EQUITY INSTRUMENTS - UNQUOTED		
A	IN SUBSIDIARIES		
i)	78,000,000 Equity Shares (Previous Year :78,000,000 Equity Shares) of Rs. 100 each fully paid up in Air India Express Limited.	**7,800.0**	7,800.0
	SUB TOTAL	**7,800.0**	7,800.0
B	IN JOINT VENTURE		
	40,424,975 Equity Shares (Previous Year : 40,424,975 Equity Shares) of Rs.10 each	**436.2**	436.2
	fully paid up in Air India SATS Airport Services Private Ltd.		
	(40,419,975 Equity Shares of Rs.10 each issued at a premium of Rs.0.79 per share)		
	SUB TOTAL	**436.2**	436.2
	TOTAL INVESTMENT at Cost (A)	**8,236.2**	8,236.2
2.	INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI)		
2.1	EQUITY INSTRUMENTS (QUOTED)		
	375,407 Equity Shares (Previous Year : 375,407 Equity Shares) of EUR 0.48 each fully paid up in Orange S.A. (formerly known as France Telecom)	**346.0**	422.8
	SUB TOTAL	**346.0**	422.8
2.2	WITH OTHERS / STRUCTURED ENTITIES		
	TRADE INVESTMENTS		
i)	2,617,098 Equity Shares (Previous Year : 2,617,098 Equity Shares) of MAR 10 each fully paid up in Air Mauritius Ltd.	**131.4**	131.4
ii)	2,301,244 Equity Shares (Previous Year : 2,301,244 Equity Shares) of MAR 10 each fully paid up in Air Mauritius Holding Ltd.	**45.5**	45.5
		176.9	176.9
	Less : Provision for Diminution	**176.9**	-
		-	176.9
iii)	12,500,000 Equity Shares (Previous Year : 12,500,000 Equity Shares) of Rs. 10 each	**477.2**	451.2
	fully paid up in Cochin International Airport Limited. #		
	(Includes 2,500,000 Equity Shares of Rs.10 issued and subscribed at a premium of Rs.40 per share)		
iv)	302 Equity Shares (Previous Year : 277 Equity Shares) of EUR 5.00^ each fully paid up in SITA (Societe Internationale de Telecommunications Aeronautiques). (25 Shares allotted during the year)	**0.1**	0.1

	Particulars	As at March 31, 2020	As at March 31, 2019
v)	890,139 Depository Certificates of SITA Information Network Computing N.V. ^ (Previous Year : 890139)	**42.7**	42.7
vi)	2299 class B Shares (Previous Year : 2348 Shares) of BHT 100 ^ each fully paid up in Aeronautical Radio of Thailand Ltd. (49 Shares redeemed during the year)	**0.4**	0.4
vii)	50 Equity Shares (Previous Year : 50 Equity Shares) of EUR 152.45 each ^ fully paid up in Association Sportive Du Golf Isabella.	**0.4**	0.4
	SUB TOTAL	**520.8**	671.7
2.3	**DEBENTURES**		
	6% Debenture Bonds of Banco De Roma face value EUR 15.49 ^ guaranteed by the Government of Italy (Deposited with Civil Aviation Department, Italy) (* Rs.3,057.69)	*** 0.0**	* 0.0
	SUB TOTAL	**-**	**-**
	TOTAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI) (B)	**866.8**	1,094.5
	TOTAL INVESTMENTS (A + B)	**9,103.0**	9,330.7

Aggregate amount of unquoted investments (NET)	**8,757.0**	8,907.9
Aggregate provision for diminution in value of investments	**176.9**	-
Aggregate amount of quoted investments (Market value : Rs.346.0 Million (Previous Year : Rs.422.8 Million)) (Equivalent to EUR 4.2 Million (Previous Year : EUR 5.5 Million))	**346.0**	422.8

Fair valuation of Investments carried out at net asset value based on latest available Audited Financial Statements of the entity.

^ Investments carried at cost.

NOTE “3” : TRADE RECEIVABLES

(Rupees in Million)

Particulars	Non-current		Current	
	As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
Considered Good - Unsecured *	**-**	-	**13,756.1**	20,133.8
Trade Receivables having significant increase in credit risk	**-**	-	**1,128.6**	1,389.4
Trade Receivables - Credit Impaired	**10,283.9**	9,399.7		
	10,283.9	9,399.7	**14,884.7**	21,523.2
Less : Allowance for Significant increase in credit risk	**-**	-	**1,128.6**	1,389.4
Less : Allowance for Credit Impaired	**10,283.9**	9,399.7	**-**	-
TOTAL	**-**	**-**	**13,756.1**	20,133.8

a) Also refer Note 57(i) for further details.

* Trade Receivables amounting to Rs. 81.8 Million (Previous Year Rs. 447.3 Million) are backed by Bank Guarantees.

* Previous Year figure has been regrouped by Rs. 212.8 Million on account of reclassification of Debit Balances in “Forward Sales (Net) [Passenger / Cargo]” from “Other Non Financial Liabilities (Refer Note 17)

‘NOTE “4” : LOANS

Particulars	Non-Current		Current	
	As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
Security Deposits				
Considered Good - Unsecured	**4,039.9**	3,316.4	**175.5**	145.8
Considered Doubtful	**45.2**	42.4	**-**	-
	4,085.1	3,358.8	**175.5**	145.8
Less : Allowance for Doubtful Deposits	**45.2**	42.4	**-**	-
	4,039.9	3,316.4	**175.5**	145.8
TOTAL	**4,039.9**	3,316.4	**175.5**	145.8

NOTE “5” : OTHER FINANCIAL ASSETS

(Rupees in Million)

	Particulars	Non-Current		Current	
		As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
1	**Advances Recoverable from Parties**				
	Unsecured Considered Good	**-**	-	**567.2**	704.9
	Unsecured Considered Doubtful	**69.1**	68.1	**-**	-
		69.1	68.1	**567.2**	704.9
	Less : Allowance for Doubtful Advances	**69.1**	68.1	**-**	-
	(A)	**-**	-	**567.2**	704.9
2	**Advances Recoverable from Employees**				
	Unsecured Advances Considered Good	**102.5**	117.0	**563.1**	591.5
	Unsecured Considered Doubtful	**10.8**	10.8	**-**	-
		113.3	127.8	**563.1**	591.5
	Less : Allowance for Doubtful Advances	**10.8**	10.8	**-**	-
	(B)	**102.5**	117.0	**563.1**	591.5
3	**Advance to Subsidiary Companies ***				
	Unsecured Considered Good	**10,362.7**	10,586.1	**-**	-
	Unsecured Considered Doubtful	**-**	-	**-**	-
		10,362.7	10,586.1	**-**	-
	Less : Allowance for Doubtful Advances	**-**	-	**-**	-
	(C)	**10,362.7**	10,586.1	**-**	-

	Particulars	Non-Current		Current	
		As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
4	**Deposit-Others (having maturity of more than 12 months) ***	**203.7**	74.3	**-**	-
	Less : Allowance for Doubtful Deposits ^	**1.9**	1.9	**-**	-
	(D)	**201.8**	72.4	**-**	-
5	**Interest Accrued on**				
	i) Fixed Deposits	**9.1**	61.2	**44.7**	33.5
	ii) Loan to Employees	**0.6**	1.4	**7.6**	4.7
	iii) Advances to Subsidiary Companies **	**-**	-	**984.3**	924.3
	(E)	**9.7**	62.6	**1,036.6**	962.5
6	Other Non-Trade Receivables				
	Unsecured Considered Good	**-**	-	**707.7**	863.6
	Other Non-trade Receivables - Doubtful	**2,046.4**	2,653.6	**-**	-
		2,046.4	2,653.6	**707.7**	863.6
	Less : Allowance for Doubtful Non Trade Receivables	**2,046.4**	2,653.6	**-**	-
	(F)	**-**	-	**707.7**	863.6
	TOTAL (A + B + C + D + E + F)	**10,676.7**	**10,838.1**	**2,874.6**	**3,122.5**

* **Details of Advances given to Subsidiary Companies/Joint Ventures are as under :**

Name of the Subsidiary Company/Joint Ventures	As at March 31, 2020	As at March 31, 2019
1. Air India Express Limited	**10,362.7**	10,586.1
Total	**10,362.7**	10,586.1

** **Details of Interest Accrued on Advances to Subsidiary Companies/Joint Ventures are as under :**

Name of the Subsidiary Company/Joint Ventures	As at March 31, 2020	As at March 31, 2019
1. Air India Express Limited	**984.3**	924.3
Total	**984.3**	924.3

*** Includes Rs.1.9 Million (Previous Year : Rs.1.9 Million) towards blocked fund in bank accounts for repatriation.

*** Previous Year figure has been regrouped by Rs.1.8 Million on account of reclassification of blocked fund from “Cash & Cash Equivalents” (Refer Note 9)

*** Previous Year figure has been regrouped by Rs.362.2 Million on accout of reclassification of Margin Money transferred to “Other Bank Balances” (Refer Note 10)

^ Previous Year figure has been regrouped by Rs.1.8 Million on account of transfer of doubtful provision towards block fund in bank account from “Other Non Financial Assets” (Refer Note 6).

NOTE "6" : OTHER NON-FINANCIAL ASSETS

(Rupees in Million)

Particulars	Non-Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Capital Advances				
Unsecured Considered Good ^	**89.6**	75.4	**-**	-
Doubtful	**21.2**	28.7	**-**	-
	110.8	104.1	**-**	-
Less : Allowance for Doubtful Advances	**21.2**	28.7	**-**	-
(A)	**89.6**	75.4	**-**	-
Advances other than Capital Advances				
Unsecured Considered Good	**0.2**	14.4	**6,230.6**	5,071.2
Doubtful *	**630.2**	581.4	**-**	-
	630.4	595.8	**6,230.6**	5,071.2
Less : Allowance for Doubtful Advances *	**630.2**	581.4	**-**	-
(B)	**0.2**	14.4	**6,230.6**	5,071.2
Non-Trade Receivable				
Unsecured Considered Good	**-**	-	**493.4**	1,801.5
Doubtful	**12.5**	149.3	**-**	-
	12.5	149.3	**493.4**	1,801.5
Less : Allowance for Doubtful Non-Trade Receivable	**12.5**	149.3	**-**	-
(C)	**-**	-	**493.4**	1,801.5
Other Advances				
Unsecured Considered Good				
Prepaid Expenses	**79.9**	5,765.0	**768.5**	2,280.3
Balances with Statutory / Government Authorities	**-**	-	**5,771.9**	3,504.0
(D)	**79.9**	5,765.0	**6,540.4**	5,784.3
TOTAL (A + B + C + D)	**169.7**	5,854.8	**13,264.4**	12,657.0

* Previous Year figure has been regrouped by Rs.1.8 Million on account of transfer of doubtful provision towards block fund in bank account to "Other Financial Assets" (Refer Note 5).

^ Previous Year figure has been regrouped by Rs. 24.6 Million on account of transfer of capital advance paid to CIDCO for land acquisition to "Assets Held for Sale" (Refer Note 10.1).

NOTE "7" : INCOME TAX ASSETS (NET)

(Rupees in Million)

Particulars	Non-Current		Current	
	As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
Advance Payment of Income Tax and TDS (net of provision for taxation)	**1,918.1**	2,264.1	**746.2**	1,458.8
TOTAL	**1,918.1**	2,264.1	**746.2**	1,458.8

NOTE "8" : INVENTORIES (Valued at cost or NRV whichever is lower)

(Rupees in Million)

Particulars	**As at March 31, 2020**	As at March 31, 2019
Stores and Spare Parts *	**15,319.9**	16,417.9
Loose Tools	**60.2**	43.0
	15,380.1	16,460.9
Less : Provision for Obsolescence / Inventory Reconciliation	**6,107.2**	8,466.1
	9,272.9	7,994.8
Goods-in-Transit	**198.4**	69.0
TOTAL	**9,471.3**	8,063.8

* Stores and Spare Parts includes an amount of Rs.1,367.5 Million (Previous Year : Rs.2,371.3 Million) as Work Order Suspense account which represents inventories lying with a subsidiary company i.e. Air India Engineering Services Ltd. and Rs.180.9 Million (Previous Year : Rs. 255.0 Million) with third party for repair work for Air India Ltd.

NOTE : "9" : CASH AND CASH EQUIVALENTS

(Rupees in Million)

	Particulars	**As at March 31, 2020**	As at March 31, 2019
	Cash and Cash Equivalents		
1.	**Balances with Banks :**		
	a) In Current Accounts *	**5,943.1**	2,140.0
	b) In Deposit Accounts (Original maturity less than 3 months)	**259.3**	259.3
2.	Cheques, Drafts on Hand	**26.0**	28.3
3.	Cash on Hand	**20.0**	22.8
	TOTAL (A + B)	**6,248.4**	2,450.4

* Previous Year figure has been regrouped by Rs.1.8 Million on account of transfer of blocked fund in "Cash and Cash Equivalents" to "Deposit-Others (having maturity of more than 12 months)" (Refer Note 5)

NOTE : "10" : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(Rupees in Million)

	Particulars	As at March 31, 2020	As at March 31, 2019
	Other Bank Balances		
1.	Margin money deposits *	**5,085.7**	4,891.6
2.	Deposits - Others	**1,770.0**	1,450.7
	(Having maturity of more than 3 months but Less than 12 Months)		
	TOTAL	**6,855.7**	6,342.3

* Previous Year figure has been regrouped by Rs.362.2 Million on accout of reclassification of Margin Money transferred from "Deposit-Others (having maturity of more than 12 months)" (Refer Note 5)

NOTE "10.1" : ASSETS HELD FOR SALE

(Rupees in Million)

Particulars		As at March 31, 2020	As at March 31, 2019
1.	**Properties * ^**	**70,677.5**	68,066.3
	Less : Diminution in Value of Assets	**94.3**	-
		70,583.2	68,066.3
2.	**Investment in Subsidiary Companies**		
	a) 138,424,200 Equity Shares of Rs.10 each fully paid up in AI Airport Services Limited	**1,384.2**	1,384.2
	(Previous Year :138,424,200 Equity Shares)		
	b) 166,666,500 Equity Shares of Rs.10 each fully paid up in AI Engineering Services Limited	**1,666.7**	1,666.7
	(Previous Year : 166,666,500 Equity Shares)		
	c) 40,225,000 Equity Shares of Rs 100/- each fully paid up in Alliance Air Aviation Limited	**4,022.5**	4,022.5
	(Previous Year : 40,225,000 Equity Shares)		
	d) 11,060,000 Equity Shares of Rs.100 each fully paid up in Hotel Corporation of India Limited	**1,106.0**	1,106.0
	(Previous Year : 11,060,000 Equity Shares)		
		8,179.4	8,179.4
3.	**Advance to Subsidiary Companies (net) ****		
	a) AI Engineering Services Limited	**14,942.5**	17,181.7
	b) Alliance Air Aviation Limited	**17,060.7**	16,681.9
	c) Hotel Corporation of India Limited	**3,433.8**	3,052.1
		35,437.0	36,915.7
4.	**Others *****	**35,864.7**	35,584.7
	Less : Diminution in Value of Assets	**11.4**	11.4
		35,853.3	35,573.3
	TOTAL	**150,052.9**	148,734.7

* Includes properties transferred from Investment Property during the year amounting to Rs. NIL (Previous Year : Rs. 6,583.7 Million)

** Advances to Subsidiary Companies includes Interest Accrued amounting to Rs. 3,088.7 Million (PreviousYear Rs. 2,998.9 Million)

*** Others includes 2 B777-300 SESF aircraft along with one Spare Engine, QEC Kit, VTC Encriptor and other assets amounting to Rs. 35,514.2 Million (Previous Year : Rs. 35,223.6 Million) (Refer Note 31(iii))

*** Previous Year figure has been regrouped by Rs. 24.6 Million on account of transfer of capital advance paid to CIDCO for land acquition from "Other Non-Financial Assets" (Refer Note 6).

^ The Charges over immovable properties is not yet released from ROC as NOC from few banks is awaited. (Refer Note 13.2(a))

NOTE "11" : SHARE CAPITAL

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
A. AUTHORISED		
35,000.0 Million Equity Shares of Rs.10 each (Previous Year : 35,000.0 Million Equity Shares)	**350,000.0**	350,000.0
	350,000.0	350,000.0
B. ISSUED, SUBSCRIBED AND FULLY PAID-UP SHARES		
32,665.21 Million Equity Shares of Rs. 10 each (Previous Year : 32,665.21 Million Equity Shares)	**326,652.1**	326,652.1
TOTAL	**326,652.1**	326,652.1

B.i) Reconciliation of number of shares :

Particulars	(Number of Shares in Millions) 2019-20	2018-19	(Share Value Rupees in Millions) 2019-20	2018-19
Equity Shares at the beginning of the year	**32,665.21**	28,690.21	**326,652.1**	286,902.1
Add : Equity Shares Allotted during the year	**-**	3,975.00	**-**	39,750.0
Equity Shares at the end of the year	**32,665.21**	32,665.21	**326,652.1**	326,652.1

ii) Terms/rights attached to equity shares :

The Company has single class of shares i.e. Equity Shares having a par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share and is entitled to dividend declared, if any. The paid up equity shares of the Company rank pari-pasu in all respects, including dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after all the creditors have been paid. The distribution will be in proportion to the number of equity shares held by the shareholders.

iii) **Share Holding Pattern :**

The Company is a Government Company with 100% shares held by the President of India and his nominees, through administrative control of Ministry of Civil Aviation.

iv) **Non-Cash, Bonus shares & Shares bought back :**

Aggregate number and class of shares allotted as fully paid-up in previous year pursuant to contracts without payment being received in cash, bonus shares and shares bought back for a period of 5 years immediately preceding the balance sheet date NIL (previous year NIL).

NOTE "12" : OTHER EQUITY

(Rupees in Million)

	Particulars	As at March 31, 2020	As at March 31, 2019
1.	**Share Application Money Pending Allotment ***		
	Balance as per Last Balance Sheet	**-**	-
	Add : Additions during the year	**0.1**	-
		0.1	-
	Less : Shares allotted during the year	**-**	-
		0.1	-
2.	**CAPITAL RESERVE**		
	Balance as per Last Balance Sheet	**7,587.6**	6,878.7
	Add : Additions during the year **	**186.6**	1,163.5
		7,774.2	8,042.2
	Less : Transfer to the Statement of Profit and Loss to offset Depreciation (Refer Note 24)	**459.7**	454.6
	Closing Balance	**7,314.5**	7,587.6
3.	**GENERAL RESERVE *****		
	Balance as per Last Balance Sheet	**-**	(1,436.7)
	Add : Additions during the year	**-**	-
	Less : Transfer to Retained Earnings	**-**	1,436.7
	Closing Balance	**-**	-
4.	**OTHER RESERVES**		
	Foreign Currency Monetary Item Translation Difference Account (FCMITDA)		
	Balance as per last Balance Sheet	**(2,759.1)**	(2,137.3)
	Add : Exchange gain/(loss) during the year	**(315.1)**	(1,135.5)
		(3,074.2)	(3,272.8)
	Less : Amortization during the year	**2,751.8**	513.7
	Closing Balance	**(322.4)**	(2,759.1)

	Particulars	As at March 31, 2020	As at March 31, 2019
5.	**Surplus / (Deficit)**		
	Balance at the beginning of the reporting period	**(626,936.3)**	(539,887.8)
	Add : Impact of Ind AS 116 - Leases (Refer Note 44)	**(2,223.0)**	-
	Restated balance at the beginning of the reporting period	**(629,159.3)**	(539,887.8)
	(Loss) for the year	**(77,657.3)**	(84,748.0)
	Add : Transfer from General Reserve ***	**-**	(1,436.7)
	Re-measurements of the Defined Benefit Plans through Other Comprehensive Income	**(1,943.2)**	(863.8)
	Net deficit	**(708,759.8)**	(626,936.3)
6.	**Fair value changes on Equity Instruments through Other Comprehensive Income**		
	Opening Balance	**792.1**	743.9
	For the year	**(227.7)**	48.2
		564.4	792.1
	TOTAL (1+2+3+4+5+6)	**(701,203.2)**	(621,315.7)

* Share Application Money :

Share application money amounting to Rs. 0.1 Million (Previous Year: Rs. NIL) represents money paid by the Government of India towards capital infusion during the year, but allotment of shares made subsequently.

** Represents MRO Allowance received from GE towards construction of Test Cell Facility at Nagpur.

*** General Reserve of Vayudoot Ltd transferred to Retained Earnings.

NOTE "13" : BORROWINGS - NON CURRENT

(Rupees in Million)

	Particulars	Non-Current		Current *	
		As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
I	**Debentures**	**55,000.0**	55,000.0	**74,000.0**	81,000.0
II	**Term Loans**				
	a) from Banks (Secured)	**-**	-	**-**	109,952.5
	b) from Banks (Unsecured)	**-**	7,597.9	**3,662.2**	8,751.5
	c) from Other Parties (Unsecured)	**118.4**	108.3	**13.9**	12.7
III	Long Term Maturities of Finance Lease Obligations	**-**	20,293.4	**-**	23,539.2
	TOTAL	**55,118.4**	82,999.6	**77,676.1**	223,255.9

13.1 Debentures

a) 129,000 Redeemable, Unsecured Non-convertible Debentures of face value of Rs. 1 Million each

(Previous Year : 136,000 Debentures), are guaranteed by Government of India. Maturity Profile and Rate of interest are as set out below :

(Rupees in Million)

Month of Redemption	Amount to be Redeemed	Rate of Interest
Dec-2031	4,714.0	9.08%
Nov-2031	10,086.0	9.08%
Sep-2031	15,000.0	10.05%
Dec-2030	4,714.0	9.08%
Nov-2030	10,086.0	9.08%
Dec-2029	4,714.0	9.08%
Nov-2029	10,086.0	9.08%
Dec-2028	4,714.0	9.08%
Nov-2028	10,086.0	9.08%
Dec-2027	4,714.0	9.08%
Nov-2027	10,086.0	9.08%
Sep-2026	40,000.0	9.84%
Total	**129,000.0**	

b) Debenture Redemption Reserve as required under Section 71(4) of the Companies Act, 2013 has not been created in the absence of earned profits by the Company.

c) Current maturities includes 74,000 Redeemable, Unsecured Non-convertible Debentures of face value of Rs.1 Million each amounting to Rs.74,000.0 Million (Previous Year : Rs. 74,000.0 Million) identified for tranfer to SPV Air India Asset Holding Limited by way of Novation Agreement (Refer Note 28(iii) (b) (i))

13.2 (a) Details of Secured Term Loans from following Banks which are identified for transfer to SPV Air India Assets Holding Limited are classified as current maturities (Refer Note 28(iii) (m) (i)) :

(Rupees in Million)

Sr No.	Restructuring Lender	As at March 31, 2020	As at March 31, 2019
1	Allahabad Bank	-	2,524.6
2	Andhra Bank	-	3,021.7
3	Bank of Baroda	-	11,346.5
4	Bank of India	-	15,107.0
5	Canara Bank	-	7,402.8
6	Central Bank of India	-	8,022.4
7	Corporation Bank	-	6,560.9
8	Dena Bank (Now merged with Bank of Baroda)	-	1,180.6
9	The Federal Bank Limited	-	1,864.1
10	IDBI Bank Limited	-	3,763.5
11	Indian Bank	-	3,757.9
12	Indian Overseas Bank	-	6,199.8

Sr No.	Restructuring Lender	As at March 31, 2020	As at March 31, 2019
13	Oriental Bank of Commerce	-	7,648.9
14	Punjab National Bank	-	10,561.9
15	Punjab & Sind Bank	-	2,386.0
16	State Bank of India	-	5,764.8
17	Syndicate Bank	-	5,572.3
18	UCO Bank	-	4,996.6
19	United Bank of India	-	2,270.2
	TOTAL	-	109,952.5

FRP Fund based loans are fully paid during FY 2019-20. However, the Charges over immovable properties is not yet released from ROC as NOC from few banks is awaited.

13.2(b) Total Unsecured Term Loan from Banks of Rs. 3,662.2 Million (Previous Year Rs. 16,349.4 Million) has been guaranteed by the Government of India.

(Rupees in Million)

Equal Number of Loan Installments	Amount of Loan as at March 31, 2020	Rate of Interest	Starting Month of Repayment	Month of Maturity
5	3,662.2	Libor + 1.80	Jun-2016	May-2020
TOTAL	**3,662.2**			

13.2(c) Unsecured Term Loan from Others of Rs.132.3 Million (Previous Year Rs. 121.0 Million) are guaranteed by the Government of India.

(Rupees in Million)

Equal Number of Loan Installments	Amount of Loan as at March 31, 2020	Discounted As per Ind AS as at March 31, 2020	Rate of Interest	Starting Month of Repayment	Month of Maturity
40	160.2	92.1	Interest Free	Oct-1990	Oct-2039
33	66.6	40.2	Interest Free	Oct-1987	Mar-2037
TOTAL	**226.8**	**132.3**			

13.3 Long Term Maturities of Finance Lease Obligations of Rs. NIL (Previous Year Rs. 43,832.6 Million) are guaranteed by the Government of India to the extent of Rs. NIL (Previous Year Rs. 36,932.9 Million)

13.4 Disclosure as regards Bank wise rate of interest and period of default is not made due to complexity of data & confidentiality clause with the banks. (Also refer Note 15)

* Current maturities of long term borrowings have been grouped under the head Other Current Financial Liabilities (Refer Note No.15)

NOTE “14” : TRADE PAYABLES

(Rupees in Million)

Particulars	Non Current		Current	
	As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
Total outstanding dues of micro enterprises and small enterprises	-	-	**267.1**	163.7
Total outstanding dues of creditors other than micro enterprises and small enterprises *^	-	-	**100,667.7**	82,485.5
TOTAL	-	-	**100,934.8**	82,649.2

* **Trade Payable includes :**

Net payable to Joint Venture AI-SATS Rs. 1,344.7 Million net of TDS (Previous Year : Rs. 859.1 Million).

Net payable to wholly owned subsidiary company AI Airport Services Ltd. (AIASL) Rs.1833.0 Million (Previous Year : Rs. 606.2 Million) (Refer Note 28(iii) (h))

^ Previous Year figure have been regrouped by Rs.606.2 Million on account of reclassification of amount payable to AIASL from “Liabilities Held for Sale” to “Trade Payable”

Also Refer Note No.51 - Identification of Micro and Small Enterprises.

NOTE “15” : OTHER FINANCIAL LIABILITIES

(Rupees in Million)

Particulars	Non Current		Current	
	As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
Other Liabilities				
a) Current maturities of long-term debts *	**-**	-	**77,676.1**	199,716.7
b) Current maturities of finance lease obligations *	**-**	-	**-**	23,539.2
c) Interest accrued but not due on borrowings	**-**	-	**5,452.8**	6,557.6
d) Interest accrued and due on borrowings **	**-**	-	**7,728.2**	1,981.0
e) Other Liabilities (Net) ***	**43.5**	47.9	**52,205.0**	51,669.9
f) Book Overdraft	**-**	-	**-**	-
TOTAL	**43.5**	47.9	**143,062.1**	283,464.4

* For details of Current maturities of long term debts / Finance Lease Obligation Refer Note 13.

** **Interest accrued and due includes :**

Rs.663.1 Million being interest on Secured Loans repayable on demand from Banks (Previous Year : Rs.236.6 Million), paid subsequently (Refer Note 18).

Rs.7,065.1 Million being interest on Unsecured Loans repayable on demand from Banks (Previous

Year : Rs. 1,597.6 Million), paid subsequently (Refer Note 18).

Rs.NIL being interest on Finance Lease Obligation (Previous Year : Rs. 146.8 Million). (Refer Note 13)

*** **Other Liabilities (Net) includes :**

Rs.18,275.0 Million towards Guarantee Fee Liability (Previous Year : Rs. 14,970.6 Million)

Rs. 19,399.5 Million towards Provision for Employees including JDC impact (Previous Year : Rs. 19,332.8 Million)

Rs. 4,702.8 Million towards Delayed Payment Interest to Oil Marketing Companies (Previous Year : Rs. 8,583.2 Million)

NOTE "16" : PROVISIONS

(Rupees in Million)

Particulars	Non Current		Current	
	As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
Provision for Employee Benefits (Refer Note 48)				
a) Gratuity	**6,489.1**	6,101.4	**1,024.0**	1,054.1
b) Leave Encashment	**3,963.8**	3,039.2	**503.5**	471.0
c) Post Employment Medical and Other Benefits	**12,787.6**	11,559.0	**645.3**	592.1
(A)	**23,240.5**	20,699.6	**2,172.8**	2,117.2
Other Provisions				
a) Re-delivery of Aircraft (Refer Note 45)	**14,336.0**	7,572.2	**-**	-
(B)	**14,336.0**	7,572.2	**-**	-
TOTAL (A + B)	**37,576.5**	28,271.8	**2,172.8**	2,117.2

NOTE "17" : OTHER NON FINANCIAL LIABILITIES

(Rupees in Million)

Particulars	Non Current		Current	
	As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
a) Forward Sales (Net) [Passenger / Cargo] ^	**-**	-	**22,090.6**	24,690.1
b) Advance from customers (Net) *	**-**	-	**39,909.9**	35,807.1
c) Others Liabilities (Net) **	**-**	-	**3,399.8**	1,218.8
d) Frequent Flyer Programme (Refer Note 58)	**401.9**	-	**834.1**	828.7
TOTAL (A + B)	**401.9**	-	**66,234.4**	62,544.7

* Advance from customers (Net) includes Rs.37,398.6 Million (Pevious Year : Rs.34,675.2 Million) pertaining to 2 B777-300 SESF Aircraft.

** Other Liabilities (Net) includes Govt. Taxes / Statutory Dues amounting to Rs.2,942.9 Million (Previous Year : Rs.764.9 Million)

^ Previous Year figure has been regrouped by Rs.212.8 Million on account of reclassification of Debit Balances in “Forward Sales (Net) [Passenger / Cargo]” to “Trade Receivables” (Refer Note 3)

NOTE “18” : BORROWINGS - CURRENT

(Rupees in Million)

	Particulars	As at March 31, 2020	As at March 31, 2019
I	**Loans repayable on demand :**		
	a) from Banks (Secured) #	**74,479.2**	113,992.6
	b) from Banks (Unsecured) #	**150,030.2**	135,950.8
	c) from Other Parties (NSSF) (Unsecured)	**26,360.0**	26,360.0
	TOTAL	**250,869.4**	276,303.4

1. Secured loans repayable on demand from Banks are to the tune of Rs.22,724.3 Million (Previous Year Rs.66,857.9 Million). Details are as under :

(Rupees in Million)

Sr. No.	Name of the Lender	As at March 31, 2020	As at March 31, 2019
1	Allahabad Bank	**2,250.0**	3,344.0
2	Andhra Bank	**-**	1,005.2
3	Bank of Baroda	**13,140.0**	18,343.3
4	Bank of India	**-**	5,345.5
5	Canara Bank	**2,000.0**	4,853.9
6	Central Bank of India	**-**	2,688.8
7	Corporation Bank	**-**	2,162.0
8	Dena Bank (Now merged with Bank of Baroda)	**-**	381.9
9	HDFC Bank Ltd.	**-**	40.5
10	The Federal Bank Limited	**-**	698.3
11	IDBI Bank Limited	**-**	1,247.9
12	Indian Bank	**-**	1,280.0
13	Indian Overseas Bank	**-**	1,575.0
14	Oriental Bank of Commerce	**-**	2,575.1
15	Punjab National Bank	**-**	3,854.1
16	Punjab & Sind Bank	**-**	2,269.0
17	Standard Chartered Bank	**-**	7,343.3
18	State Bank of India	**2,184.3**	3,807.2
19	Syndicate Bank	**-**	1,845.9
20	UCO Bank	**2,750.0**	1,694.4
21	United Bank of India	**-**	52.6
22	PNB Discounting	**400.0**	450.0
	TOTAL (1)	**22,724.3**	66,857.9

The loans to the tune of Rs.22,724.3 Million (Previous Year : Rs.66,857.9 Million) are secured by Hypothecation of 27 aircraft, 2 engines, 11 immovable properties at market value and all Current Assets

(Previous Year : 30 aircraft, 2 engines, 11 immovable properties and all Current Assets). However equitable mortgage for 7 immovable properties with banks are yet to be created.

2. Secured loan repayable on demand from Bank is to the tune of Rs.51,754.9 Million (Previous Year Rs.47,134.7 Million). Details of Secured Loans from Banks are as under :

(Rupees in Million)

Sr. No.	Name of the Lender	As at March 31, 2020	As at March 31, 2019
1	Investec Bank	**35,865.2**	32,779.5
2	First Gulf Bank	**15,889.7**	14,522.5
		51,754.9	47,302.0
	Less : Deferred amount of upfront fees	**-**	167.3
	TOTAL (2)	**51,754.9**	47,134.7
	TOTAL (1 + 2)	**74,479.2**	113,992.6

The loans to the tune of Rs.51,754.9 Million (Previous Year : Rs.47,134.7 Million) are secured by Hypothecation of 6 aircraft at market value (Previous Year : 6 aircraft).

3. Unsecured loan repayable on demand from Bank of Rs.150,030.2 Million (Previous Year : Rs.135,950.8 Million) has been guaranteed by the Government of India to the extent of Rs.143,927.6 Million (Previous Year : Rs.126,835.9 Million).

(Rupees in Million)

Sr. No.	Name of the Lender	As at March 31, 2020	As at March 31, 2019
1	Bank of Baroda	**21,750.0**	21,750.0
2	Bank of Baroda	**15,000.0**	15,000.0
3	Bank of Baroda OD NYC *not guaranteed by GOI	**3,770.4**	2,955.6
4	Bank of India	**15,000.0**	15,000.0
5	Indusind Bank	**4,212.8**	10,000.0
6	Punjab national Bank	**22,500.0**	22,500.0
7	Punjab National Bank	**15,000.0**	15,000.0
8	Uco Bank	**10,000.0**	10,000.0
9	Uco Bank	**8,250.0**	8,250.0
10	Andhra Bank	**7,000.0**	-
11	Punjab & Sind Bank	**2,000.0**	-
12	Punjab & Sind Bank	**8,000.0**	-
13	Punjab & Sind Bank	**5,000.0**	-
14	SBI Bill Discounting *not guaranteed by GOI	**2,332.2**	6,159.3
15	SCB/FAB/Meshreq Bridge Loan	**10,214.8**	9,335.9
	TOTAL	**150,030.2**	135,950.8

Disclosure as regards Bank wise rate of interest and period of default is not made due to complexity of data & confidentiality clause with the banks. (Also refer Note 13 & 15)

NOTE "19" : REVENUE FROM OPERATIONS

(Rupees in Million)

	Particulars	2019-20	2018-19
i)	**Scheduled Traffic Services**		
1	Passenger	**226,197.0**	207,741.6
2	Excess Baggage	**1,449.4**	1,203.8
3	Mail	**535.7**	576.2
4	Cargo	**14,850.6**	14,484.0
	(A)	**243,032.7**	224,005.6
ii)	**Non-Scheduled Traffic Services**		
1	Charter	**16,111.1**	14,526.2
2	Block Seat Arrangement *	**1,048.0**	1,033.7
3	Subsidy for Operations from Government	**-**	355.0
	(B)	**17,159.1**	15,914.9
iii)	**Other Operating Revenue**		
1	Handling and Servicing	**1,987.9**	1,653.7
2	Manufacturers Credit	**674.4**	356.7
3	Incidental ^	**10,752.0**	9,821.9
4	Revenue Share from Air India Express Ltd. (Wholly Owned Subsidiary Company)	**3,500.0**	3,500.0
5	Revenue Share from Air India Air Transport Services Ltd. (Wholly Owned Subsidiary Company)	**342.5**	406.8
	Less : Transferred to AIAHL (Refer Note 25)	**342.5**	-
		-	406.8
	(C)	**16,914.3**	15,739.1
	TOTAL (A + B + C)	**277,106.1**	255,659.6

* Previous Year figure has been regrouped by Rs.571.2 Million due to grossing up "Block Seat Arrangement" Revenue & Expenditure in respect of Air India Express Ltd. (Refer Note 25)

^ Identified income of Rs.72.6 Million transferred to AIAHL (Refer Note 25)

NOTE "20" : OTHER INCOME

(Rupees in Million)

	Particulars	2019-20	2018-19
1	Interest Income on :		
	a) Bank Deposits	**447.1**	369.0
	b) Others *	**595.3**	693.4
	c) Advances to Subsidiary Companies	**4,073.0**	3,923.2
2	Dividend from Long Term Investments (Trade)	**66.5**	72.7
3	Rental Income	**976.8**	901.1
	Less : Transferred to AIAHL (Refer Note 25)	**975.2**	-
		1.6	901.1
4	Profit / (Loss) on Sale of Assets (Net)	**409.0**	1,225.6
5	Provisions No Longer Required written back	**2,545.8**	2,032.6
	TOTAL	**8,138.3**	9,217.6

* Interest Income on Others includes interest pertaining to discounting of Security Deposits as per Ind AS amounting to Rs.286.9 Million (Previous Year : Rs.257.6 Million)

NOTE "21" : OTHER OPERATING EXPENSES

(Rupees in Million)

	Particulars	2019-20	2018-19
1	Insurance	**1,581.9**	941.3
2	Material Consumed - Aircraft	**5,947.8**	5,511.2
3	Outside Repairs - Aircraft	**32,722.8**	29,250.9
4	Navigation, Landing, Housing and Parking	**19,423.7**	19,188.2
5	Hire of Aircraft (Refer Note 44)	**-**	30,926.1
6	Handling Charges	**16,519.8**	15,878.3
7	Passenger Amenities	**9,887.3**	10,251.7
8	Booking Agency Commission (Net)	**6,288.7**	5,634.8
9	Communication Charges		
	i) Reservation System	**10,659.3**	11,847.1
	ii) Others	**2,108.7**	1,684.3
	TOTAL	**105,140.0**	131,113.9

NOTE "22" : EMPLOYEE BENEFIT EXPENSES

(Rupees in Million)

	Particulars	2019-20	2018-19
1	Salaries, Wages and Bonus	**15,859.3**	14,284.8
2	Crew Allowances	**11,449.1**	11,459.2
3	Contribution to Provident and Other Funds	**1,005.5**	1,043.5
4	Staff Welfare Expenses	**714.5**	1,291.1

	Particulars	2019-20	2018-19
5	Provision for Gratuity	**740.5**	760.7
6	Provision for Leave Encashment	**1,416.6**	207.6
7	Provision for Retirement Benefit	**1,068.2**	1,005.4
	TOTAL	**32,253.7**	30,052.3

NOTE "23" : FINANCE COST

(Rupees in Million)

	Particulars	2019-20	2018-19
1	Interest on :		
	a) Debentures	**12,798.7**	12,801.8
	b) Short Term and Long Term Loans	**26,894.1**	33,298.8
		39,692.8	46,100.6
	Less: Interest Cost Reimbursement through AIAHL (Refer Note 28(iii))	**15,574.7**	13,000.0
		24,118.1	33,100.6
2	Other Borrowing Costs	**4,560.5**	7,503.9
3	Interest on Right of Use Assets (Refer Note 44)	**6,675.0**	-
4	Interest on Delayed Payment other than borrowings *	**3,839.0**	6,508.5
	TOTAL	**39,192.6**	47,113.0

* Includes an amount of Rs.105.0 Million (Previous Year : Rs.20.5 Million) interest charged by Subsidiary Company, AIASL on outstanding balances.

a) Exchange rate difference in the nature of interest cost has not been reclassified due to complexity of transactions.

NOTE "24" : DEPRECIATION AND AMORTIZATION EXPENSE

(Rupees in Million)

	Particulars	2019-20	2018-19
1	Depreciation of Tangible Assets	**13,329.7**	16,002.5
2	Depreciation of Right of Use Assets (Refer Note 44)	**29,919.4**	-
3	Depreciation of Investment Property	**2.0**	59.6
4	Amortization of Intangible Assets	**130.4**	271.8
	(A)	**43,381.5**	16,333.9
	Less : Recoupment from Capital Reserve (Refer Note 12)	**459.7**	454.6
	(B)	**459.7**	454.6
	TOTAL (A- B)	**42,921.8**	15,879.3

NOTE "25" : OTHER EXPENSES

(Rupees in Million)

	Particulars	2019-20		2018-19	
1	Travelling Expenses				
	i) Crew		**2,555.1**		2,734.2
	ii) Others		**475.8**		657.2
2	Rent		**991.5**		614.9
3	Rates and Taxes * ^ $		**429.9**		77.3
4	Repairs to : ^				
	i) Buildings $		**171.3**		199.2
	ii) Others #		**1,039.5**		699.2
5	Hire of Transport		**775.4**		837.3
6	Electricity & Heating Charges ^		**459.6**		497.8
7	Water Charges ^		**27.6**		7.2
8	Directors' Sitting Fees		**0.5**		0.7
9	Publicity and Sales Promotion		**884.3**		840.8
10	Printing and Stationery		**135.4**		118.8
11	Legal Charges		**126.8**		101.9
12	Payments to the Auditors' (Refer Note No.52)				
	i) Audit Fees		**16.5**		12.0
	ii) Other Expenses		**2.3**		2.5
13	Provision for Bad & Doubtful Receivables and Advances		**979.3**		2,109.5
14	Provision for Obsolete Inventory		**32.8**		1,907.7
15	Provision for Diminution in Value for Assets		**94.3**		-
16	Write-off of Duty Credit Entitlement under SFIS		**-**		388.5
17	Expenses on Block Seat Arrangements ***		**778.1**		723.0
18	Exchange Variation (Net) **		**32,283.6**		7,721.7
19	Loss on Sale of Investment		**0.5**		-
20	Bank Charges / Credit Card Discounts		**2,638.2**		2,030.5
21	Professional / Consultation Fees & Expenses		**542.1**		412.8
22	Miscellaneous Expenses #		**3,372.2**		2,427.4
23	**Identified Income to be Transferred to AIAHL (Refer Note 28(iii))**				
	i) Revenue Share	**545.8**		-	
	iI) Rental Income	**1,424.8**		-	
		1,970.6		-	

Particulars	2019-20		2018-19	
Less : Revenue Share (Refer Note 19)	**342.5**		-	
Less : Rental Income (Refer Note 20)	**975.2**		-	
	652.9		-	
Less : Identified cost to be recovered from AIAHL^	**64.6**		-	
		588.3		-
TOTAL		**49,400.9**		25,122.1

* Includes Rs.221.8 Million (Previous Year : Rs. NIL) settled under Sabka Vishwas (Legacy Dispute Resolution) Scheme 2019 of Govt. of India

** Includes exchange variation on bridge loans amounting to Rs.5,654.8 Million (Previous Year : Rs. 3,272.4 Million). Also refer Note 44 for exchange variation relating to Lease Liability.

*** Previous Year figure has been regrouped by Rs.571.2 Million due to grossing up "Block Seat Arrangement" Revenue & Expenditure in respect of Air India Express Ltd. (Refer Note 19)

\# Previous Year figure has been regrouped by Rs.123.4 Million on account of data processing charges moved from "Repair-Others" to "Miscellaneous Expenses"

^ **Details of Identified cost to be recovered from AIAHL for the period 1st Oct 2018 to 31st March 2020 included in the following respective heads :**

(Rupees in Million)

Particulars	**2019-20**	2018-19	**Total**
Rates & Taxes	**21.5**	10.9	**32.4**
Repairs to Buildings	**7.1**	4.7	**11.8**
Repairs to Others	**10.8**	4.0	**14.8**
Electricity & Heating Charges	**47.8**	24.9	**72.7**
Water Charges	**3.2**	2.3	**5.5**
Incidental (Refer Note 19)	**(47.7)**	(24.9)	**(72.6)**
TOTAL	**42.7**	21.9	**64.6**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS OF AIR INDIA LIMITED FOR THE YEAR ENDED 31ST MARCH 2020

(Rupees in Million except otherwise stated)

26. Contingent Liabilities& Contingent Assets:

A. Contingent Liabilities (to the extent not provided for):

Claims against 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:

			(Rs in million)
No	**Description**	**Balance as on 31st March 2020**	**Balance as on 31st March 2019**
(i)	Pax Claims on account of Misc. Commercial Reasons.	**405.6**	417.3
(ii)	Income Tax Demand Notices received by the Company which are under Appeal	**1,122.4**	1,240.4
(iii)	Customs Duty, Octroi, Entry Tax, Service Tax, VAT and GST demanded by the Tax Authorities	**10,292.5**	9,388.8
(iv)	Property Taxes/House Tax demanded by the Municipal Authorities	**107.7**	111.0
(v)	Claims of Airport Operators/Others (*)	**1,250.0**	1,221.1
(vi)	Other Claims on account of Staff/Civil/Arbitration/ Labour Cases pending in Courts	**1,627.4**	1,931.4
(vii)	Additional Govt Guarantee Fee (**)	**20,769.9**	17,470.4
	Total	**35,575.5**	31,780.4

Explanatory Statement in respect of Contingent Liabilities

Claims of Airport Operators/Others (*):Represents the difference in the reconciliation of balances with respective parties.

Government Guarantee Fee (**): The Company has taken up the issue of waiver of guarantee fee and related penal charges with the Ministry of Finance through the Ministry of Civil Aviation. As regards the penal charges on the delayed payments of Guarantee Fee, the Company has disclosed a Contingent Liability for the same amounting to Rs. 20,769.9 million (PY: Rs.17,470.4 million).

B. Contingent Assets

During the year 2017-18, the Hon'ble Supreme Court of India has vacated the staygranted by the Hon'ble High Court of Delhi in respect of implementation of tariff fixed by AERA applicable with effect from 01/01/2016. In this regard the tariff fixed for the 2nd control period (i.e.from 1.1.2016), was lower than the tariff fixed for the 1stControl Period (tariff prior to 1.1.2016).In view of this judgment, DGCA issued AIC (Aeronautical Information Circular) for the implementation of 2ndControl period tariff with immediate effect. In the intervening period DIAL has collected from Air India, an excess amount to the tune of Rs 2,298.7 million (PY: Rs 2,298.7 million) (approx) on account of Landing & Parking Charges. The Company has requested AERA thatwhile fixing the tariff, the airlines who have shouldered the burden of excess amount collected maybe compensated by way of discount in tariff in proportion to the excess amount collected by DIALfrom respective airlines.

However, AERA has pointed out that, the realised non- aeronautical revenue in the past few years does not exhibit a clear trend, a true-up will be provided for the non-aeronautical revenues based on the actual realised non-aeronautical revenues, at the time of tariff determination in the third control period. In view of above and since the inflow of economic benefits in respect of such claims cannot be measured due to uncertainties that surround the related events/circumstances, the same has been shown as Contingent Assets.

27. Commitments:

(i) Capital Commitments

Estimated amount of contracts remaining to be executed on Capital Account are given hereunder:

Particulars		(Rs in Million)
	As on 31st March 2020	As on 31st March 2019
Aircraft Related Payments	**5,645.1**	2,195.5
Others	**607.9**	912.0
Total	**6,253.0**	3,107.5

(ii) Other Long-TermCommitments

Corporate Guarantees, Letters of Comfort given by the Company on behalf of its Subsidiary Companies:

Particulars		(Rs in Million)
	As on 31stMarch 2020	As on 31stMarch 2019
Air India Express Ltd	**8,530.8**	8,011.9
Alliance Air Aviation Ltd	**4,554.4**	4,273.0

Against the above Guarantees given by Company, guarantee fee/commission has been charged by the Company at the rate of 0.5%.

28. Disinvestment of Air India Limited

(i) Background to Disinvestment

a) The Government of India (GoI) had given an 'In-Principle' approval for the Strategic Disinvestment of Air India by way of transfer of management control and sale of 100% equity share capital of Air India held by GoI which will include AI's shareholding interest of 100% in AIXL and 50% in AISATS. The GoI has appointed the Transaction Advisor, Legal Advisor and Asset Valuer to guide the GoI and to carry forward the process of Disinvestment.

b) A Special Purpose Vehicle (SPV) was created for warehousing accumulated working capital loans not backed by any asset along-with four subsidiaries AIATSL, AIASL, AIESL, HCI, non-core assets, paintings and artifacts and other non-operational assets. Accordingly, AIAHL, Air India Assets Holding Ltd (AIAHL) was formed.

c) The Preliminary Information Memorandum (PIM) was published in March 2018 to invite the Expression of Interest (EoI) from interested parties to bid for the Disinvestment of the Company. However, no bids were received for this EoI.

d) Pursuant to the fact that no bids were received on the above EoI issued in March 2018, the Air India Specific Alternate Mechanism (AISAM) in its meeting held on 18th June 2018 decided that:

i) In view of the volatile crude prices and adverse fluctuation in exchange rates, the present environment is not conducive to stimulate interest amongst investors for strategic disinvestment of Air India in the near future.

ii) To undertake near and medium-term efforts to capture operational efficiencies and to improve the performance of Air India.

iii) To monetize non-core land and building assets

iv) To separately decide the contours of the mode of disposal of the subsidiaries viz. AI Engineering Services Ltd (AIESL), AI Airport Services Ltd (AIASL) and Alliance Air Aviation Ltd (AAAL)

v) Once the global economic indicators including oil prices and the forex regime stabilizes, the option of strategic disinvestment of Air India should be brought before AISAM, for deliberating the future course of action.

e) Accordingly, in line with the above decisions conveyed by AISAM, and in view of the deteriorating financial health of Air India Ltd, a Strategic Revival Plan was formulated to take AI back on the path of profitability. The main modalities/directions of this Plan were discussed in the meeting taken by the Hon'ble Finance Minister to discuss the "Plan for Operational & Financial Efficiency in Air India" on 7th September 2018*.*

f) After deliberations in the meeting held on 7th September, 2018 under the chairmanship of Hon'ble Finance Minister the "Plan for Operational & Financial Efficiency in Air India" was approved. In the subject meeting it was decided that Debt amounting to Rs 294,640.0 million to be transferred from Air India Ltd to AIAHL viz Air India Assets Holding Ltd effective 1st October 2018.

g) A Framework Agreement has been executed to give effect to the various transactions relating to AIAHL. The agreement covers the issue of payment of identified loans from the funds to be provided by AIAHL, novation of the NCDs, transfer of the four Subsidiary Companies, the transfer of identified assets/liabilities, transfer of the proceeds of monetization of properties etc to AIAHL.

h) Accordingly, the various decisions of the GoI on the disinvestment of AI, amounts to vesting to AIAHL of debt to the extent of Rs 294,640.0 million against transfer of subsidiaries, non-core assets, paintings and artifacts. The specially formed SPV-AIAHL has therefore accepted liabilities of Air India against the Investments/Assets being transferred. The exact value would be determined only after the actual monetization of properties and sale of subsidiaries is completed.

(ii) Revised Preliminary Information Memorandum (PIM) Issued for the Strategic Disinvestment of Air India Ltd in January 2020

As the overall outlook for aviation sector was stable, the Govt decided to renew the process of disinvestment of AI and accordingly, Department of Investment and Public Assets Management (DIPAM) has issued a fresh PIM on 27th January 2020 for the strategic disinvestment of Air India Ltd including AI's shareholding interest in Air India Express Ltd (AIXL) and AISATS.

The disinvestment exercise of AI has been adversely impacted by the outbreak of COVID-19 pandemic in India starting mid of March 2020. A nationwide lockdown in India was imposed from March 25th 2020, followed by multiple extensions in the lockdown/restrictions imposed by various State Govts. Similar lockdowns were imposed in different parts of the world as well. Considering the prevailing situation arising out of COVID-19, the last date of submission of EoI has been periodically extended and the last date for receipt of EoI is now 14th December 2020.

As per the PIM there is a provision that further debt (to be determined on the basis of the bids received) would be allocated to AIAHL. Similarly, the current & non-current liabilities of AI & AIXL would be reallocated to AIAHL such that the liabilities retained in AI & AIXL would be equal to the current and non-current assets of AI and AIXL.

(iii) Transactions with AIAHL relating to Disinvestment of Air India Ltd

a) In line with the decision of AISAM, a Company by the name of Air India Assets Holding Ltd (AIAHL) has been incorporated with 100% shareholding held by the Government. This entity is an SPV specially formed for the purpose of acquiring from Air India Limited

   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

b) Pursuant to the decisions taken in the various AISAM meetings stated above, Air India began the exercise of transfer of identified debt amounting to Rs 294,640.0 million as on 1st October 2018. However, in view of lenders approval for transfer not forthcoming, the debt transfer could not take place and the debt continued to be in the books of Air India Limited. In view of these constraints, the Ministry of Finance approved a refinancing strategy for the identified debt. Based on the meeting held on 30th May, 2019 in the Ministry of Finance, it was decided that AIAHL would raise finances in the following manner to refinance the identified debt of Air India amounting to Rs 294,640.0 million:

   i) Non-Convertible Debentures (NCD) of Rs 74,000.0 million to be novated to AIAHL against GoI guarantee

   ii) Issue of Govt Fully Serviced Bonds for Rs 70,000.0 million against Letter of Authorization

   iii) Issue of Bonds worth Rs 150,640.0 million with full Government Guarantee for the payment of interest and principal thereof,

c) Air India continued to service the interest on the identified loans and the same was reimbursed to AI by AIAHL. Accordingly, a sum of Rs 13,000.0 million in FY 2018-19 and Rs 17,637.4 million in FY 2019-20 was received from AIAHL as reimbursement for the payment of interest/ other costs on transferred loans.

d) Consequent to the issuance of Bonds by AIAHL, AI received from AIAHL Rs 219,850.0 million towards repayment of the Loans.

e) As seen from Paragraph (a) above along with the transfer of debt of Air India to AIAHL, certain assets of Air India are also part of the transfer to AIAHL. Some of these assets which are part of the proposed transfer are earning income including rental income, licensee fee, lease amount, revenue sharing or other revenues. These assets will be monetized and the proceeds received after 1st October 2018 are to be credited to AIAHL through an escrow mechanism for ultimately servicing the transferred debts.

f) Accordingly, Air India had identified 111 such properties as non-core assets for monetization purposes. Out of these properties 22 properties have already been sold and 3 properties have been already surrendered back to the respective allotting authorities. The remaining 86 properties are reflected in 'Assets held for Sale/Transfer/Surrender' and 'Investment Properties' as given hereunder:

Particulars	No of Properties	Net Block Value As on 31.03.2020 (Rs in Million)
Assets Held for Sale	84	70,583.2
Investment Properties (*)	2	4,375.7

(*) Being redeveloped under an agreement prior to monetization

Further, out of the above 84 properties included in Assets Held for Sale, 41 properties having a Net Book Value Rs 3,563.8 million as on 31st March, 2020 have further been identified for surrender to the respective allotting authoritiesand the proceeds of the same will be transferred to AIAHL.

g) As per the Framework Agreement the beneficial interest in the identified assets remains with Air India until the legal effective date of transfer. Since the properties are still in the name of Air India, the Company i.e. Air India will be disposing off these properties and the sale proceeds of the same will be transferred to the AIAHL through the escrow mechanism as and when received.The Rental Income and the Revenue Sharing arrangements with the Subsidiary Company viz. AIASL is accounted for as income in the books of Air India. However, as per the Framework Agreement AI shall pay AIAHL such identified income (net of cost) on or after 1st October 2018, and hence the same has been adjusted in the Statement of Profit & Loss (refer Note 25).

h) As part of the proposal of transfer of debt to AIAHL, the investments in Subsidiary Companies including investment in Equity Shares and any balance receivable from the Subsidiaries will be transferred to the AIAHL. Accordingly, the investment in Subsidiary Companies along with receivables relating to the Subsidiary Companies which are proposed to be transferred to AIAHL, have been presented as "Assets held for Sale". therefore, the following Subsidiary Companies balances will be transferred to the AIAHL:

					(Rs in Million)
No	Name of Sub Co	Investments		Receivables	
		As on 31.3.2020	As on 31.3.2019	As on 31.3.2020	As on 31.3.2019
a)	Alliance Air Aviation Ltd(AAAL) (Formerly known as Airline Allied Services Ltd (AASL))	4,022.5	4,022.5	17,060.7	16,681.9
b)	AI Airport Service Ltd (AIASL) (Formerly known as Air India Air Transport Services Ltd (AIATSL))	1,384.2	1,384.2	-	-
c)	AI Engineering Services Ltd (AIESL)	1,666.7	1,666.7	14,942.5	17,181.7
d)	Hotel Corporation of India Limited (HCI)	1,106.0	1,106.0	3,433.8	3,052.1
	Total	**8,179.4**	**8,179.4**	**35,437.0**	**36,915.7**

The Net amount payable to AIASL of Rs 1,833.0 million (PY: Rs 606.2 million) has been included in "Trade Payables" as only receivables from subsidiary Company have been classified as "Assets Held for Sale".

i) The Framework Agreement executed between AI and AIAHL lists out the obligations of both the parties. The legal transfer of the Subsidiaries and non-core assets would follow the due process and requires approvals of the relevant authorities. It is agreed by both parties that on completion of all the obligations by AI listed in the Framework Agreement, would be full and adequate consideration for the obligations of AIAHL. As the entire process of transfer of Subsidiaries, Assets and novation of NCDs is not completed in the FY 2019-20, the receipt of funds from SPV and the proceeds of Assets monetized have been credited to a new account "Receipts from AIAHL Towards Restructuring A/c" (RFATR). The balance in this account of Rs 218,434.8 million has been shown as a separate line item between "Equity" and "Liabilities" in the Financial Statements. After the entire transaction is completed the balance in the RFATR A/c will be transferred to "Other Equity".

j) Similarly, the amounts due to/from AIAHL have been shown in the Financial Statements under the head "Liabilities" in the account namely "AIAHL Intermediary Settlement A/c".

k) The two new accounts opened to record the transactions relating to AIAHL namely "Receipts from AIAHL Towards Restructuring (RFATR) A/c" and "AIAHL Intermediary Settlement A/c as on 31st March 2020 are summarized below:

No	Particulars	(Rs in Million)
(I)	**Receipts from AIAHL towards Restructuring (RFATR) A/c**	
	Receipts from AIAHL towards Repayment of Loans	219,850.0
	Add: Amount to be adjusted from monetization proceeds	790.0
	Total amount received towards repayment of identified Loans	**220,640.0**
	Less: Monetization proceeds from the sale of identified properties	2,205.2
	Net Balance in RFATR A/c	**218,434.8**

No	Particulars		(Rs in Million)
(II)	**Details of AIAHL Intermediary Settlement A/c**		
	Total amount of identified Loans repaid		2,20,640.0
Less:	Receipts from AIAHL towards Repayment of Loans		2,19,850.0
Less:	Reimbursement received from AIAHL towards Interest/Other Charges		30,637.4
	Balance		**(29,847.4)**
Add:			
a)	Interest due from AIAHL	28,574.7	
b)	Maintenance expenses recoverable from AIAHL	64.6	
c)	Salary etc recoverable from AIAHL	1.6	
d)	Legal Charges recoverable from AIAHL	43.4	**28,684.3**
Less:			
a)	Rent payable to AIAHL	1,424.8	
b)	Revenue Sharing amount payable to AIAHL	545.8	
c)	Monetization proceeds payable to AIAHL (Rs 2205.2 million less Rs 312.7 million directly transferred through Escrow)	1,892.5	**(3,863.1)**
	Net Amount Receivable/(Payable) from/to AIAHL		**(5,026.2)**

l) The above amount due to AIAHL will be reconciled after adjustment of all expenses incurred by Air India towards novation of Bonds of Rs 74000.0 million, maintenance cost of properties, transfer charges, exchange adjustments if any, and impact of receivable/(payables)from/(to) SubsidiaryCompanies like AIESL, AAAL, HCI and AIASL as well as any reimbursements received from AIAHL.

m) The effect of all the decisions of various AISAM meetings and decisions of the Government stated above are reflected in the Financial Statements as summarized below:

   i) Out of the identified loans proposed to be transferred to AIAHL, loans amounting to Rs 220,640.0 million have been repaid out of the amount of Rs 219,850.0 million received from AIAHL during the year and the same is reflected in the RFATR A/c.

   ii) Out ofthe reimbursement of Rs 30,637.4 million from the AIAHL during FY 2018-19 and FY 2019-20 towards interest and other loan related costs paid by Air India on the identified loans,a sum of Rs 13,000.0 million has been netted off against Finance cost for the financial year 2018-19 and Rs 15,574.7 million for the financial year 2019-20.

   iii) The Rental Income of Rs 1,424.8 million received from the identified properties and the Revenue Sharing of Rs 545.8 million for the period from 1st October 2018 to 31st March 2020 payable to AIAHL and related cost amounting to Rs 64.6 million recoverable from AIAHL has been adjusted in the Statement of Profit & Loss (refer Note 25).

   iv) As stated above in 28(iii)(f), the book values of the 84 identified properties amounting to Rs 70,583.2 million, are appearing under “Assets held for Sale” and the book values of 2 identified properties amounting to Rs 4,375.7 million are appearing under “Investment Properties”.

   v) The aggregate value of investments in 4 subsidiaries amounting to Rs 8,179.4 million and advances given to the subsidiaries along with interest accrued thereon amounting to Rs 35,437.0 million are classified as “Assets held for Sale”.

   vi) Assets held for sale/transfer/surrender identified to be transferred to the AIAHL have also been taken at book value as on 31st March 2020. The gain/loss on assets which have been sold from 1st October 2018 to 31st March 2020 have been accounted for in the Financial Statements of AI.

29. Impact of COVID-19 on Air India Ltd

The global outbreak of COVID-19 pandemic and the nation-wide lockdown imposed from 25thMarch 2020 and followed by multiple extensions in lockdown/ restrictions imposed by Central/State Governments had a major impact on the aviation industry. Similar lockdowns were imposed in the different parts of the world as well, leading to a severe dent on the business of the Company. AI had to cease all scheduled domestic and international operations in compliance with the directions issued by the DGCA in the aftermath of the pandemic.

The suspension of all air traffic during this period saw the revenues of the Company plummeting and at the same time, committed and obligated expenditure such as loan repayments, payments to aircraft lessors, salaries etc had to be met during this period leading to a further dent in the already strained financial position of the Company.

Nevertheless, the Company, during this period, on the directions of the Government, conducted some essential air operations to mitigate the hardships brought forward by the unprecedented pandemic times. This included the operation of non-scheduled flights under the Vande Bharat Mission to evacuate stranded fellow citizens throughout the globe. In addition, AI also conducted special charter flights on domestic and some international sectors to facilitate the movement of essential medical and other supplies to various parts of the country and the world. Subsequently, the DGCA also permitted resumption of domestic operations in a calibrated manner with effect from 25th May 2020.

In light of the COVID 19 pandemic, GOI restrictions on domestic and international flights and other prevailing situation,it is very difficult to assess the air passenger and cargo traffic volume for the coming years. This has directly affected the operations and revenues of aviation sector including AI.

However, on its own part, the Company during the COVID period has introduced various measures/ steps to partially offset the adverse financial impact arising out of these difficult times. These include the introduction of salary/allowance cuts across the board for all employees, suspension of all post retirement contractual engagements, introduction of the concept of shorter working week, encouraging the employees to take advantage of the Leave without Pay Scheme etc. The Company also engaged its aircraft lessors in negotiations to secure cuts in lease payments, exercised strict control over vendor payments to ensure best possible use of scarce funds availability.

All airlines including Air India have seen a steep decline in their scale of operations during the first two quarters of FY 2020-21. The estimates of recovery from the impact of COVID-19 have been made by various stakeholders and in most cases, normalcy is projected to return by only around FY 2024 i.e. within 4 to 5 years. Scientific advancements in the fight against COVID-19 and the development of a vaccine to control the pandemic will decide the shape and speed of return to normalcy and which in turn, will determine the nature and traction of global economic recovery from the impact of COVID-19.

The Company has also assessed the impact of COVID-19 on the impairment in the carrying value of its assets, inventories, receivables etc appearing in its financial statements. In developing the assumptions and estimates relating to the future uncertainties in the economic conditions manifested by the pandemic, the Company has relied on various internal and external sources of information. Based on the current indicators of future economic conditions, the management expects to fully recover the carrying value of all its assets. However, given the uncertainties, the final impact on the Company's Financial Statements and Cash Flows cannot be predicted at this time and in future may differ from that estimated as at the date of approval of these financial statements. Further, the impact assessment does not indicate any adverse impact on the ability of the Company to continue as a going concern.

The COVID-19 pandemic is still impacting all economic activities worldwide in varied ways and any current estimates to mitigate its impact need to be continuously monitored and reassessed. The management will continue to closely monitor any material changes based on the future economic conditions.

30. Property, Plant and Equipment, ROU and Investment Properties

i) ROU Assets (Land Leasehold) include certain properties for which title deeds are not available. Details of the same is as under:

						(Rs in Million)
Particulars	**31.03.2020**			**31.03.2019**		
	Area (SqMtrs)	**Gross Block**	**Net Block**	**Area (SqMtrs)**	**Gross Block**	**Net Block**
Land Leasehold	**76,874.0**	**180.0**	**180.0**	76,874.0	180.0	180.0

ii) Air India was allotted leasehold land measuring 1,00,021.60 sq.mtrs. by CIDCO at Nerul for Staff Housing Colony. On the above referred land, Air India had constructed 508 flats on a portion of land admeasuring 28,626 sq. mtrs and it has been decided to sell these flats to the employees of the Company and organizations under the control of Ministry of Civil Aviation. In terms of the Orders of Hon'ble High Court at Bombay (the Court), the Company issued allotment letters to 334 allottees out of 508 flats. However, title to the underlying land can only be conveyed by a tripartite conveyance deed between Societies, Air India and CIDCO which is not yet done. Pending conveyance of title of land in favour of the registered societies and completion of all legal formalities necessary adjustments have been made as at the Transition date (1st April 2016). The value of this property is being carried as on 31st March 2020 as given hereunder:

a) Net Value of 334 flats (including cost of land) amounting to Rs.1,483.9 million allotted in earlier years were transferred to Assets held for Sale.

b) Carrying Value of the balance 174 flats and the vacant land amounting to Rs.4,176.2 million being depreciated cost has been shown under Investment Property.

Necessary entries for the sale of the flats will be made on the completion of the legal formalities.

The Company had also paid an advance of Rs. 24.6 million (PY:Rs. 24.6 million) to CIDCO for purchase of another plot of lease hold 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 Company and no agreement / lease deed has been executed till date. The same has been shown as "Assets held for Sale-Others".

The monetization proceeds would be credited to AIAHL, through escrow mechanism.

iii) Under disinvestment plan,monetization of the identified properties is in the process, hence fair value of the investment properties could not be disclosed as a confidentiality measure.

iv) The Board of Directors has also decided that the Core Engineering Assets namely MRO at Nagpur, Trivandrum, Hyderabad and Hangars at Delhi, Mumbai, Kolkata and Chennai and all Engineering facilities including workshop equipment at all airports would be transferred to the Subsidiary AIESL after approval/NOC from the Authorities concerned. At present these assets are appearing in PPE/CWIP Schedule in their respective heads.

v) Disclosure under IND-AS 40"Investment Property"

(Rs in Million)

No	Particulars	2019-20		2018-19	
		Properties Earning Rent	Properties not Earning Rent	Properties Earning Rent	Properties not Earning Rent
A	**Rent Earned**	**26.6**	**-**	-	-
B	**Operating Expenses**				
i)	Security Services	**-**	**3.1**	-	5.2
ii)	Property Taxes	**-**	**2.6**	-	2.6
iii)	Lease Premium	**-**	**24.6**	-	24.6

vi) The removal of charge on the Aircraft taken under finance lease, fully repaid during the year, is under process as lenders have not yet given the NOC for the title transfer due to cross-default clause in other facilities.

31. Assets Held for Sale (AHFS)

Assets held for sale mainly includes:

i) Immovable Properties in respect of which the Board has accorded its approval for sale/monetization. Hence, these properties have been transferred to "Assets Held for Sale A/c" at lower of their carrying value and fair value less cost to sell."Assets held for Sale" include certain properties for which title deeds are not available. The details areas under:

(Rs in Million)						
Particulars	**31.03.2020**			**31.03.2019**		
	Area (SqMtrs)	**Gross Block**	**Net Block**	**Area (SqMtrs)**	**Gross Block**	**Net Block**
Land/Buildings Freehold	**18,682.8**	**344.8**	**344.8**	23,904.3	387.1	387.1
Land/Buildings Leasehold	**153,642.7**	**56,475.9**	**56,475.9**	152,413.9	56,403.2	56,403.2
Total	**172,325.5**	**56,820.7**	**56,820.7**	176,318.2	56,790.3	56,790.3

ii) In terms of decision taken, as per the records of the discussions held in the Ministry of Finance on 1st June 2017 for the development of assets of AI located at Vasant Vihar Housing Colony, 121410 sqmtrs Rs 51,295.1 million (PY: Rs 51,295.1 million) and Baba Kharag Singh Marg Land 14326.38 sqmtrs Rs 4,770.7 million (PY: Rs 4,770.7 million), these properties have been handed over to the Ministry of Urban Development (MoUD).The MoUD has been entrusted with the overall responsibility of sale of these two properties by the Government and the monetization proceeds will be transferred to AIAHL.

iii) Two B-777-300ER aircraft which have been procured on behalf of Govt of India have been classified as "Assets held for Sale".The entire cost of these aircraft including the cost of modification will be borne by the Govt of India.

iv) During the year, there was diminution in the value of 2 properties under AHFS amounting to Rs 94.3 million, which has been accounted for in the Statement of Profit and Loss.

v) For the purpose of disclosure of non-availability of title deeds in Note No 30 (i) and 31 (i) in respect of Land & Buildings included in AHFS, ROU, Investment Properties and PPE, certain properties for which photocopies are available or for which registration formalities are yet to be completed have not been included. Efforts are being made by the Company to obtain duplicate certified copies of such title deeds and other relevant records of properties in cases where original title deeds are not in possession of the Company. Further, the Company is also in the process of completing registration formalities in respect of such properties.

32. Vayudoot

After carrying out all disbursements as per the directions of the Ministry of Civil Aviation pertaining to the merger of Vayudoot with Air India Ltd, a balance amount of Rs 28.2 million (PY: Rs. 28.2 million) remains which has been reflected in the books of accounts of AI as "Liability" under "Vayudoot Settlement Account". However, necessary decision regarding the adjustment of this outstanding amount can be taken only when certain Contingent Liabilities relating to Vayudoot Ltd which continue to be disclosed in the Accounts of the AI are settled. This is mainly because these may lead to future liabilities for AI as they mainly pertain to legal cases pending against Vayudoot.

33. Physical Verification & Reconciliation

i) Fixed Assets:

a) Physical Verification and Reconciliation of major assets viz. Airframes, Aero-engines, APUs and Simulators is carried out at the year end. However, on account of the COVID-19 pandemic and the lockdown imposed in March 2020 onwards throughout the country, the Company could not carry out the physical verification of Airframes, Engines etc. as on 31st March 2020. However, based on certification by Engineering Department the reconciliation of these major assets vis-à-vis financial records was carried out in June 2020 by Internal Audit Department. Further, in the case of land and building (including Investment Properties)reconciliation of number of properties as per fixed assets register vis-à-vis records of holding departments was done. These assets together constitute around 93% of the Gross Block of Assets as on 31st March2020. No major discrepancies were found in the same.

b) The physical verification and reconciliation of assets other than above constituting around 7% of the Gross Block as on 31stMarch 2020, including assets migrated in Fixed Assets Register at block level as one item for which line item identification is under progress. Further, the physical verification of these assets for the biennial period 2018-20 has been completed. However,the necessary action on the Physical Verification Report received is under progress and necessary action on the same will be taken on receipt of approval from the Competent Authority for shortages identified amounting to Rs 111.7 million.

ii) Inventory:

Physical Verification of aircraft/non-aircraft inventory (except inventory lying with third parties) for the biennial period 2018-20 has been completed and shortages of Rs 32.2 million and excesses Rs 15.5 million have been observed. Pending reconciliation/ adjustment at some Regions and approval from the competent authority, a provision amounting to Rs 29.8 million (PY: Rs 23.6 million) for shortages has been made.

34. Effect of changes in Exchange rates (IndAS-21)

i) Transactions relating to Foreign Inventory Procurements and closing balances of certain foreign currency monetary items have not been translated at the date of transaction/in accordance with the provisions of Ind AS due to complexity of transactions. The impact of translation of the same is not ascertained; however, the same is not likely to be material.

ii) The Company has not adopted Appendix B to Ind AS 21 – Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. However, the effect on account of non-adoption of this amendment is not likely to be material.

35. Confirmations/Reconciliations

i) The reconciliation of receivables and payables including,suspense/control ledgers and staff related accounts is under process. Impact, if any, of consequential adjustment arising out of reconciliation will be dealt with in the year of completion of Reconciliation.

ii) The Company has sought the confirmation of balances for major receivables, payables and inventory lying with third parties. However, only some of the parties have responded. Wherever the balances confirmed by the parties are not in agreement with the books, reconciliation of difference is under process.

iii) Tax Deducted at source (TDS) credits in respect of Income Tax and Provident Fund liability in respect of both employees’ and employer’s contribution are still pending to be reconciled with tax credit statement (Form 26AS) and Employees’ Provident Fund Trusts books respectively.

36. Bank Accounts Confirmation

(i) The Company has requested for confirmation/Bank Statements/Direct confirmation as on 31st March 2020 to Statutory Auditors. The Company has obtained confirmation/bank statements in respect of bank accounts/fixed deposits/loan accounts except for 17 bank accounts (PY: 2 bank accounts) carrying aggregate balance of Rs. 30.6 million(PY: Rs 0.3 million). However, as per the Statutory Auditors they have not received the confirmations directly in respect of 219 bank accounts (PY: 168 Bank Accounts)carrying aggregate balance of Rs 2,892.2 million(PY: 1,589.5 million), Fixed Deposit accounts carrying aggregate balance of Rs 1,280.1 million (PY: Rs 803.9 million)and Loans taken from a foreign bank carrying balance amounting to Rs 3,662.0 million (PY: Rs 9,059.3 million) as on 31st March 2020.

(ii) As on 31st March 2020, the Company has in operative Bank accounts carrying a total balance of Rs 5.8 million (PY: Rs 5.0 million).

37. Internal Control

The Company is in the process of strengthening the internal audit process so as to ensure the coverage of all the areas as envisaged in the Minimum Audit Programme and ensure effective internal controls at stations, regional offices, user departments and Central Accounts Office. To comply with the same, Independent Chartered Accountants firms have been appointed by the Company.System for uniform and timely accounting in SAP as well as other software, including interface with each other, is under process of being strengthened.

38. Inventories

i) The Work Order Suspense account includes items of Rs. 1,367.5 million (PY: Rs. 2,371.3 million) out of which provision has been made for Rs 1,065.6 (PY: Rs 2,233.9 million) for all the items irrespective of work completion status upto September 2019, items in completed status upto March 2020, heavy checks upto December 2019 and in-transit checks/express checks upto March 2020.

ii) Pending reconciliation/rectification, provision of Rs. 147.6 million (PY: Rs 246.1 million)has been made towards the inventory balances lying under various intermediary /suspense accounts under RAMCO system for which consumption / issue / scrappage has not been updated until 31stMarch2020. The amount lying in such accounts as at 31stMarch2020 is Rs 472.7million(PY: Rs. 448.9 million).

iii) The accounting of FDI (Freight, Duty and Incidentals) in RAMCO is done on block level instead of at transaction level. At the year end, FDI is expensed out on the basis of ratio of the inventory consumed during the year to the total inventory. The total of FDI expensed out during the year amounts to Rs 959.9 million (PY: Rs. 1,031.0 million). This practice has been followed consistently in view of bulk and consolidated movement of spares, and difficulty in identifying and allocating item wise FDI.

39. Status of Reconciliation with Airport Operators

i) The reconciliation with various Airport Operators has been carried out during the year and the status of the same as on 31st March 2020 is given hereunder:

(Rupees in Million)

No	Name of Airport Operator	Balance Payable as per Air India Ltd as on 31.03.2020	Balance Receivable as per Airport Operators as on 31.03.2020	Difference
1	Airport Authority of India (AAI)	15,920.0	22,381.7	(6,461.7)
2	Mumbai International Airport Ltd (MIAL)	1,637.0	1,646.9	(9.9)
3	Delhi International Airport Ltd (DIAL)	1,828.3	1,827.1	1.2

(Rupees in Million)				
No	**Name of Airport Operator**	**Balance Payable as per Air India Ltd as on 31.03.2020**	**Balance Receivable as per Airport Operators as on 31.03.2020**	**Difference**
4	Cochin International Airport Ltd (CIAL)	223.9	205.9	18.0
5	Greater Hyderabad International Airport Ltd (GHIAL)	310.9	361.9	(51.0)
6	Bangalore International Airport Limited (BIAL)	137.3	147.4	(10.1)
7	MIHAN Nagpur	7.2	48.4	(41.2)

ii) The major reasons for the difference are due to payments/credits given by AI up to 31st March 2020 for which accounting effect by the Airport Operators is yet to be given and the difference due to disputes in rates applied for landing and parking charges, ground handling, royalty, space rentals, etc.which are not as per terms of the Agreements. In the case of some Airport Operators, wherever un-reconciled difference is there, the same has been disclosed as Contingent Liability.

iii) The balances in respect of AAI are in the process of reconciliation. The differences are mainly on account of effect of, 'Umbrella Agreement' signed between AI and AAI in FY 2018-19, MoU relating to revenue sharing of Cargo Complex Mumbai and TDS credits not considered by AAI. The process of reconciliation and adjustment in regard to these issues is going on at all Regions with AAI and necessary effect for the same will be given on the completion of the reconciliation of all balances with AAI. However, the un-reconciled difference of Rs 780.7 million has been disclosed as Contingent Liability.

40. Segment Reporting:

i) The Company is engaged in airline related business which is the only reportable segment.The details of geographical area wise revenue earned (derived by allocating revenue to the area in which the sales were made) are given hereunder:

(Rs in Million)			
	Particulars	**2019-20**	**2018-19**
a)	USA/Canada	32,171.1	31,177.6
b)	UK/Europe	25,902.7	23,338.4
c)	Asia (excluding India), Africa and Australia	29,992.5	34,268.6
d)	India	189,039.8	166,875.0
	Total	**277,106.1**	**255,659.6**

ii) Major revenue-earning asset of the Company is the aircraft fleet, which is flexibly deployed across its worldwide route network. Other non-current assets (other than financial instruments) located outside India are not material, hence, not disclosed.

iii) There are no customers having revenue exceeding 10% of total revenues in current year as well as previous year.

41. Related Party Transactions:

Disclosure of the names and relationship of the Related Parties as required under IND AS-24 are as under:

A. **Key Management Personnel &Relatives**:

i) **Key Management Personnel &Relatives:**

	Name	Particulars
(A)	**Whole-Time Directors**	
1	Shri Pradeep Singh Kharola	Chairman & Managing Director (Ceased to be CMD effective 14th February 2019)
2	Shri Ashwani Lohani	Chairman & Managing Director (Ceased to be CMD effective 14th February 2020)
3	Shri Rajiv Bansal	Chairman & Managing Director (Appointed as CMD effective 14th February 2020)
4	Shri Vinod Hejmadi	Director – Finance
5	Ms. Amrita Sharan	Director-Personnel (Appointed on the Board effective 14th July 2020)
6	Ms. Meenakshi Mallik	Director-Commercial (Appointed on the Board effective 14th July 2020)
7	Capt. Rajwinder Singh Sandhu	Director Operations (Appointed on the Board effective 24th July 2020)
8	Shri Pankaj Srivastava	Director Commercial (Ceased to be Director upon superannuation w.e.f. 01.05.2018)
9	Shri Arvind Kathpalia	Director Operations (Ceased to be Director on 13.11.2018))
(B)	**Government Nominee Directors**	
10	Shri Praveen Garg	Additional Secretary & Financial Advisor, Ministry of Civil Aviation. (Appointed on the Board effective 30th August, 2019 and ceased to be on the Board effective 18 February 2020)
11	Shri Vimalendra Anand Patwardhan	Additional Secretary & Financial Advisor, Ministry of Civil Aviation. (Appointed on the Board effective 18th February 2020)
12	Shri Satyendra Kumar Mishra	Joint Secretary, Ministry of Civil Aviation.
13	Ms Gargi Kaul	Additional Secretary & Financial Advisor, Ministry of Civil Aviation. (Ceased to be on the Board effective 24th January 2019)
14	Shri Arun Kumar	Additional Secretary & Financial Advisor, Ministry of Civil Aviation. (Ceased to be on the Board effective 10th July 2019)
(C)	**Independent Directors**	
15	(Dr.) Shri Ravinder Kumar Tyagi	Ceased to be on the Board effective 31st May 2020
16	(Dr.) Shri Syed Zafar Islam	Ceased to be on the Board effective 31st May 2020
17	Shri Y.C. Deveshwar	Ceased to be on the Board effective 11st May 2019
18	Shri Kumar Mangalam Birla	
19	Smt. PurandeswariDaggubati	

ii) **Transactions with Key Managerial Personnel**

a) There are no transactions with key managerial personnel other than Remuneration and Perquisites to Chairman & Managing Director, Functional Directors and Sitting fees to Independent Directors.

b) No loans or credit transactions were outstanding with Directors or officers of the Company or their Relatives as at 31st March, 2020 (PY: Rs Nil).

iii) **Key Managerial Remuneration**

(a) Salary and Allowances

No	Particulars	(Rs in Million)	
		2019-20	**2018-19**
(a)	***Chairman & Managing Director***		
	Salaries & Allowances (including value of perquisites 2019-20: Rs 0.03 million (PY: Rs Nil million)	**1.7**	3.1
(b)	***Functional Directors***		
i)	Salaries & Allowances (including value of perquisites 2019-20: Rs 0.04 million (PY: Rs 0.06 million)	**3.0**	15.7
ii)	Contribution to Provident Fund	**0.2**	0.6
(c)	***Independent Directors***		
	Sitting Fees paid to Independent Directors	**0.5**	0.7

Note: Transactions such as providing airline related services in the normal course of business are not included above.

(b) Employee Benefits Obligations

			(Rs in Million)
No	**Particulars**	**2019-20**	**2018-19**
i)	Gratuity Provision	**1.7**	3.4
ii)	Leave Encashment Provision	**2.7**	4.5
iii)	Salary Outstanding at year end	**0.3**	1.7

B. Name and Relationship of Group Companies and Joint Venture

No	Particulars	Relationship
i)	Air India Express Ltd (AIXL) (Formerly known as Air India Charters Ltd (AICL))	Subsidiary Company
ii)	AI Airport Services Ltd (AIASL) (Formerly known as Air India Air Transport Services Ltd (AIATSL))	Subsidiary Company
iii)	AI Engineering Services Ltd (AIESL)	Subsidiary Company
iv)	Alliance Air Aviation Ltd (AAAL) (Formerly known as Airline Allied Services Ltd (AASL))	Subsidiary Company
v)	Hotel Corporation of India Ltd (HCI)	Subsidiary Company
vi)	Air India SATS Airport Services Pvt Ltd	Joint Venture (JV)

Transactions with Group Companies

			(Rs in Million)
No	Transactions	2019-20	2018-19
1	**Air India Express Ltd (AIXL)**		
a)	**Expenditure**		-
b)	**Revenue**		
i)	Revenue Sharing with Air India Ltd	3,500.0	3,500.0
ii)	Interest Cost Reimbursement by Subsidiaries	984.3	924.3
iii)	Handling & Servicing	163.2	135.5
iv)	Others	172.7	102.3
c)	**Closing Balance as on 31st March-Advances**	11,347.0	11,510.4
2	**Alliance Air Aviation Ltd (AAAL)**		
a)	**Expenditure**		
i)	Staff Cost Pay and Allowances	6.7	-
ii)	Staff Cost Travelling Expenses	1.3	-
b)	**Revenue**		
i)	Interest Cost Reimbursement by Subsidiary	1,446.3	1,382.9
ii)	Handling & Servicing	76.6	82.8
iii)	Others	206.5	60.7
c)	**Closing Balance as on 31st March-Advances**	17,060.7	16,682.0
3	**Hotel Corporation of India Ltd (HCI)**		
a)	**Expenditure**		
i)	Pax Amenities	403.0	304.2
ii)	Others	109.6	143.9
b)	**Revenue**		
i)	Interest Cost Reimbursement by Subsidiary/Others	260.8	257.5
ii)	Others	0.3	-
c)	**Closing Balance as on 31st March-Advances**	3,433.8	3,052.1
4	**AI Airport Services Ltd (AIASL)**		
a)	**Expenditure**		
i)	Handling Charges	3,430.5	3,215.9
ii)	Interest Paid to Subsidiary	105.0	20.5
iii)	Others	136.3	82.5
b)	**Revenue**		
i)	Revenue Sharing with Air India	342.5	406.8
i)	Others	83.5	82.5
c)	**Closing Balance as on 31st March- Liability**	1,833.0	606.2
5	**AI Engineering Services Ltd (AIESL)**		
a)	**Expenditure**		
i)	Outside Repairs Aircraft	10,321.5	9,448.5
ii)	Others	174.2	-

(Rs in Million)			
No	**Transactions**	**2019-20**	**2018-19**
b)	**Revenue**		
i)	Interest Cost Reimbursement by Subsidiary	1,381.7	1,358.6
ii)	Others	605.9	-
c)	**Closing Balance as on 31st March- Advances**	14,942.5	17,181.7
6	**Joint Venture Air India SATS Airport Services Pvt Ltd**		
a)	For transactions with JV AI-SATS refer Note 42(i)		
Also Refer Note No 27 (ii) for Other Commitments.			

C. Transactions with Provident Fund Trusts

(Rs in Million)				
Particulars	**2019-20**		**2018-19**	
	PF Contribution during the Year	**Outstanding as on 31.03.2020**	**PF Contribution during the Year**	**Outstanding as on 31.03.2019**
PFTrustsDues	951.1	2,541.8	742.9	382.9

D. Major Transactions with Govt/Govt Related Entities

S. No	Name	Relationship
1	Airport Authority of India	Central PSU
2	Indian Oil Co Ltd	Central PSU
3	Hindustan Petroleum Co Ltd	Central PSU
4	Bharat Petroleum Co Ltd	Central PSU
5	Air India Assets Holding Co Ltd	Central PSU
6	National Small Savings Fund (NSSF)	Govt Department
7	Govt of India	Promoter

The details of the major transactions of Revenue and Expenditure of the Company with Govt Related Entities are given hereunder:

(Rs in Million)						
No	**Name of Entity**	**Nature of Transactions**	**2019-20**		**2018-19**	
			Balance as on 31st Mar'2020	**Amount of Transactions during the year**	**Balance as on 31st Mar'2019**	**Amount of Transactions during the year**
1	Airport Authority of India	Airport Usage Charges	**15,920.0**	**4,268.2**	14,374.7	4,469.5
2	Indian Oil Co Ltd	Fuel and ATF Purchases	**23,447.0**	**41,312.5**	18,369.2	44,214.3
		Interest on delayed payments	**1,466.8**	**1,466.8**	1,688.6	1,688.6
3	Hindustan Petroleum Co Ltd	Fuel and ATF Purchases	**7,576.0**	**9,831.7**	6,302.0	11,770.8

(Rs in Million)						
No	**Name of Entity**	**Nature of Transactions**	**2019-20**		**2018-19**	
			Balance as on 31st Mar'2020	**Amount of Transactions during the year**	**Balance as on 31st Mar'2019**	**Amount of Transactions during the year**
		Interest on delayed payments	**491.1**	**491.2**	649.1	649.1
4	Bharat Petroleum Co Ltd	Fuel and ATF Purchases	**8,610.6**	**8,203.6**	6,244.4	8,990.2
		Interest on delayed payments	**569.8**	**569.9**	545.5	545.5
5	Govt of India - Various Ministries and Departments	SESF Flights Revenue	**6,478.6**	**9,082.0**	6,467.9	8,824.2
		Charter Revenue – Others	**926.7**	**2,711.1**	1,226.6	2,475.0
		Mail Revenue	**204.8**	**594.2**	611.1	592.5
		Loan from National Small Savings Fund (NSSF)	**26,360.0**	**-**	26,360.0	26,360.0
		Interest on Loan from NSSF	**2,240.6**	**2,240.6**	847.7	847.7
6	Air India Assets Holding Co Ltd	Reimbursement of Interest on AI Loans carved out to AIAHL	**-**	**17,637.4**	-	13,000.0
		Rental Income and Revenue Sharing net off related cost to be transfered to AIAHL	**-**	**1,906.0**	-	-
		Monetization Proceeds to be transferred to AIAHL	**-**	**2,205.2**	-	-
		Other misc. transactions	**-**	**45.0**	-	-
		Funds received from AIAHL for repayment of identified Loans	**-**	**219,850.0**	-	-
		Balance in AIAHL Intermediary Settlement A/c	**5,026.2**	**-**	-	-
		Advance for expenditure	**-**	**-**	0.45	0.45
7	Govt of India	Equity Infusion from Govt	**326,652.1**	**-**	326,652.1	39,750.0
		Share Application money pending allotment	**-**	**0.01**	-	-
		Advance received for 2 SESF Aircraft	**37,398.6**	**2,723.4**	34,675.2	4,675.2
		Guarantee Fee	**18,275.0**	**3,428.5**	14,970.6	6,579.1

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.

42. Interest in Joint Venture Air India SATS Airport Services Pvt Ltd

i) Disclosure relating to AI-SATS

			(Rs in Million)
No	**Transactions**	**2019-20**	**2018-19**
a)	**Expenditure**		
i)	Handling Charges	**2,893.8**	2,734.0
b)	**Revenue**		
i)	Asset Usage Charges	**42.6**	-
ii)	Dividend	**12.1**	20.2
iii)	Others	**429.8**	729.5
c)	**Payable as per AI Books**	**1,344.7**	859.1

The Company has entered into Joint Venture (JV) agreement with SATS, Singapore in the equity ratio of 50:50 to provide ground handling services to airlines at certain airports and this was in pursuance of GOI notification on the ground handling policy.

ii) Capital Commitments and Contingent Liabilities in respect of Company share in AI-SATS Joint Venture

(Rs in million)

No	**Particulars**	**31st March, 2020**	**31st March, 2019**
1.	*Estimated amount of contracts remaining to be executed in respect of PPE and Other Intangible Assets*	27.9	-
2.	*Company's exposure in respect of performance bank guarantee issued to various parties*	244.6	229.0
3.	*Claims against the Company not acknowledged as debts.*		-
4.	*Taxation matters:*		
(i)	Income Tax Appeals being contested by the JV	210.4	161.2
	Less: Payment under protest in respect of these Appeals	(75.4)	(65.6)
(ii)	Other Income Tax Matters	109.5	109.5
5.	*Other than Taxation matters*		
(i)	Demand against the ESIC	11.4	2.7
	Less: Payment under protest in respect of these Demands	(1.7)	(2.7)

43. In compliance with Ind AS – 27 'Separate Financial Statements', the required information is as under:

No	**Particulars**	**Country of Incorporation**	**Percentage (%) of Ownership Interest**	
			As at 31st March 2020	**As at 31st March 2019**
(A)	**Subsidiary Companies**			

No	Particulars	Country of Incorporation	Percentage (%) of Ownership Interest	
			As at 31st March 2020	**As at 31st March 2019**
i)	Air India Express Ltd (AIXL) (Formerly known as Air India Charters Ltd (AICL))	India	**100 %**	100 %
ii)	AI Airport Services Ltd (AIASL) (Formerly known as Air India Air Transport Services Ltd (AIATSL))	India	**100 %**	100 %
iii)	AI Engineering Services Ltd (AIESL) (Formerly known at Air India Engineering Services Ltd)	India	**100 %**	100 %
iv)	Alliance Air Aviation Ltd (AAAL) (Formerly known as Airline Allied Services Ltd (AASL))	India	**100%**	100%
v)	Hotel Corporation of India Ltd (HCI)	India	**80.38 %**	80.38 %
(B)	**Joint Venture (JV)**			
i)	Air India SATS Airport Services Pvt Ltd	India	**50 %**	50 %

(Refer Note 28 (iii) (h) for Investments in Subsidiary presented as Asset held for Sale.)

44. Ind AS 116 Leases

(I) Transition to Ind AS 116

Ind AS 116 supersedes Ind AS 17 Leases including its Appendices. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet.

The Company has applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognized on the date of initial application (i.e. 1st April 2019). Accordingly, the Company has not restated comparative information; instead, the cumulative effect of initially applying this standard has been recognized as an adjustment to the opening balance of Retained Earnings as on 1st April 2019.

The Company has applied following other practical expedients on transition to Ind AS 116 on initial application:

a) The Company applied practical expedient to “Grandfather Approach” for the assessment as to which transactions are to be categorized as leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

b) Use of a single average discounting rate to portfolio of leases of similar assets in similar economic environment with similar conditions for end dates. Accordingly, a single incremental borrowing rate as on 1st April 2019 has been applied for discounting the future lease payments. The lease liability is initially measured at amortized cost at the present value of the future lease payments.

c) 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.

d) The Company has used hindsight in determining the lease term where the contract contains options to extend or terminate the lease. Further, the Company has relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review. There were no onerous contracts as on 1st April 2019.

e) The Company has excluded initial direct costs for the measurement of the ROU Assets at the date of initial application.

The Company as a Lessee at the time of commencement of the lease, has recognized Right-of-Use (ROU)Assets representing the underlying assets and lease liabilities as its obligation to make the lease payments. The lease arrangements for a term of more than 12 months have been treated as ROU Assets. The Right to Use Assets are recognized at the present value of the lease liability and the estimated amount payable at the time of redelivery of the Aircraft as on 1st April 2019, depreciated on straight line method over the complete term of the lease.

In respect of other leases for various residential/commercial premises/vehicles/office equipment etc. (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, the management is in the process of collating the necessary information for evaluating the applicability of the Lease standard. Pending evaluation these have not been considered as ROU under Ind AS 116 and rent of the same has been charged systematically to theStatement of Profit &Loss within the lease period. The management is of the view that the impact of this is not expected to be material.

(II) Disclosures under Ind AS 116

(i) Cumulative effect of initial application on Lease Liabilities

Particulars	**(Rs in Million)**
Lease commitments as at 31st March 2019	43,832.5
Add: Recognition of ROU Assets	226,573.1
Lease Liabilities as on 1st April 2019	270,405.6

(ii) The impact on the Financial Statements on account of the transition to Ind AS 116 is as follows:

	(Rs in Million)
Particulars	**As at 1st April, 2019**
Decrease in Property, Plant and Equipment (PPE)	116,266.9
Add: Increase in Lease Liability	226,573.1
Less: Increase in Right of Use (ROU) Assets	344,744.6
Adjustments due to change in Discount rate for Redelivery Provisions	(318.)
Adjustment to Opening Retained Earnings	(2,223.0)
(Net impact of Depreciation and Interest of Rs 1,877.0 million and adjustment of Borrowing rate on Redelivery of Rs 346.0 million respectively)	

(iii) Maturity Analysis of Lease Liabilities in respect of Aircraft on Lease

		(Rs in Million)
Maturity Analysis of Contractual Undiscounted Cash Flows (Principle Portion)	**As at 31st March, 2020**	**As at 31st March, 2019**
Less than one year	34,454.4	54,261.5
One to Five years	129,191.3	138,576.2
More than Five years	75,462.6	93,368.8

(iv) Amounts recognized in Statement of Profit and Loss and Net Impact of Ind AS 116

	(Rs in Million)
Particulars	**2019-20**
Interest on Lease Liabilities in Finance Costs (*)	6,675.0
Depreciation on ROU Assets	29,919.4
Foreign Exchange Loss on account of year-end revaluation (on Lease Liability including Redelivery)	20,014.8
Total amount recognized in Statement of Profit and Loss for FY 2019-20	56,609.2

(*)this includes the net impact of Rs 556.8 million towards the difference between floating interest rate and incremental borrowing rate applied for discounting which has also been recognized as interest on Lease Liability

(v) Amounts recognized in Statement of Cash Flows

	(Rs in Million)
Particulars	**For FY 2019-20**
Total Cash Outflows for Leases	32,423.2

(vi) Impact on the adoption of Ind AS 116 on the Statement of Profit & Loss

	(Rs in Million)
Particulars	**For FY 2019-20**
Net Increase in current year Loss due to adoption of Ind AS 116.	20,130.5

(III) Movement in Right of Use (ROU) Assets during the year

			(Rs in Million)
Particulars	**Aircraft**	**Land Leasehold**	**Total**
(A) Gross Carrying Amount			
As at 31st March,2019	-	-	-
Add: Transfer from Property, Plant& Equipment due to adoption of Ind AS 116	1,96,995.5	180.0	197,175.5
Add: On adoption of Ind AS 116	228,477.7	-	228,477.7
As at 1st April,2019	**425,473.2**	**180.0**	**425,653.2**
Additions	811.6	-	811.6
Disposal/Adjustments/Transfer to PPE	(197,807.2)	-	(197,807.2)
As at 31st March,2020	**228,477.6**	**180.0**	**228,657.6**
(B) Accumulated Depreciation			
As at 31st March,2019	**-**	-	**-**
Add: Transfer from Property, Plant& Equipment due to adoption of Ind AS 116	**(80,908.6)**	-	**(80,908.6)**
As at 1st April,2019	**(80,908.6)**	-	**(80,908.6)**
Depreciation charge for the year	(29,919.4)	-	(29,919.4)
Impairment	-	-	-

Disposal/Adjustments/Transfer to PPE	85,075.8	-	85,075.8
As at 31st March,2020	**(25,752.2)**	-	**(25,752.2)**
(C) Net Book Value			
As at 31st March,2020	**202,725.4**	**180.0**	**202,905.4**
As at 1st April,2019	**344,564.7**	**180.0**	**344,744.7**

45. Re-Delivery Charges

Provision for re-delivery charges is made to meet the contractual maintenance and return conditions on aircraft held under operating leases. Such provisions are made based on management estimate of number of hours or cycles each engine will have flown at the return date, the cost of performing the required restoration work at that future date and discount rates commensurate with the expected obligation maturity schedules. Judgment is exercised by management given the long-term nature of assumptions that go into the determination of the provision. The assumptions made in relation to the current year are consistent with those in the previous year. Expected timing of resulting outflow of economic benefit is FY2020 to 2030.

The movement in provision made is as given below:

		(Rs in Million)
Particulars	**FY 2019-20**	FY 2018-19
Opening Balance	**7,572.2**	5,210.3
Add: Additional Provisions during the year	**5,104.9**	1,982.0
Add: Interest accretion on Provisions	**419.6**	610.7
Add/(less) Foreign Exchange Impact	**1,239.3**	(230.8)
Closing balance	**14,336.0**	7,572.2

46. Subsidiary Companies

The Four Subsidiary Companies of the Air India Ltd (excluding AIASL) namely AAAL, AIXL, AIESL and HCI are having accumulated losses and the net worth of these companies has eroded as on 31st March 2020. The Company wise position of these subsidiaries is given hereunder:

i) Air India Express Ltd (AIXL):The primary mandate of Air India Express Ltd is to operate low-cost, direct, international services to Middle East / South East Asian destinations to serve expat population / migrant workers at competitive fares. The Company has been posting Net Profits in the last few years and the Net Profit (including OCI) for FY 2019-20 is Rs 4,127.7million and in FY 2018-19 the same was Rs.1,615.9 million. The Company has also surpassed the Operating Revenue by 25.12%compared to the previous year. Although the Net Worth was eroded because of the past accumulated losses, the Company is continuously showing improvement in operational and financial performance and it is expected that due to its improved performance its net worth will become positive in the near future.

ii) 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. At present, in India, major checks of every commercial wide body aircraft of Indian Operators is done by AIESL. 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 4-5 years for consolidation of operations.

However, AIESL has taken various initiatives to improve its overall revenues such as signing of activity-based SLA with 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.

Further to the above, Government of India under its recent initiatives under its 'Make in India' program, has reduced the GST rate from 18% to 5% w.e.f. 1st April, 2020, which is likely to boost up the revenue from MRO Services in coming days.

During the Financial Year 2019-20 the MRO Revenue from outside parties (i.e. other than revenue from group companies) has increased from Rs 1,064.3 million in 2018-19 to Rs. 1,831.4 million in 2019-20, resulting an increase of 72.07% as compared to previous year.

AIESL has posted a Net Profit (including OCI) of Rs 758.6 million in FY 2019-20, as compared to the Net Loss (including OCI) of Rs 2,049.4 million in FY 2018-19. Hence, 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 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 earn enhanced revenues and be profitable in the near future.

iii) 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 Alliance Air is likely to emerge as a largest player with its ATR 72-600 fleet suitable for serving these smaller airports.

AAAL carried 1.64 million passengers during 2019-20 as against 1.60 million passengers during 2018-19. The year 2019-20 witnessed a growth of 2.65% in passenger carriage. Similarly, network also expanded from 55 destinations to 61 destinations, 109 departures to 126 departures per day and 607 flights per week to 735 flights per week. The aircraft utilization has increased to 53477 block hours from 51758 block hours at a growth of 3.32% in 2019-20 as compared to 2018-19.

The increase of operative revenue in 2019-20 by Rs 1,714.1 million as compared to last year is principally due to increase in effective utilization of ATR72-600 aircraft from the average 8.78 hours to 9.20 hours per day apart from increase in ASKM.

During the year, the Company has posted an Operating Profit of Rs 650.9 million as against Operating Loss of Rs 1,473.5 million in FY 2018-19, mainly because of increase in revenue from Rs 8,362.8 million in FY 2018-19 to Rs 11,811.5 million in FY 2019-20. The airline is consciously increasing the yield and as at the year end the average yield stood at Rs 4,132 per passenger. Further, the Company has implemented cost saving measures for the reduction of costs.

The Company has continued to operate to the North Eastern 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. The Company was operating 29 UDAN routes as on 31st March

2019, which at present has risen to 61 routes as on 31st March 2020. Alliance Air is operating around 58% UDAN routes at a growth of 10% from the FY2019-20. Alliance Air by deploying more resources on UDAN sectors. The Company has actively participated in UDAN-4 and awaiting final allotment. The total UDAN route won by the Company now stands at 95. Alliance Air by deploying more resources on UDAN sectors is moving towards profitability.

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 2020-21 and thereafter further consolidate the gains.

iv) 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 severe liquidity crunch and its financial and operating performance has been affected in recent years due to a number of external and internal factors.

The Company faces significant uncertainties due to COVID-19 which have impacted the operations of the Company adversely starting from the month of March 2020. Management has assessed the impact of existing and anticipated effects of COVID -19

However, in spite of the negative Net Worth of the Company as at 31st March2020, considering the continuous support of the Holding Company and the Government, the Company is and will continue to be able to meet its financial obligations as they fall due. 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 of the Company which are given hereunder:

a) Due to the renovation of 80 guest rooms and other allied works at Centaur Delhi and in view of the equity infusion of Rs 270.0million by Government of India over the last few years.The Revenues of the Company increased to Rs. 676.2 million during FY 2019-20. Due to this the Net Loss (including OCI) of the Company also registered a decline from Rs 712.0 million in FY 2018-19 to Rs 655.5 million in FY 2019-20.

b) The Holding Company, Air India Limited (AIL)and Government of India is continuously supporting the Company by way of financial assistance in the form of equity infusion and providing financial assistance as and when required by HCI and are also committed

c) AIL has been continuously supporting the Company by giving business which contributes to the operational revenue of the Company - nearly 80% of the revenue earned by the Company is from AIL and this would continue in the future also.

d) Presently the Company is in the process of inviting consultants to assist the Company to hand over Delhi properties on Management Contract upto 31.3.2031 i.e. upto the lease period of land leased from AAI. This would result in savings of fixed and variable costs at Delhi units and also the Company would earn management contract fees. Any surplus after paying off its liabilities would be transferred to Air India towards loan repayment.

e) Also, in the process of disinvestment of AIL, HCI is one of the subsidiaries of AIL which would not be divested and would be transferred to AIAHL.Accordingly, upon disinvestment of AIL, the Company would be administered by AIAHL.

v) The reconciliation/confirmation with the Subsidiary Cos and JV as on 31st March 2020 is given hereunder:

(Rs in million)

No	Name of Subsidiary/JV	Balance (Payable)/ Receivable as per Air India Ltd as on 31.3.2020	Balance (Payable)/ Receivable as per Subsidiary Co. as on 31.3.2020	Difference
1	Air India Express Ltd (AIXL) (Formerly known as Air India Charters Ltd (AICL))	11,347.0	(11,347.0)	-
2	Alliance Air Aviation Ltd (AAAL) (Formerly known as Airline Allied Services Ltd (AASL))	17,060.7	(16,903.3)	(157.4)
3	Hotel Corporation of India Ltd (HCI)	3,433.8	(3,433.8)	-
4	AI Airport Services Limited (AIASL) (Formerly known as Air India Air Transport Services Ltd (AIATSL))	(1,833.0)	1,833.0	-
5	AIEngineering Services Ltd (AIESL) (Formerly known as Air India Engineering Services Ltd)	14,942.5	(14,747.0)	(195.5)
6	Air India SATS (AI-SATS) JV	(1,344.7)	1,357.3	(12.6)

Note: The differences as stated above are under reconciliation as on 31st March 2020.

In view of continuity of the operations of these Subsidiary Companies, the total advances outstanding as stated above are, in the opinion of the management, considered good and realizable in the normal course of business.

47. Payments to and Provisions for Employees:

i) Liability for wage arrears includes Rs2,076.3 million (Net), (PY Rs. 2,076.3 million Net) arrived on ad-hoc basis towards wage settlement up to period 31st December 2006 pending finalization of actual liability.

ii) In view of Department of Public Enterprises (DPE) guidelines applicable to PSUs no wage revision can be granted to the employees of loss-making PSUs. The Company has been making losses since 1st January 2007 hence no provision has been made towards wage revision/settlement.

iii) Revised Basic Pay on the basis of Justice Dharamadhikari Committee Report

Based on Justice Dharamadhikari Committee (JDC) recommendations, the Revised Basic Pay (RBP)had been implemented for all the categories of the employees from different dates. The total provision towards the balances payable to the employees on account of the implementation of the JDC recommendations as on 31stMarch 2020 is Rs 13,319.1 million (PY:Rs 13,319.1 million).In the opinion of the Company, this provision will substantially cover all liabilities arising on the implementation of the JDC recommendations.Air India has made an adhoc payment in previous years of Rs 173.4 million to employees against the referred provision

iv) A total amount of Rs 391.3 million (PY: Rs 400.4 million) is recoverable from Pilots on account of Pilots Training Cost. The same is recoverable in installments as per each individual Pilot's terms of employment. The same is being reconciled and reviewed for any non- recovery. However, in a few cases due to pending litigation in High Court, the training cost recovery has been kept in abeyance as per Stay Order received.

48. Employee Benefits

i) General description of Defined Benefit Plan

a) **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.

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.

ii) Defined Contribution Plan

a) **Employees Provident Fund**: The Company has Employees Provident Fund Trusts under the Provident Fund Act 1925, which governs the Provident Fund Plans for eligible employees. The Company as well as the employees contributes 10% of the PF Pay to the Fund out of which Provident Fund is paid to the employees.

iii) Other Long-Term Employee Benefits

a) **Privilege Leave Encashment**: Privilege Leave Encashment is payable to all eligible employees at the time of retirement upto a maximum of 300 days.

b) **Sick Leave Encashment**: Sick Leave encashment is payable to all eligible employees at the time of retirement upto a maximum of 120 days subject to the condition that the employee should have at least 60 days of Sick Leave to his credit. However, the Company had decided to freeze the encashment of sick leave standing to the credit of all existing employees as on 01.07.2012. Accordingly, provision for sick leave has also been computed at these frozen sick leave numbers.

iv) Defined Benefit Plans – Gratuity & Post-Retirement Medical Benefits (Unfunded)

a) Disclosure as per Ind AS-19

					(Rs in Million)
	Particulars	**Gratuity**		**Post-Retirement Medical Benefits**	
	Gratuity Disclosure Statement As per IND AS 19	**As at 31.03.20**	**As at 31.03.19**	**As at 31.03.20**	**As at 31.03.19**
(A)	**Actuarial Assumptions for the year:**				
	Discount Rate	6.04%	7.64%	6.83%	7.78%
	Salary Escalation Rate	5.50%	5.50%	-	-
	Medical Cost Inflation Rate	-	-	4.00%	4.00%
	Attrition Rate/ Rate of Employee Turnover	2.00%	2.00%	2.00%	2.00%
(B)	**Other Details**				
	Number of Active Members	9440	9802	8889	9802
	Per Month Salary for Active Members	600.9	605.2	594.0	605.2
	Weighted Average Duration of the Projected Benefit Obligation	6 years	6 years	30.00	30.00
	Average Expected Future Service	8 years	8 years	30.00	30.00

					(Rs in Million)
	Particulars	Gratuity		Post-Retirement Medical Benefits	
	Gratuity Disclosure Statement As per IND AS 19	**As at 31.03.20**	**As at 31.03.19**	**As at 31.03.20**	**As at 31.03.19**
	Projected Benefit Obligation (PBO)	7397.4	7051.1	13402.6	12120.8
	Prescribed Contribution for Next Year (12 Month)	-	-	-	-
(C)	**Table for Change in Benefit Obligation:**				
	Liability at the beginning of the year	7051.1	6972.9	12120.8	11511.9
	Less: Liability transferred to AIESL/ AIATSL				
	Net Liability at the beginning of the year	7051.1	6972.9	12120.8	11511.9
	Interest Cost	538.7	543.9	943.0	893.3
	Current service cost	210.4	216.8	125.2	112.1
	Past Service Cost (Vested Benefit)	-	-	-	-
	Benefit paid	(967.5)	(1182.9)	(1164.9)	(759.9)
	Actuarial (gain)/loss on obligations	160.4	52.6	1285.6	(25.1)
	Actuarial (gain)/loss on obligations	404.3	447.8	92.9	388.5
	Liability at the end of the year	7397.4	7051.1	13402.6	12120.8
(D)	**Amount Recognized in the Balance Sheet:**				
	Liability at the end of the year	(7397.4)	(7051.1)	(13402.6)	(12120.8)
	Fair value of Plan Assets at the end of the year			-	-
	Funded Status (Surplus/ (Deficit)	(7397.4)	(7051.1)	(13402.6)	(12120.8)
	Amount Recognized in the Balance Sheet	(7397.4)	(7051.1)	(13402.6)	(12120.8)
(E)	**Net Interest Cost for Current Period**				
	Present Value of Benefit Obligation at the Beginning of the Period	7051.1	6972.9	12120.8	11511.9
	(Fair Value of Plan Asset at the Beginning of the Period)			-	-
	Net Liability (Asset) at the beginning	7051.1	6972.9	12120.8	11511.9
	Interest cost	538.7	543.9	943.0	893.3
	(Interest Income)	-	-	-	-
	Net Interest Cost for current period	538.7	543.9	943.0	893.3
(F)	**Expense recognized in the P & L Account:**				
	Current service cost	210.4	216.8	125.2	112.1
	Interest cost	538.7	543.9	943.0	893.3

					(Rs in Million)
	Particulars	Gratuity		Post-Retirement Medical Benefits	
	Gratuity Disclosure Statement As per IND AS 19	**As at 31.03.20**	**As at 31.03.19**	**As at 31.03.20**	**As at 31.03.19**
	Expected return on Plan Assets	-	-	-	-
	Net actuarial (gain)/loss to be recognized	-	-	-	-
	Past Service Cost (Vested Benefit)	-	-	-	-
	Adjustment relating to AAAL for earlier period	(8.6)	-	-	-
	Expense recognized in the P & L Account	740.5	760.7	1068.2	1005.4
(G)	**Expense recognized in the Other Comprehensive Income (OCI) for Current Period**				
	Actuarial (Gains)/Losses on obligation for the period	564.7	500.4	1378.5	363.4
	Return on Plan Assets, Excluding Interest Income	-	-	-	-
	Change in Asset Ceiling	-	-	-	-
	Net (Income)/Expense For the period recognized in OCI	564.7	500.4	1378.5	363.4
(H)	**Balance Sheet Reconciliation:**				
	Opening Net Liability	7051.1	6972.9	12120.8	11511.9
	Expense Recognized in Statement of Profit or Loss	749.1	760.7	1068.2	1005.4
	Expense Recognized in OCI	564.7	500.4	1378.5	363.4
	NET Liability /(Asset) Transfer In	-	-		-
	NET Liability /(Asset) Transfer Out	-	-		-
	Benefit Paid	(967.5)	(1182.9)	(1164.9)	(759.9)
	Expense recognized in OCI	-	-	-	-
	Net Liability/(Asset) as per Balance Sheet	7397.4	7051.1	13402.6	12120.8
(I)	**Net Interest Cost for Next Year**				
	Present Value of Benefit Obligation at the Beginning of the Period	7397.4	7051.1	13402.6	12120.8
	(Fair Value of Plan Asset at the Beginning of the Period)			-	-
	Net Liability (Asset) at the End of the period	7397.4	7051.1	13402.6	12120.8
	Interest cost	446.8	538.7	915.4	943.0
	(Interest Income)	-	-	-	-
	Net Interest Cost for current period	446.8	538.7	915.4	943.0

					(Rs in Million)
	Particulars	**Gratuity**		**Post-Retirement Medical Benefits**	
	Gratuity Disclosure Statement As per IND AS 19	**As at 31.03.20**	**As at 31.03.19**	**As at 31.03.20**	**As at 31.03.19**
(J)	**Expense recognized in the Statement of P & L A/C for Next Year**				
	Current service cost	210.3	210.4	118.1	125.2
	Interest cost	446.8	538.7	915.4	943.0
	(Expected Contribution by the Employees)	-	-	-	-
	Expenses recognized	657.1	749.1	1033.5	1068.2
(K)	**Maturity Analysis of the Benefit Payments: From the Employer**				
	Projected Benefits Payable in future Year from the Date of Reporting				
	1st Following Year	1024.0	1045.6	641.2	587.5
	2nd Following Year	659.9	654.8	661.7	607.9
	3rd Following Year	1057.8	1029.8	700.2	648.6
	4th Following Year	1011.4	1005.1	738.3	691.0
	5th Following Year	927.9	950.2	775.6	732.4
	Sum of Years 6 To 10	2982.1	3261.3	4310.0	4189.8
	Sum of Years 11 and above	3092.5	3194.5		
(L)	**Sensitivity Analysis**				
	Projected Benefit Obligation on Current Assumptions	**7,397.4**	**7,051.1**	**13,402.6**	**12,120.8**
	Delta Effect of +1% Change in Rate of Discounting	(356.2)	(315.3)	(1346.7)	(1140.5)
	Delta Effect of -1% Change in Rate of Discounting	397.7	349.2	1,661.3	1,388.9
	Delta Effect of +1% Change in Rate of Salary Increase	287.2	272.2	-	-
	Delta Effect of -1% Change in Rate of Salary Increase	(283.4)	(265.9)	-	-
	Delta Effect of +1% Change in Rate of Employee Turnover	35.7	60.7	-	-
	Delta Effect of -1% Change in Rate of Employee Turnover	(39.9)	(66.7)	-	-
	Delta Effect of +1% Change in Medical Cost Inflation	-	-	1,693.6	1,429.7
	Delta Effect of -1% Change in Medical Cost Inflation	-	-	(1,391.8)	(1,188.3)

b) Risk Table

These plans typically expose the Company to actuarial risks such as: Investment Risk,Interest Rate Risk, Longevity Risk and Salary Risk.

Investment Risk	As the defined benefit plans are not funded, the Company is not exposed to any investment risk.
Interest Risk	A decrease in the Government Securities bond interest rate will increase the plan liability.
Longevity Risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

49. DEFERRED TAX ASSETS / (LIABILITY)

The Company has recognized Deferred Tax Assets in earlier years amounting to Rs 28,425.2 million. In the subsequent years, the Company has continued to carry this balance of Net Deferred Tax Assets and no further amounts have been recognized as a matter of prudence. The details of the same are given below:

i) **Deferred Tax Assets/Liabilities**

(Rs in Million)

S.No	Particulars	As at 31st March 2020	As at 31st March 2019
(A)	**Deferred Tax Liability**		
(i)	Related to Fixed Assets	56,701.7	70,508.1
(ii)	Related to Foreign Currency Monetary Items (FCMI)	81.1	860.8
	Sub-Total (A)	**56,782.8**	**71,368.9**
(B)	**Deferred Tax Assets**		
(i)	Unabsorbed Depreciation	85,208.0	99,794.1
	Sub-Total (B)	**85,208.0**	**99,794.1**
	Net Deferred Tax Asset/(Liability)	**28,425.2**	**28,425.2**

Although, the Company is in the process of evaluating adoption of the concessional tax regime but as a matter of prudence has re-computed Deferred Tax Assets/ Liabilities in consonance with the new concessional tax regime and accordingly computed the above figures at the net tax rate of 25.168%.

ii) **Details of the Total DTA not recognized as on 31st March 2020:**

The Total DTA available against Depreciation/Business/Other Disallowances Losses as on 31st March 2020 are Rs. 200,738.1 million (PY: Rs 242,628.3 million). Out of this available DTA amount, the Company has only recognized DTA amounting to Rs. 85,208.0million(PY: Rs 99,794.1 million) (Gross) as detailed above against Depreciation Losses only. Accordingly, as at 31st March 2020 the Company still has got total unrecognized DTA amount of Rs 115,530.1 million (PY: Rs 142,834.2 million), which as a matter of prudence has not been recognized in the books. The details of the unrecognized DTA balances are given below:

		(Rs in Million)
Particulars	**As at 31st March, 2020**	**As at 31st March, 2019**
Unabsorbed Depreciation	7,792.9	10,481.7
Brought Forward Business Losses	89,833.1	115,484.8
Other Temporary Differences	17,904.1	16,867.7
TOTAL	**115,530.1**	**142,834.2**

The unused tax losses and unabsorbed depreciation considered above are based on the tax records and returns of the Company and does not consider the potential effect of matters under dispute/litigation with the tax authorities which are currently sub-judice at various levels.

The Govt of India approved the Revival Plan of the Company through which a series of measures were introduced to improve the operational and financial efficiencies as detailed in Note28 and53. Further, the Company is under the disinvestment process as approved by the Govt of India. The Company is therefore hopeful of showing improved performance in the future and accordingly, has reasonable certainty that the deferred tax assets recognized will be realized against future taxable profits. Further, the Deferred Tax Assets have been created against carry forward Depreciation only which are available to the Company indefinitely as per the provisions of the Income Tax Act.

iii) **Reconciliation of Effective Tax Rate**

Reconciliation of tax expense and the accounting profit / (loss) multiplied by India's domestic tax rate as adopted by the Company for the year ended 31st March 2020 and 31st March 2019:

				(Rs in Million)
Particulars	**For the year ended 31st March 2020**		**For the year ended 31st March 2019**	
	Rate (%)	**Amount**	**Rate (%)**	**Amount**
Profit/(Loss) Before Tax		(77,657.3)		(84,748.0)
Applicable Tax Rate	31.20%	24,229.7	31.20%	26,441.4
Deferred Tax asset not recognized on above	-	(24,229.7)	-	(26,441.4)
Tax expense for the year	-	Nil	-	Nil
Effective Tax Rate	Nil	-	Nil	-

50. Earnings Per Share

Particulars	**For Year ended 31.03.2020**	**For Year ended 31.03.2019**
Profit/(Loss) After Tax for the year (Rs in Million)	(77,657.3)	(84,748.0)
Weighted Average No. of Equity Shares	32,665,210,000	29,238,360,685
EPS (Rs. per Share) (Basic)	(2.38)	(2.90)
EPS (Rs. per Share) (Diluted)	(2.38)	(2.90)

51. The Micro and Small Enterprises Development Act

Information as required to be furnished as per Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

Amount remaining unpaid to supplier covered under MSMED Act at the end of the year.

(Rs in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Principal	**267.1**	163.7
Interest	**Nil**	Nil
Total	**267.1**	163.7
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 day 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 day during the year) but without adding the interest specified under MSMED Act.	**-**	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	**-**	-
The 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 enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	**-**	-

Note: There have been delays in making payments to some of these enterprises, however, in the opinion of the management the interest is not expected to be material.

52. Remuneration to Auditors

The details of the audit fees and expenses of the Auditors: -

		(Rs in Million)
Particulars	**2019-20**	**2018-19**
Audit Fee for the year	16.5*	12.0*
Other Expenses	2.3	2.5
Total	**18.8**	**14.5**

* includes FY 2018-19 arrears of Rs 3.0 million (PY: Rs.1.5 million)

53. Going Concern

The Company has received continuous support from the Government of India (GoI) initially through the introduction of the Turnaround Plan (TAP)/Financial Restructuring Plan (FRP) approved in 2012 and then under the Strategic Revival Plan in FY 2018-19 which has helped the Company to improve its operating and financial parameters.

The objective of the Strategic Revival Plan was to establish a strong competitive and self-sustaining airline which can be strategically divested or listed in the next few years. Focus on increasing the operational efficiencies whereby substantial increase in revenue or cost saving can be achieved.The Revival Plan contained the following major components:

a) Organizational Reforms

b) Financial Package

c) Disinvestment of Subsidiaries

d) Sale of non-core Assets

e) Improving Internal Efficiencies

f) Tapping the human resource potential to the fullest

The details of the financial package under the Revival Plan broadly included the following:

A total debt amounting to Rs 294,640.0 million to be transferred from Air India Ltd to AIAHL viz Air India Assets Holding Co Ltd with effect from 1st October 2018

- Cash Support of Rs 39,750.0 million to Air India
- Provide a Govt Guarantee of Rs 76,000.0 million,
- In addition, the GoI also approved that AIAHL was to fund the interest liability on the carved-out debt of Rs 294,640.0 million proposed to be transferred to AIAHL effective 1st October 2018.

The above support has been duly extended to AI by the Govt of India. Also refer to Note 28.

The Company has regularly received Equity Infusion from the GoI. Hence, it is evident that the GoI is committed to pursue the path of disinvestment and through various steps taken above is aiding the Company in clearing its balance sheet and as mentioned in the PIM for disinvestment there may be further re-allocation of debts and liabilities of the Company. Further steps taken by the Company as also the GoI in light of the process of disinvestment have been discussed in detail in Note28. All these steps are aimed at creating a positive environment.

In view of the above and the financial support from the Govt of India and various measures taken by the Company to improve its operational efficiencies, various revenue enhancing measures, cost control measures undertaken etc.the Company expects improvement in its Operational and Financial Performance, in the near future and hence, the Financial Statements of the Company have been prepared on the ‘Going Concern’ basis.

54. Impairment of Assets

The Company has carried out an assessment of the impairment of its non-financial assets as on the Balance Sheet date in accordance with Ind AS 36. For the purpose of such impairment testing, all assets of the Company have been considered as a single Cash Generating Unit (CGU) and the value in use has been determined based on the future projections/forecast having regard to the Revival Plan for Operational & Financial Efficiency as described in detail in Note 28 & 29. Based on such assessment, there is no impairment in the carrying value of the assets to be recognized at this stage.

Further, the Company has also assessed the impact of COVID on the impairment in the carrying value of its assets, inventories, receivables etc appearing in its financial statements. In developing the assumptions and estimates relating to the future uncertainties in the economic conditions manifested by the pandemic, the Company has relied on various internal and external sources of information. Based on these estimates, the Company as of now expects to recover the carrying value of all its assets.

55. 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 31st March 2020, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

Debt-Equity Ratio:

		(Rs in Million)
Particulars	**As at 31st March 2020**	**As at 31st March 2019**
Long term Borrowings	55,118.4	82,999.6
Short term borrowings	250,869.4	276,303.4
Current maturity of Long-term Borrowings	77,676.1	199,716.7
Current maturities of Finance Lease Obligations	-	23,539.2
Total Debt (A)	**383,663.9**	**582,558.9**
Equity Share Capital	326,652.1	326,652.1
Other Equity	(701,203.3)	(621,315.7)
Share Application money pending Allotment	0.1	-
Total Equity (B)	**(374,551.1)**	**(294,663.6)**
Debt Equity Ratio (A/B)	**(1.0)**	**(2.0)**

<u>Note</u>: The Company is highly leveraged due to negative Net Worth and the nature of the business due to which the Debt Equity Ratio is negative.

Pursuant to adoption of Ind AS 116, Finance Lease Obligations has been reclassified from borrowings and presented as a part of lease liabilities which are not considered as debt during the current year.

56. Fair Value Measurement and Financial Instruments

i) **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.

a) **As on 31st March 2020**

(Rs in Million)

Particulars	Note	Carrying Value				Fair value measurement using		
		FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial Assets								
Non-Current								
a) Investments	2		866.8	8,236.2	9,103.0	346.0	520.8	8,236.2
b) Loans	4			4,039.9	4,039.9			4,039.9
c) Other Financial Assets	5			10,676.7	10,676.7			10,676.7
d)Trade Receivables	**3**			-	-			-
Current								
a) Trade Receivables*	3			13,756.1	13,756.1			13,756.1
b) Cash and Cash Equivalents*	9			6,248.4	6,248.4			6,248.4
c) Bank Balance other than (b) above*	10			6,855.7	6,855.7			6,855.7
d) Loans *	4			175.5	175.5			175.5
e) Others Financial Assets	5			2,874.6	2,874.6			2,874.6
Total			**866.8**	**52,863.1**	**53,729.9**	**346.0**	**520.8**	**53,729.9**
Financial liabilities								
Non-Current								
a) Borrowings#	13			55,118.4	55,118.4			55,118.4
b) Lease Liabilities				184,416.1	184,416.1			184,416.1
c) Others*	15			43.5	43.5			43.5
Current								
a) Borrowings#	18			250,869.4	250,869.4			250,869.4
b) Lease Liabilities				27,684.2	27,684.2			27,684.2
c) Trade Payables*	14			100,934.8	100,934.8			100,934.8
d) AIAHL Intermediary Settlement Account	28 (iii)			5,026.2	5,026.2			5,026.2
e) Others*	15			143,062.1	143,062.1			143,062.1
Total				**767,154.7**	**767,154.7**			**767,154.7**

Note: The above disclosures do not include balance in RFATR A/c of Rs 218,434.8 million, refer note no 28(iii).

b) **As on 31st March 2019**

(Rs in Million)

Particulars	Note	Carrying Value				Fair value measurement using		
		FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial Assets								
Non-Current								
a) Investments	2		1,094.5	8,236.2	9,330.7	422.8	671.7	8,236.2
b) Loans	4			3,316.4	3,316.4			3,316.4
c) Other Financial Assets	5			10,838.1	10,838.1			10,838.1
d)Trade Receivables	**3**			-	-			-
Current								
a) Trade Receivables*	3			20,133.8	20,133.8			20,133.8
b) Cash and Cash Equivalents*	9			2,450.4	2,450.4			2,450.4
c) Bank Balance other than (b) above*	10			6,342.3	6,342.3			6,342.3
d) Loans *	4			145.8	145.8			145.8
e) Others Financial Assets	5			3,122.5	3,122.5			3,122.5
Total			**1,094.5**	**54,585.5**	**55,680.0**	**422.8**	**671.7**	**54,585.5**
Financial liabilities								
Non-Current								
a) Borrowings#	13			82,999.6	82,999.6			82,999.6
b) Others*	15			47.9	47.9			47.9
Current								
a) Borrowings#	18			276,303.4	276,303.4			276,303.4
b) Trade Payables*	14			82,649.2	82,649.2			82,649.2
c) Others*	15			283,464.4	283,464.4			283,464.4
Total				**725,464.5**	**725,464.5**			**725,464.5**

Notes:

(#) The companies' borrowings and advances to 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 amount of trade receivables, trade payables, cash and cash equivalents, bank balance other than cash and cash equivalents and other financial assets and liabilities approximates the fair values, due to their short-term nature.

- The fair values for loan were calculated based on discounted cash flow using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable.

- There have been no transfers between level 1, level 2 and level 3 for the year ended 31st March 2020 and 31st March 2019.

ii) **Valuation Technique used to determine Fair Value:**

The specific valuation techniques used to value financial instruments include:

- For unquoted Equity Shares, Net Assets Value (NAV) from the latest available Financial Statements of the entity.
- The Fair Value of remaining financial instruments is determined using Discounted Cash Flow method.

57. Financial Risk Management Objective and Policies

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

i) Credit Risk

ii) Liquidity Risk

iii) Market Risk – (a) Foreign Currency and (b) Interest Rate

The Company operates to various international destinations in multi-currency, dynamic and challenging environment The Company's principal financial liabilities comprise of loans and borrowings, trade and other payables. The Long term borrowing for the aircraft purchase is mainly US Dollar related. A part of the borrowings for the working capital are US Dollar denominated. Nearly 70% of the Company's expenses are related to the US Dollar. The main purpose of these financial liabilities is to finance aircraft acquisition, receivable and cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, liquidity risk, market risk and Commodity 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 procedure and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objective.

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 mostly from travel agents including IATA Agents and General Sales Agents, Government Parties and Credit Card Companies which are typically unsecured as no coverage is held by the Company and are derived from revenue earned from customers. General Sales/ Cargo Agents dues are secured by Bank Guarantees by Airline and/or IATA.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 agents to which the Company brands credit terms in the normal course of the business.

The Company sells majority of its passenger/cargo services against credit worthiness and financial guarantees made by agents (customers) to IATA though individual guarantees are also taken in certain cases. The Company also extends credit to the Government on flights operated and which are realized over a period of time depending on budgetary provisions made by the Govt to the respective departments

The Company uses expected credit loss model to assess the impairment on financial Instruments. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivable. The provision matrix considers available internal credit risk factors such as the Company's historical experience for customers. Based on the business environment in which the Company operates, management considers that the trade receivable is in default (credit impaired) if the payments are more than 36 months past due (in case of IATA dues more than 6 months past dues)

The Companies exposure to credit risk for Trade Receivables is as follows:

(Rs in Million)

Particulars	As at 31/03/2020		As at 31/03/2019	
	Gross Carrying Amount	Loss Allowance	Gross Carrying Amount	Loss Allowance
Debts not due	**1,937.8**	**-**	7,933.5	-
Debts over due	**23,230.8**	**11,412.5**	22,989.3	10,789.0

Movement in the allowance for impairment in respect of Trade Receivables:

(Rs in Million)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Balance at the beginning of the Year	**(10,789.0)**	(10,328.0)
Movement during the year	**(623.5)**	(461.0)
Balance at the end of the Year	**(11,412.5)**	(10,789.0)

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 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 has been experiencing liquidity problems due to delayed equity infusion by the Govt and the high debt burden

The Company believes that its liquidity position, including total cash and cash equivalent and bank balances of Rs. 13,104.1 million as at 31stMarch 2020 (PY: Rs. 8,792.7 million) anticipated future internally generated funds from operations, and its fully available, revolving undrawn credit facility will enable it to meet its future known obligation in the ordinary course of business provided there is equity infusion and assistance from the Government. 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 or leasing options to maximize liquidity and supplement cash requirement as necessary. However, the Company relies on Government support to conserve its liquidity position.

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

a) Day to day funding, managed by monitoring future cash flows to ensure that requirement can be met.

b) Maintaining rolling forecast of the Company's liquidity position on the basis of expected cash flows.

c) Maintaining diversified credit lines.

Exposure to Liquidity Risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The contractual cash flow amount is gross and undiscounted (except Lease Liabilities), and includes interest accrued

As at 31st March 2020	Carrying Amount as per Trial Balance	Contractual Cash Out Flows (Rs in Millions)						
		Upto 1 year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	More than 5 years	Total
Borrowings								
a) Non-Convertible Debentures (Note - 13)	129,000.0	74,000.0	-	-	-	-	55,000.0	129,000.0
b) Long Term Borrowings (Note - 13)								
- From Banks (Unsecured)	3,662.2	3,662.2	-	-	-	-	-	3,662.2
- From Other Parties	132.3	14.0	9.0	8.0	8.0	7.0	86.3	132.3
c) Short Term Borrowings (Note - 18)								
- From Banks (Secured)	74,479.2	74,479.2	-	-	-	-	-	74,479.2
- From Banks (Unsecured)	150,030.2	150,030.2	-	-	-	-	-	150,030.2
- From Other Parties (Unsecured)	26,360.0	26,360.0	-	-	-	-	-	26,360.0

d) Long Term Maturities of Long-Term Debts (Note - 15)	77,676.1	77,676.1	-	-	-	-	-	77,676.1
e) Lease Liabilities	212,100.3	27,684.0	28,004.0	28,601.0	28,955.0	27,481.0	71,375.3	212,100.3
Trade Payables (Note - 14)								
a) Trade Payables	100,934.8	100,934.8	-	-	-	-	-	100,934.8
Other Financial Liabilities (Note - 15)								
a) Interest Accrued but not due on borrowings	5,452.8	5,452.8	-	-	-	-	-	5,452.8
b) Interest Accrued and due on borrowings	7,728.2	7,728.2	-	-	-	-	-	7,728.2
c) Other Liabilities	52,248.5	52,205.0	-	-	-	-	43.5	52,248.5
Totals	**839,805.6**	**600,227.5**	**28,013.0**	**28,609.0**	**28,963.0**	**27,488.0**	**126,505.1**	**839,805.6**

As at 31st March 2019	**Carrying Amount as per Trial Balance**	**Contractual Cash Out Flows (Rs in Millions)**						
		Upto 1 year	**1-2 Years**	**2-3 Years**	**3-4 Years**	**4-5 Years**	**More than 5 years**	**Total**
Borrowings								
a) Non-Convertible Debentures (Note - 13)	1,36,000.0	81,000.0	-	-	-	-	55,000.0	1,36,000.0
b) Long Term Borrowings (Note - 13)								
- From Banks (Secured)	109,952.5	109,952.5	-	-	-	-	-	109,952.5
- From Banks (Unsecured)	16,349.4	8,751.5	2,822.0	4,775.9	-	-	-	16,349.4
- From Other Parties	121.0	12.7	10.0	10.0	10.0	10.0	68.3	121.0
c) Short Term Borrowings (Note - 18)								
- From Banks (Secured)	113,992.6	113,992.6	-	-	-	-	-	113,992.6

- From Banks (Unsecured)	135,950.8	135,950.8	-	-	-	-	-	135,950.8
- From Other Parties (Unsecured)	26,360.0	26,360.0	-	-	-	-	-	26,360.0
d) Long Term Maturities of Finance Lease Obligation (Note - 13)	43,832.6	23,539.2	15,233.0	5,060.4	-	-	-	43,832.6
Trade Payables (Note - 14)								
a) Trade Payables	82,649.2	82,649.2	-	-	-	-	-	82,649.2
Other Financial Liabilities (Note - 15)								
a) Interest Accrued but not due on borrowings	6,557.6	6,557.6	-	-	-	-	-	6,557.6
b) Interest Accrued and due on borrowings	1,981.0	1,981.0	-	-	-	-	-	1,981.0
c) Other Liabilities	51,717.8	51,669.9	-	-	-	-	47.9	51,717.8
d) Bank Overdraft	-	-	-	-	-	-	-	-
Totals	**725,464.5**	**642,417.0**	**18,065.0**	**9,846.3**	**10.0**	**10.0**	**55,116.2**	**725,464.5**

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's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings with floating interest rates.

The Company's interest rate risk arises majorly from the foreign currency term loan and finance lease carrying floating rate of interest which is linked to LIBOR. These obligations expose the Company to cash flow interest rate risk. The exposure the Company's borrowings to interest rate changes as reported to the management at the end of the reporting period are as follows:

(Rs in Million)

Particulars	As at 31st March 2020	As at 31st March 2019
Variable-rate instruments		
Long Term Borrowings from Bank (Secured & Unsecured, including current maturities)	-	7,290.1
Short term borrowings	68,072.3	65,585.5
Finance lease obligation (including current maturities)	-	41,538.7
Total Variable Rate Instruments	**68,072.3**	**114,414.3**

Interest Rate Sensitivity Analysis

A reasonably possible change of 0.50 % in interest rates at the reporting date would have affected the profit or loss by the amounts shown below. This analysis assumes that all other variables, in particulars foreign currency exchange rates, remains constant.

(Rs in Million)

Increase / (decrease) in the interest on foreign currency term loans-from others and on finance lease obligation.	Statement of Profit and losses	
	Increase by 0.50 %	**Decrease by 0.50 %**
- For the year ended 31stMarch 2020	340.4	(340.4)
- For the year ended 31st March 2019	572.1	(572.1)

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 multi currencies on its operations and hence 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 31st March 2020 and 31st March 2019are as below:

(Rs in Million)

As at 31st March 2020											
Particulars	**USD**	**EUR**	**GBP**	**AED**	**OMR**	**SGD**	**THB**	**CHF**	**QAR**	**AUD**	**OTHERS**
Financial Assets											
Trade Receivables	11,828.0	936.4	35.1	289.4	87.0	55.0	43.2	27.4	10.1	42.9	1,093.3
Cash and Cash equivalents	438.9	794.0	337.5	9.5	31.5	19.2	11.6	3.0	-	99.4	588.1

Bank Balances other than above	872.6	-	-	-	-	-	-	-	-	45.9	63.1
Loans	3,552.2	64.0	1.6	12.4	-	4.3	1.2	0.1	0.4	0.1	76.1
Other Financial Assets	3,865.9	26.1	21.3	4.2	1.0	5.0	0.1	-	-	15.5	30.5
Total Financial Assets	**20,557.5**	**1,820.5**	**395.5**	**315.5**	**119.5**	**83.5**	**56.1**	**30.5**	**10.5**	**203.8**	**1,851.1**
Financial Liabilities											
Borrowings	69,531.7	-	-	-	-	-	-	-	-	-	-
Other Financial Liabilities	2,276.8	34.8	67.0	16.7	3.4	2.7	0.9	-	1.1	9.5	93.8
Trade Payables	10,291.8	(10.8)	567.5	263.8	(64.0)	82.9	(240.6)	(5.5)	4.2	214.1	433.3
Total Financial Liabilities	**82,100.3**	**24.0**	**634.5**	**280.5**	**(60.6)**	**85.6**	**(239.7)**	**(5.5)**	**5.3**	**223.6**	**527.1**

As at 31st March 2019											**(Rs in Million)**
Particulars	**USD**	**EUR**	**GBP**	**AED**	**OMR**	**SGD**	**THB**	**CHF**	**QAR**	**AUD**	**OTHERS**
Financial Assets											
Trade Receivables	7,049.8	1,086.0	1,096.0	616.7	259.1	64.9	64.1	29.5	105.6	160.6	2,335.6
Cash and Cash equivalents	568.9	563.6	34.1	9.5	0.04	36.2	48.8	1.02	-	32.3	538.7
Bank Balances other than above	786.1	-	-	-	-	-	-	-	-	51.9	420.6
Loans	5,856.2	58.3	3.4	13.9	-	6.5	1.1	0.1	0.4	0.2	45.3
Other Financial Assets	3,652.1	20.1	11.2	9.6	0.8	3.2	0.9	1.5	-	14.2	34.5
Total Financial Assets	**17,913.2**	**1,727.9**	**1,144.7**	**649.7**	**260.0**	**110.8**	**114.9**	**32.1**	**106.0**	**259.2**	**3,374.7**
Financial Liabilities											
Borrowings	147,007.2	-	-	-	-	-	-	-	-	-	-
Other Financial Liabilities	2,290.6	45.4	72.8	16.8	3.1	3.3	0.9	-	1.0	9.9	13.9
Trade Payables	11,010.4	465.3	661.3	573.5	39.8	256.5	124.7	-	3.5	264.8	975.7
Total Financial Liabilities	**160,308.3**	**510.7**	**734.1**	**590.3**	**42.9**	**259.8**	**125.6**	**-**	**4.5**	**274.7**	**989.7**

Foreign Currency Sensitivity Analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against below currencies at 31st March 2020 and 31st March 2019 would have affected the measurement of financial instruments denominated in foreign currency and affected Statement of Profit and Loss by the amounts shown below. This analysis is performed on foreign currency denominated monetary financial assets and financial liabilities outstanding as at the year end. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(Rs in Million)				
0.5% Depreciation / Appreciation in Indian Rupees against following foreign currencies:	Statement of Profit and Loss for the year ended 31 March 2020		Statement of Profit and Loss for the year ended 31 March 2019	
	Gain/ (loss) on Appreciation	Gain/ (loss) on Depreciation	Gain/ (loss) on Appreciation	Gain/ (loss) on Depreciation
USD	307.7	(307.7)	712.0	(712.0)
EUR	(9.0)	9.0	(6.1)	6.1
GBP	1.2	(1.2)	(20.5)	20.5
AED	(0.2)	0.2	(0.3)	0.3
OMR	(0.9)	0.9	(1.1)	1.1
SGD	0.0	(0.0)	0.7	(0.7)
THB	(1.5)	1.5	0.1	(0.1)
CHF	(0.2)	0.2	(0.2)	0.2
QAR	(0.0)	0.0	(0.5)	0.5
AUD	0.1	(0.1)	0.1	(0.1)
Other	(6.6)	6.6	(11.9)	11.9

Note: USD: United States Dollar, GBP: Great British Pound, AED: Arab Emirates Dirhams, OMR: Omani Riyal, THB: Thai Baht, CHF: Swiss Franc, SGD: Singapore Dollar, EUR: Euro, AUD: Australian Dollar, QAR: Qatari Riyal.

58. Frequent Flyer Programme (FFP)

The Company has a Frequent Flyer Programme under which members who travel on revenue tickets earn miles per travel as per Frequent Flyer Program (FFP). Such miles can be redeemed either on Air India or Star Alliance carriers as per the redemption chart. As per FFP program, the life of these miles is 3 years, and if a Member does not use these miles within 3 years such miles get lapsed. The unredeemed miles which has not lapsed, at the end of the Financial Year are provided for.

During FY 2018-19, the Liability for unexpired FFP miles was made on the basis of average % of miles lapsed during the last two years which amounted to Rs 828.7 million. However, for FY 2019-20, it was decided to carry out Actuarial Valuation for unredeemed miles of Flying Returns as on 31st March 2020. As per Actuarial valuation Report, FFP Liability is Rs 1,236.0 million and accordingly incremental provision of Rs 407.3 million during the year is made towards difference between existing provision and the actuarial valuation.

(Rs in Million)		
Details of FFP Provision	**As at 31st March, 2020**	**As at 31st March, 2019**
Opening Balance	**828.7**	636.9
Add: Additions during the year	**407.3**	191.8
Closing Balance	**1236.0**	828.7

59. IND AS 115: Performance Obligations and remaining Performance Obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Remaining performance obligation estimates are subject to change and are affected by the several factors, including terminations of contract, changes in scope of contracts etc.

The aggregate value of performance obligations that are completely or partially unsatisfied as at 31st March, 2020, is Rs 23,326.6 million(PY: Rs 25,306.1 million) and forward sales of which performance obligation are completely unsatisfied as at the end of reporting period is Rs22,090.6 million (PY: Rs 24,477.4 million)which has been classified as “Forward Sale under Current Liabilities”, as detailed in table given below:

		(Rs in Million)
	As at 31st March, 2020	**As at 31st March, 2019**
Contractual Liabilities Forward Sales		
Opening Balance	**24,690.1**	22,445.3
Add: Additions	**232,769.2**	225,309.7
Less: Revenue Recognized	**(235,368.7)**	(223,277.6)
Balance towards Forward Sales (A)	**22,090.6**	24,477.4
Add: Adjustment due to re-grouping	**0.0**	212.8
Closing Balance	**22,090.6**	24,690.1
Add: Provision for FFP (Refer Note 58) (B)	**1,236.0**	828.7
Aggregate value of Performance Obligations (A+B)	**23,326.6**	25,306.1

60. Additional Information:

a) An instance of fraud involving payment to a third party was reported in New York office amounting to USD 300,250 (Rs 19.4million)during 2017-18. The matter is under investigation. However, as a matter of prudence full provision has been made towards the same.

b) In January 2020, discrepancies in Petty Cash and short banking of Sales collection was reported by the City Booking Office, Guwahati Station. On preliminary investigation by Finance Department, total cash loss of Rs 0.1 million was reported. Recovery action is pending.

61. 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 becomes effective.

62. Previous Year's figures have been re-casted/regrouped/re-arranged, wherever necessary.

Signatures to the Schedules forming part of the Standalone Financial Statements and to the above notes.

For and on behalf of the Board

Sd/-	Sd/-	Sd/-
(Rajiv Bansal)	**(V.S. Hejmadi)**	**(Kalpana Rao)**
Chairman & Managing Director	Director-Finance	Company Secretary
DIN: 00245460	**DIN: 07346490**	**M.No: ACS8194**

For and on behalf of	**For and on behalf of**	**For and on behalf of**
PKF Sridhar &Santhanam LLP	**Jagdish Chand & Co**	**Khandelwal Jain & Co**
Chartered Accountants	Chartered Accountants	Chartered Accountants
FRN:003990S/S200018	**FRN: 000129N**	**FRN: 105049W**
Sd/-	Sd/-	Sd/-
(V Kothandaraman)	**(Praveen Kumar Jain)**	**(Narendra Jain)**
Partner	Partner	Partner
M.No.025973	**M.No.85629**	**M.No.048725**

Place : New Delhi
Date : 27 January 2021

CONSOLIDATED
FINANCIAL STATEMENTS OF AIR INDIA 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 AIR INDIA LIMITED FOR THE YEAR ENDED 31 MARCH 2020

The preparation of consolidated financial statements of **AIR INDIA LIMITED** for the year ended 31 March 2020 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 auditors appointed by the Comptroller and Auditor General of India under section 139 (5) read with section 129 (4) of the Act are responsible for expressing opinion on the financial statements under section 143 read with section 129 (4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 27 January 2021.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of **AIR INDIA LIMITED** for the year ended 31 March 2020 under section 143(6)(a) read with section 129(4) of the Act. We conducted a supplementary audit of the financial statements of **AIR INDIA LIMITED**, Air India Express Limited, Hotel Corporation of India Limited, Air India Engineering Services Limited, AI Airport Services Limited and Alliance Air Aviation Limited for the year ended on that date. Further, section 139(5) and 143 (6)(a) of the Act are not applicable to Air India SATS Airport Services Private Limited being private entity for appointment of their Statutory Auditor nor for conduct of supplementary audit. Accordingly, Comptroller and Auditor General of India has neither appointed the Statutory Auditors nor conducted the supplementary audit of this company. 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.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) read with section 129(4) 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 Consolidated Financial Position:

Balance Sheet:

Assets:

(i) Current Assets:

Trade Receivables (Note 3) - Rs. 13,803.1 million

Above includes an amount of Rs. 15 million on account of collection charges towards Airport Security Fee (ASF) from National Aviation Security Fee Trust (NASFT) on provisional basis during 2019-20. As per SOP of NASFT, the company is authorised for collection charges on ASF, if the payment of ASF has been made within the due dates. However, Rs 783.8 million is outstanding against the invoices raised by NASF on the Company as on 31st March, 2020. Thus, the company is not entitled for collection charges. Hence, this has resulted in overstatement of Trade Receivables and understatement of Loss by Rs.15 Million.

(ii) Assets Held for Sale (Note No.10.1)

Others – Rs. 35,864.7 million

The above includes an amount of Rs 39.01 million towards Book value of the booking Office at Rajkot as on 31st March 2020.The classification of the above property as ‘Asset held for Sale’was against the provisions of para 7of Ind AS-105 as the allotment of property at Rajkot was cancelled by Collector Office Rajkot. This property had already been allotted to Head of District Education and Training Organisation, Rajkot in July,

2018. Thus, this has resulted in overstatement of Asset held for sale and understatement of loss by Rs 39.01 million.

(iii) Current Liabilities:

Trade Payable (Note 14) – Rs 1,04,540.8 million

The above does not include Rs 8.8 million towards bills of M/s Accelya Kale for use of their Software by AI Airport Services Limited to carry out the International Air Transport Association (IATA) billing in respect of third-party Airlines handled by the AI Airport Services Limited. The company is showing the above amount as contingent liability instead of recognising the same as a liability.

Thus, the above has resulted in understatement of Trade Payable and Expenses by Rs 8.8 million and overstatement of Profit as well as Contingent Liabilities to the same extent.

B Comments on Consolidated Cash Flow Statement:

1. The above includes a reversal entry for Provision of Capital Advances of Rs 7.55 million which is a non-cash transaction and the same should also not have been taken in the Cash Flow Statement and the same is non-compliance of para 43 of Ind AS 7.

2. AI Airport Services Limited is having a bank balance of USD 589,877.22.However, in compliance withInd AS 7, the effect of exchange rate changes on the bank balance held in foreign currency amounting to Rs 1.4 million has not been shown separately in the cash flow statement.

3. Cash and Cash Equivalents includes three term deposits of AI Airport Services Limited amounting to Rs 1.7 million which are under lien and hence not available for use by the said Company. However, in compliance with Ind AS 7, this fact has not been disclosed in the Cash Flow Statement.

4. Fixed Assets amounting to Rs 1,358.2 million have been purchased by AI Airport Services Limited, however, payment of RS 479.7 million only has been made to the vendor and Rs 878.5 million is being shown under Financial Liabilities. The Company has taken the impact of Rs 878.5 million under ‘Increase/decrease in Trade Payables’ while calculating Cash Flow from Operating Activities and has shown total purchase amount of Rs. 1,358.2 million under ‘Purchases of Property, Plant & Equipment’ while calculating Cash Flow from Investing Activities. Since, this is not an operating activity, its impact should not have been taken under Cash Flow from Operating Activities and also, the purchase of fixed assets should have been shown on net cash outflow basis i.e. Rs 479.7 million instead of showing full purchase price of Rs 1,358.2 million. Thus, the above treatment has resulted in overstatement of Cash generated from Operations and understatement of Cash Flow from investing activities by Rs 878.5 million and has also resulted in non-compliance of Ind AS 7 relating to Statements of Cash Flow.

C Comments on Disclosure

Note no. 28 (iii) of Notes forming part of the accounts:

Transaction with AIAHL relating to Disinvestment of Air India Limited

12 flats having book value of Rs.164.69 Million at City Garage, Mullen Street, Kolkata included in Asset held for sale was illegally encroached and matter is sub-judice in the Court of Chief Judicial Magistrate,

Alipore. Since the matter is sub-judice, the sale of above property could not be made. Hence, the facts of encroachment/litigation should have been disclosed in notes to accounts. Thus, notes to account is deficient to that extent.

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

Sd/-
(Rina Akoijam)
Principal Director of Audit (Infrastructure)
New Delhi

Place : New Delhi
Dated : 17 March 2021

Management Replies to the comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the Consolidated Financial Statements of

Air India Limited for the year ended 31st March 2020

	Government Audit Query	Management Reply
A	**Comments on Financial Position**	
(i)	**Balance Sheet:** **Assets:** **Current Assets:** **Trade Receivables (Note 3) - Rs. 13,803.1 million** Above includes an amount of Rs. 15.00 Million on account of collection charges towards Airport Security Fee (ASF) from National Aviation Security Fee Trust (NASFT) on provisional basis during 2019-20. As per SOP of NASFT the company is authorised for collection charges on ASF, if the payment of ASF has been made within the due dates. However, Rs 783.8 million is outstanding against the invoices raised by NASF on the Company as on 31st March, 2020. Thus, the company is not entitled for collection charges. Hence, this has resulted in Overstatement of Trade Receivables and understatement of Loss by Rs. 15.00 Million.	Efforts are being made to obtain the confirmation from NASFT. Air India has also written to NASFT but no response has been received from their end despite repeated follows up. However, necessary action either by raising of Invoice or reversal of provision shall be ensured in FY 2020-21.
(ii)	**Assets Held for Sale (Note No.10.1)** **Others – Rs. 35,864.7 million** The above includes an amount of Rs 39.01 million towards Book value of the Booking Office, at Rajkot as on 31st March 2020. The classification of the above property as 'Asset held for Sale' was against the provisions of para 7 of Ind AS-105 as the allotment of property at Rajkot was cancelled by Collector Office Rajkot. This property had already been allotted to Head of District Education and Training Organisation, Rajkot in July, 2018. Thus, this has resulted in overstatement of Asset held for sale and understatement of loss by Rs 39.01 million.	The vacant land at Rajkot was allotted to Air India and since the land was vacant for long time, the authorities wanted Air India to surrender the land. Air India had agreed to surrender this land with equivalent compensation. As per the information available vide letter dated 11th November, 2020, Air India has now been informed that allocation of the above land stands cancelled and representation of Air India for any compensation is not being considered. Air India is planning to take up the matter again with appropriate authorities and based on final outcome, necessary entries for providing loss of Rs. 39.01 million on sale of asset will be accounted in the current financial year 2020-21.

(iii) Current Liabilities:
Trade Payable (Note 14) – Rs 104,540.8 million

The above does not include Rs 8.8 million towards bills of M/s Accelya Kale for use of their Software by AI Airport Services Limited to carry out the International Air Transport Association (IATA) billing in respect of third-party Airlines handled by the AI Airport Services Limited. The company is showing the above amount as contingent liability instead of recognising the same as a liability.

Thus, the above has resulted in understatement of Trade Payable and Expenses by Rs 8.8 million and overstatement of Profit as well as Contingent Liabilities to the same extent.

At the time of operationalisation of the Ground Handling Subsidiary, AI Airports Services, in October 2004, it was proposed by M/s. Kale that the Company will be billed @ Rs. 100/- per flight processed and this proposal was specific only for a period of 1 year. The agreement was not formalised and no concrete agreement /contract was entered and the arrangement continues to exist and the services are being availed by the Company.

As there was no formal agreement, the company has shown the same under Contingent Liability and has not booked the invoices. In the absence of the signed understanding between the parties since 2015, AI Airport Services Limited started reflecting the amounts billed by M/s. Kale under Contingent Liability effective 31st March 2019.

The total amount outstanding as per the claim submitted by the party and the bill wise details of the same are given below:

Particulars	**Rs in Million**
Bills raised in name of AIATSL	10.4
Less: Payments taken on account	1.6
Balance as Contingent Liability	8.8

We have noted the observations made by the Government audit team about adopting a conservative approach and booking the same should have been adopted instead of providing the same under Contingent Liability.

The Company is making efforts to resolve the long pending issue of entering into agreement during 2020-21 and arrange to account the same as well.

B	**Comments on Consolidated Cash Flow Statement:**	
1.	The above includes a reversal entry for Provision of Capital Advances of Rs 7.55 million which is a non-cash transaction and the same should also not have been taken in the Cash Flow Statement and the same is non-compliance of para 43 of Ind-AS 7.	In case of non-adjustment of Rs.7.55 million provision, we agree with Audit point that it should have been adjusted as non-cash item. Adjustments of such nature shall be taken care of in FY 2020-21.
2.	AI Airport Services Limited is having a bank balance of USD 589,877.22. However, in compliance with Ind AS 7, the effect of exchange rate changes on the bank balance held in foreign currency amounting to Rs 1.4 million has not been shown separately in the cash flow statement.	The effect on exchange rates on Cash and Cash equivalent of USD 589,877.22 is Rs. 43.2 million. However, the exchange rate whilst converting at FEDAI rate the conversion of USD 589,877.22 works out to Rs. 44.6 million which leads to a difference of Rs 1.4 million which is also included in the total unrealised gain of Rs. 275.07 Million accounted under Other Income of Profit & Loss Account. As decided by the Audit Team the amount of exchange gain on the Cash and Cash Equivalent of USD 589,877.22 is Rs. 1.4 million was not reported separately.
3.	Cash and Cash Equivalents includes three term deposits of AI Airport Services Limited amounting to Rs 1.7 million which are under lien and hence not available for use by the said Company. However, in compliance with Ind AS 7, this fact has not been disclosed in the Cash Flow Statement.	The details of lien on Fixed Deposit have been indicated in the Notes (No 9 and No 10) forming part of the Balance Sheet of AI Airport Services Limited. The same however has not been disclosed separately as a note in the Cash Flow Statement. Sufficient disclosures will be made effective FY 2020-21.

4.	Fixed Assets amounting to Rs 1,358.2 million have been purchased by AI Airport Services Limited, however, payment of RS 479.7 million only has been made to the vendor and Rs 878.5 million is being shown under Financial Liabilities. The Company has taken the impact of Rs 878.5 million under 'Increase/ decrease in Trade Payables' while calculating Cash Flow from Operating Activities and has shown total purchase amount of Rs. 1,358.2 million under 'Purchases of Property, Plant & Equipment' while calculating Cash Flow from Investing Activities. Since, this is not an operating activity, its impact should not have been taken under Cash Flow from Operating Activities and also, the purchase of fixed assets should have been shown on net cash outflow basis i.e. Rs 479.7 million instead of showing full purchase price of Rs 1,358.2 million. Thus, the above treatment has resulted in overstatement of Cash generated from Operations and understatement of Cash Flow from investing activities by Rs 878.5 million and has also resulted in non-compliance of Ind AS 7 relating to Statements of Cash Flow.	In this regard the following is stated: a) The amount of Rs. 1,358.2 million has been reflected towards purchase of fixed assets against which an amount of Rs 479.7 million has been paid to the vendor. The balance of Rs. 878.5 million has been disclosed under "Other Financial Liabilities" as payable to capital creditors. While preparing the cash flow statement, the same has inadvertently been considered under increase/decrease of Trade Payables and reflected as cash flow from operating activity as against cash generation from investing activity. b) There is no impact on overall cash generated from operation and net cash from operating activities. However, deviation in presentation or disclosure, if any, will be corrected in 2020-21.
C	**Comments on Disclosure**	
	Note no. 28 (iii) of Notes forming part of the accounts: **Transaction with AIAHL relating to Disinvestment of Air India Limited** 12 flats having book value of Rs. 164.69 Million at City Garage, Mullen Street, Kolkata included in Asset held for sale was illegally encroached and matter is sub-judice in the Court of Chief Judicial Magistrate, Alipore. Since the matter is sub-judice, the sale of above property could not be made. Hence the facts of encroachment/litigation should have been disclosed in notes to accounts. Thus, notes to account is deficient to that extent.	In view of the ongoing process of disinvestment, efforts have been made for early completion of the entire monetization process. Therefore, the same has been shown under Assets held for Sale. However, disclosure requirement in this regard shall be reviewed in the next financial year.

INDEPENDENT AUDITOR'S REPORT

To the Members of Air India Limited

REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

Qualified Opinion

We have audited the accompanying Consolidated Financial Statements of **Air India Limited** (hereinafter referred to as the 'Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") which includes Group's share of profit in its joint venture, which comprise the Consolidated Balance Sheet as at 31st March, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated 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 and joint venture, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the aforesaid Consolidated Financial Statements give the information (other than certain information mentioned in Para B(6) of Emphasis of Matter section), required by the Companies Act, 2013 ("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 Standard) Rules, 2015, and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its joint venture as at 31st March, 2020 and its consolidated loss (including consolidated other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Qualified Opinion

1. **In respect of Consolidated Financial Statements,**

   Adjustments on account of reduction in estimated fair value, if any, in the carrying value of disposal group held for sale which includes Assets of Rs. 30,323.1 Million, and liabilities of Rs. 41,967.2 Million, in respect of three subsidiaries namely Hotel Corporation of India Limited, Alliance Air Aviation Limited (Formerly known as Airline Allied Services Limited) and AI Engineering Services Limited (Formerly known as Air India Engineering Services Limited), has not been determined and provided for in the books of accounts as required by Ind AS 105 "Non-Current assets held for sale and Discontinuing Operations".

2. We draw your attention to the following qualifications in the audit opinion of the financial statements of Holding Company and its subsidiaries issued by respective Independent Firm of Chartered Accountants, reproduced by us, except for the matters eliminated on Consolidation or not considered material at group level, along with our remarks wherever necessary, as under;

A. In respect of Air India Limited (Holding Company) (vide our Report on Standalone Financial Statements dated January 27, 2021)

Sl. No.	Qualification	Remarks
1.	Non- reconciliation/non-confirmation of certain receivables, payables (including certain staff related accounts and suspense / control accounts), inventory lying with third parties, certain bank accounts/ Loans/ fixed deposit with banks and others including direct confirmation for certain cases and statutory dues. Refer Note 35, 36 & 39 of standalone financial statements.	Refer Note 39, 40 & 43 of the consolidated financial statements
2.	Non- Recognition of right of use assets and corresponding lease liabilities for leases (other than Aircrafts and Land classified as PPE in the Previous Year), as required under IND AS 116 "Leases". Refer Note 44(I) of standalone financial statements.	Refer Note 50(I) of consolidated financial statements

B. In respect of AI Airport Services Limited (Formerly known as Air India Air Transport Services Limited)(Subsidiary)– (vide their Independent Auditor's Report dated December 18, 2020)

Sl. No.	Qualification	Remarks
1.	The Company has carried forward following account balances which are pending reconciliation / adjustments (if any) as at March 31, 2020:	
a.	The Company has accounted for ground handling service revenue from IATA platform based on physical service documents received from the stations and booked through the Miscellaneous Billing System Platform. This revenue is subject to rejections/adjustments by the Customer. All such rejections up to FY 2016-17 have been provided for. The Company is in the process of rebilling the customers and is in correspondence for recovery of the outstanding amount. Balance outstanding in respect thereof as at March 31, 2020 is Rs.504.7 Million against which the Company has made expected credit loss allowance of Rs.233.1 Million. We have relied on the management contention for realisation of such balances equivalent to the value reported and hence, no further adjustments are required to be made.	-
b.	Recording and accounting of expenses relating to Employee Benefits is not automated. During the course of verification various statutory delay in compliances regarding provident fund, ESIC, Professional tax, Tax Deducted at Sources have also been observed. Further, we report that	

Sl. No.	Qualification	Remarks
	Employee Benefits related accounts have reported adverse balances which are under reconciliation and are reported on net basis. We are unable to ascertain impact of such balances on the financial statements. Balances of Goods and Service Tax, Income Tax assets and Tax Deducted at source are under reconciliation with the respective statutory returns. The Company is in the process of reconciling the said balances and assessing the impact on financial statements. We are unable to ascertain impact of such balances on the financial statements. We have relied on the management contention that reconciliation of such balances will not result in material impact on the financial statements and hence, no further adjustments are required for the current year.	-
c.	The Company has collected airport authority levy in respect of ground handling services provided to parties other than Air India Limited and its group companies. As at March 31, 2020, such levy for the past five years is classified under other financial liability. This amount is under reconciliation with the Airport Authority of India. Pending adjustments of such levy, the management does not expect material impact on the financial statements.	-
d.	(i) The Company has entered into leases for various commercial premises/vehicles etc. (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, the Company is in the process of collating the necessary information for evaluating the applicability of the Ind AS 116 – Leases. (ii) The Company is in the process of entering into a comprehensive arrangement outlining the details of all the services including lease services, electricity, insurance, staff travel, material management services, IT services etc provided by the Holding Company. In the absence of approved master service agreement, the Company unable to identify lease obligations to comply with the requirements of IND AS 116 – Lease Accounting.	Refer Note 50 of consolidated financial statements

Sl. No.	Qualification	Remarks
	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.	

C. In respect of Alliance Air Aviation Limited (Formerly known as Airline Allied Services Limited) (Subsidiary) – (vide their Independent Auditor's Report dated October 20, 2020)

Sr. No.	Qualification	Remarks
1.	Note no 38 Para (3) & (4) in respect of pending Reconciliation with Airport Authority of India for the period from FY 2013-14 to FY 2017-18. The impact of the pending reconciliation on financial statements is presently not quantifiable.	Refer Note 43(iv) of consolidated financial statements

The impact of the above qualifications on the Consolidated Financial Statements, if any, is not ascertainable.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its joint venture in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act 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 in respect of the Holding Company audited by us and the audit evidence obtained by the other auditors of subsidiaries and joint venture in terms of their reports, referred to in section "Other Matter", is sufficient and appropriate to provide a basis for our qualified opinion on the Consolidated Financial Statements.

Material Uncertainty in relation to Going Concern

We draw attention to the following comments in relation to going concern in the audit opinion of the Financial Statements of Holding Company and its subsidiaries issued by respective Independent Firm of Chartered Accountants, reproduced by us;

A. In respect of Air India Limited (Holding Company)- vide our report on Standalone Financial Statements dated January 27, 2021

The Company has incurred a net loss of Rs. 77,657.3 Million during the year ended March 31, 2020 and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 5,42,591.7 Million and it has accumulated losses of Rs. 7,08,759.8 Million which has resulted in complete erosion of the net worth of the company. In spite of these events or conditions which may cast a doubt on the ability of the company to continue as a going concern, the management is of the opinion that going concern basis of accounting is appropriate in view of the continued support of the Government of India and having regard to the other facts mentioned in Note 53 of the standalone financial statements and Note 59(i) of the consolidated financial statements.

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

B. In respect of Hotel Corporation of India (Subsidiary)-vide their Auditor's Report dated October 27, 2020

The Company has incurred a net loss of Rs. 655.5 Million during the year ended March 31, 2020 and, as of that date, the Company's current liabilities excess its total assets by Rs. 3,409.3 Million and it has accumulated losses of Rs. 5,705.9 Million which has resulted in complete erosion of the net worth of the company. In spite of these events or conditions which may cast a significant doubt on the ability of the company to continue as a going concern, the management is of the opinion that going concern basis of accounting is appropriate in view of the continued support of the Holding Company, Government of India and having regards to other facts mentioned in Note 53. (Refer note 59(v) of consolidated financial statements)

Our opinion based on the consideration of Auditors' report of the said subsidiary is not modified in respect of the above matter.

C. In respect of Alliance Air Aviation Limited (Formerly known as Airline Allied Services Limited) (Subsidiary)- vide their Auditor's Report dated October 20, 2020

Notes 46 which states that the financial statements of the company have been prepared on going concern basis for the reasons stated therein inspite of continuous accumulated losses, net worth of the company fully eroded and showing material uncertainty on the company's ability to continue as a going concern. Refer Note 59(iv) consolidated financial statements. This is reported by subsidiary's Auditors under 'Emphasis a Matter' section.

Our opinion based on the consideration of Auditors' report of the said subsidiary is not modified in respect of the above matter.

Emphasis of Matter

A. In respect of Consolidated Financial Statements,

We draw attention to Note 72 to the consolidated financial statements regarding no effect given in comparative consolidated financial statements of the Company for restatements of previous year 2018-19 financial statements by two subsidiary companies, i.e. increase in profit by Rs. 113.3 Million by AI Airport Services Limited (Formerly known as Air India Air Transport Services Limited) and increase in loss by Rs. 42.4 Million by Alliance Air Aviation Limited (Formerly known as Airline Allied Services Limited), in view of accounting policy followed by the Group for restatement of the consolidated financial statements.

Our Opinion is not modified in respect of above matter.

We draw your attention to the following matter of emphasis on the Financial statements of Holding Company and its subsidiaries issued by respective Independent Firm of Chartered Accountants, reproduced (para B to G) by us except for the matters eliminated on Consolidation or considered not material at group level, as under;

B. In respect of Air India Limited (Holding Company), Vide our Report on Standalone Financial Statements dated January 27, 2021

Sr. No.	Emphasis of Matter	Remarks
1.	Note 29 of standalone financial statements regarding the possible effects of uncertainties relating to COVID-19 on Company's operations and results as assessed by the management;	Refer Note 29 of the consolidated financial statements.
2.	Note 26A of standalone financial statements regarding non-provision of penal charges on delayed payment of Guarantee Fee amounting to Rs. 20,769.9 Million, for reasons stated therein and Note 51 regarding non provision of interest on delayed payments to Micro and Small enterprises wherein the amount is not ascertained;	Refer Note 26A & 57 of the consolidated financial statements.
3.	Note 49 of standalone financial statements regarding Deferred Tax Asset of Rs. 28,425.2 Million carried in the accounts in view of the reasons stated therein, the realisation of which would depend on generation of sufficient profits in the future as anticipated / projected by the management;	Refer Note 55 of the consolidated financial statements.
4.	Note 34(ii) of standalone financial statements regarding non-application of Appendix B to Ind AS 21- "The effect of changes in Foreign Exchange rates" in respect of advances received or paid in foreign currency.	Refer Note 38(ii) of the consolidated financial statements.
5.	Note 28(iii)(i)&(m) of standalone financial statements regarding; a. receipts from Air India Assets Holding Limited (AIAHL) Towards Restructuring (RFATR) of Rs 2,18,434.8 Million (net of payments) being disclosed separately from the Company's Equity and Liabilities on the face of the balance sheet; b. accounting for reimbursement of Rs 15,574.7 Million for the Financial Year 2019-2020 by AIAHL towards interest and other loan related costs paid by the Company on the identified loans, as a reduction from finance cost; c. accounting for rental income Rs 1,424.8 Million from identified properties and Revenue sharing income of Rs 545.8 Million from subsidiaries for the period from 1st October 2018 to 31st March 2020 net of related cost of Rs 64.6 million recoverable from AIAHL has been shown as adjustment from statement of Profit & Loss. Refer Note 19, 20 & 25 of standalone financial statements;	Refer Note 28(iii)(i)&(m) of the consolidated financial statements.

Sr. No.	Emphasis of Matter	Remarks
	d. classification of certain identified properties amounting to Rs 70,583.2 Million as Assets held for sale and certain identified properties amounting to Rs 4,375.7 Million as Investment property; e. classification of investment in subsidiaries amounting to Rs 8,179.4 Million along with receivables amounting to Rs 35,437.0 Million of the subsidiaries as Assets held for sale and f. recognising gain/loss on identified assets which have been sold during the year.	
6.	Non-Disclosure of certain information in the consolidated financial statements as required by Schedule-III of the Companies Act, 2013 and Indian Accounting Standards (Ind AS): a. Terms of repayment, nature of Security separately for each case of borrowings and period & amount of continuing default in respect of borrowings and interest thereon in respect of each borrowing - Refer Note 13.4 & 18 of standalone financial statements; b. Foreign Currency Fluctuation under Finance Cost- Refer Note 23(a) of standalone financial statements; c. Information regarding interest to Micro & Small Enterprises, if any, included in Trade Payable- Refer Note 51 of standalone financial statements; d. Fair Value of Investment Properties as required in Ind AS 40 “Investment property” - Refer Note. 30 (iii) of standalone financial statements and e. Expenses relating to short-term leases and low value assets as required in Ind AS 116 “Leases”.	Refer Note 13.4, 18, 23(a), 30(v) and 50(I)(c) of the consolidated financial statements.

Our Opinion is not modified in respect of above matters.

C. In respect of AI Airport Services Limited (Formerly known as Air India Air Transport Services Limited) (Subsidiary)- vide their Auditor’s Report dated December 18, 2020

Sr. No.	Emphasis of Matter	Remarks
1.	We draw attention to Note 51 to the financial statements which explains the management assessment for the impact of COVID-19 pandemic on the financial statements. In view of the highly uncertain future economic conditions associated with the pandemic, the actual impact on the financial statements in the subsequent periods is highly dependent upon the circumstances as they evolve.	-
2.	We draw attention to Note 48 (i) of the financial statements, 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, 2020 applying simplified approach for trade and other contractual receivables from the parties other than the group companies amounting to Rs.521.9 Million. The Company has considered Rs. Nil towards expected credit loss in respect of receivable from the group companies.	Refer Note 64(i) of the consolidated financial statements.
3.	We draw attention to Note 25 to the financial statements, the Company has restated its Financial Statements for the year ended March 31, 2019 in accordance with Ind AS – 8, “Accounting Policies, Changes in Accounting Estimates and Errors”. Prior Period adjustments consists of errors/omissions on account of recording of revenue & expenses and effect of receivable/payable reconciliations. Accordingly, net effect amounting to Rs.113.3 million has been considered in the Statement of Profit and Loss of the previous year with corresponding effect in related assets/liabilities. This has resulted into decrease in profit before tax and other comprehensive income by Rs.113.3 Million and Rs. Nil respectively with corresponding reduction of other equity by Rs.113.3 Million for the previous year.	Refer Note 67(d) of the consolidated financial statements.

Sr. No.	Emphasis of Matter	Remarks
4.	We draw attention to Note 29 to the financial statements, the Company has inventories consisting of stores and spares amounting to Rs.86.8 Million. These inventories are transferred from Air India Limited and Air India Engineering Limited, which are not used for more than three years. We have relied on the management contention that such inventories have value in use is at-least equal to the carrying value in the books and hence, no further adjustments are required for the current year.	-
5.	We draw attention to Note 27 to the financial statements, the balances of trade payable and trade receivable are subject to balance confirmation (except in case of group companies) and reconciliation. Pending such reconciliation trade payable has been reported net of debit balance amounting to Rs.38.9 Million and trade receivable net of credit balance amounting to Rs.100.5 Million. In the absence of adequate reconciliation, we are unable to ascertain impact of such reconciliation on the financial statements. The Company is in the process of evaluating recoverability of receivables considering COVID-19 pandemic. Pending such analysis, impact of COVID-19 on the Company's financial statements cannot be determinable as at the date of approval of these financial statements.	Refer Note 39(i) of the consolidated financial statements.

D. In respect of Air India Express Ltd (AIXL) (Formerly known as Air India Charters Ltd (AICL)) (Subsidiary) - vide their Auditor's Report dated October 28, 2020

Sr. No.	Emphasis of Matter	Remarks
1.	Note 45 regarding write off out of opening balance of insurance claim receivable. We are informed that out of total write off, amount of Rs. 196.0 Million is on account of rejection of the claim by the insurance agency and insurance claim receivable of Rs. 30.2 Million is reversed as at year end as the same is not confirmed by the insurance agency.	Refer Note 61 of the consolidated financial statements
2.	Note 47(B) regarding penal interest amounting to Rs. 832.5 Million for delayed payment of Guarantee Commission to Government of India.	Refer Note 26A(c)(i) of the consolidated financial statements
3.	Reconciliation / rectification: The Company has made provision for repairs expenditure of Rs. 293.8 Million as referred to in note no 41(d).	-

Sr. No.	Emphasis of Matter	Remarks
4.	Note 34 in respect of various disputes for demands raised against the Company by Service tax and Customs authorities and its financial impact on the financial statements of the Company. Total amount of disputed taxes in respect of Service tax and Customs duty as disclosed in contingent liabilities is Rs.1,173.0 Million. In the opinion of the management, these matters are pending outcome of the appeals and involves peculiar issues of aviation industry which are not yet resolved. In the opinion of the management there are valid technical grounds based on which demands are disputed and hence, no provision is considered necessary and disclosure as contingent liability is appropriate.	-
5.	Note 60 regarding unreconciled Airport Tax payable of Rs. 176.9 Million.	-

E. In respect of AI Engineering Services Limited (Formerly known as Air India Engineering Services Limited) (Subsidiary) - vide their Auditor's Report dated November 18, 2020

Sr. No.	Emphasis of Matter	Remarks
1.	**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.	-

F. In respect of Alliance Air Aviation Limited (Formerly known as Airline Allied Services Limited) (Subsidiary)- vide their Auditor's Report dated October 20, 2020

Sr. No.	Emphasis of Matter	Remarks
1.	We draw attention to Note 60 in the financial statements which describes the possible effects of uncertainty relating to COVID 19 Pandemic on Companies operations and results as assessed by the management.	-

G. In respect of The Hotel Corporation of India Limited (Subsidiary) - vide their Auditor's Report dated October 27, 2020

Sr. No.	Emphasis of Matter	Remarks
1.	The Company is in the process of obtaining confirmation of balances from other Trade Receivables, Trade Payables, Loan and Advances, Deposits and Other liabilities. Loans and Advances and Other advances receivable are considered good for recovery though the same are in the process of being reconciled, referred to in Note Nos. 37.	Refer Note 39(i) of the consolidated financial statements
2.	Amount receivable from J & K government in respect of cost sharing arrangements with SKICC is Rs.119.8 Million are very old. These balances are subject to reconciliation and confirmation. (Refer note 32 (a)).	Refer Note 39(iv)(a) of the consolidated financial statements
3.	The amount payable to J & K government on account of joint construction is Rs. 45.2 Million and amount receivable on account of joint construction is Rs. 41.8 Million are very old. These balances are subject to reconciliation and confirmation. (Refer note 32 (b).	Refer Note 39(iv)(b) of the consolidated financial statements
4.	Fair value of the financial assets and financial liabilities is arrived based upon best information available or provided by the management. We have relied upon the management information for fair valuation on the absence of other required information.	-

Our opinion based on the consideration of reports of other auditors is not modified in respect of the above matters reported in para C, D, E, F and G.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion there on, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion sectionand Material Uncertainty in relation to Going Concern section above, we have determined the matters described below to be the key audit matters to be communicated in this report based on key audit matters reported in audit report issued by us of Holding Company and reported in audit reports issued/communicated to us by respective auditors of thesubsidiaries, reproduced by us, except for the matters eliminated on Consolidation or not considered material at group level.

Key Audit Matters	Principal audit procedures performed by the respective auditors
Depreciation and impairment of Property, Plant & Equipment, Right of Use Assets, Investment Properties and Intangible assets **In respect of Holding Company,**	**In respect of Holding Company,**

Key Audit Matters	Principal audit procedures performed by the respective auditors
The management uses estimates to assess useful life of various items of Property, Plant & Equipment, Right of Use Assets, Investment Properties and Intangible Assets including in the application of component accounting, recognition of early retirement from use, etc. which have a significant impact on the accounts. The company also assesses whether an impairment indication exists and performs impairment test in respect of Property, Plant & Equipment, Right of Use Assets, Investment Properties, and Intangible Assets wherever such indications exist, which involve management's judgment of various factors including future growth rate etc. Refer Note 54 of standalone financial statements	We have reviewed the judgments and methodology applied by management including the nature of underlying costs capitalized, determination of realizable value of the assets retired from active use, technical assessment conducted in assessing the useful life of assets, considered the applicable rates prescribed in Schedule II of the Companies Act, 2013, and evaluated the system followed for periodic review. We have reviewed the Company's impairment assessment process and workings of property, plant & equipment, right of use assets and intangible assets including technical assessment of the management, key assumptions and judgement used to determine the impairment and future cash flows, discount rates applied etc. We have also reviewed the adequacy of disclosures relating to impairment of non-current assets in the standalone financial statements. Refer Note 60 of the consolidated financial statements
In respect of Subsidiary, AI Engineering Services Limited (Formerly known as Air India Engineering Services Limited), **Intangible Asset** Expenses of Rs. 2,713.8 Million, incurred prior to the date of obtaining the License, were capitalized in FY 2014-15 as Intangible Assets.	**In respect of Subsidiary, AI Engineering Services Limited (Formerly known as Air India Engineering Services Limited),** • Details of the expenses has been sought. • The opinion from Expert Advisory Committee of ICAI has been taken into consideration. • The said expenses has been adjusted with retained earnings. This restatement has resulted into decrease in retained earnings with corresponding decrease in Asset by Rs. 2,713.8 Million. (Refer Note 43 of the subsidiary's financial statements) (Refer Note 34 of the consolidated financial statements)

Key Audit Matters	Principal audit procedures performed by the respective auditors
Impact of Covid-19 on impairment of Property, Plant & Equipment, Right of Use Assets, Investment Properties and Intangible assets **In respect of Holding Company,** There is inherent uncertainty due to Covid 19 pandemic which has significant impact on the management judgment and estimates with regard to recoverable amount – value in use calculation. Refer Note 29 of standalone financial statements	**In respect of Holding Company,** We have reviewed the reasonableness of assumed duration of disruption due to Covid 19 pandemic and expected growth rates from publicly available industry sources. We have also reviewed the adequacy of disclosures relating to Covid 19 in the standalone financial statements. Refer Note 29 of the consolidated financial statements
Ind AS 116 for Leases – First time adoption **In respect of Holding Company,** The Company has applied the Ind AS 116 standard to its leases of aircrafts and land disclosed under Plant Property and Equipment in the previous year, retrospectively, with the cumulative effect of initially applying the standard, recognized on the date of initial application (i.e. 1st April 2019). Accordingly, the Company has not restated comparative information; instead, the cumulative effect of initially applying this standard has been recognized as an adjustment to the opening balance of retained earnings as on 1 April 2019. The company applied practical expedient to "Grandfather Approach" for the assessment as to which transactions are to be categorized as leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17. We considered the first-time application of the standard for aircraft as a key audit matter, due to significant judgement required in the assumptions and estimates used to determine the Right of Use (ROU) asset and lease liability, assessment of lease term, determination of appropriate incremental borrowing rate and practical expedients used.	**In respect of Holding Company,** We have obtained an understanding of management's process with regard to identifying ROU Asset. We have reviewed the judgments, methodology applied by the management including practical expedients used and ensured they are in line with the requirements of Ind AS 116. We have reviewed the inputs used for determination of the incremental borrowing rate including, assessment of lease term by reference to the underlying lease contracts and market data. We have performed computation checks on the amount of ROU asset and lease liabilities recognised by tracing of the same to underlying lease agreements/contracts/documents. We have also reviewed the adequacy of the disclosures in respect of the adoption in Note 50 to the consolidated financial statements. Refer Para 2(A)(2) of Basis for Qualified Opinion and para B(6)(e) of Emphasis of Matter.

Key Audit Matters	Principal audit procedures performed by the respective auditors
Refer Note 44 of standalone financial statements **In respect of Subsidiary, Hotel Corporation of India Limited,** The new Accounting Standard suggest capitalisation of lease asset and creating lease liability. Expenses need to be charged as depreciation and finance cost instead of rental expenses.	 **In respect of Subsidiary, Hotel Corporation of India Limited,** We have obtained the working of lease assets including amortisation schedule and ensured that the same is in line with Accounting Standards and accurately disclosed in the financial statements.
Assets held for sale (Other than Investments in subsidiaries held for sale) **In respect of Holding Company,** The company has classified assets earmarked for disposal as assets held for sale, including as part of the disinvestment process in progress. Management has estimated the fair value of such assets having regard to various critical factors including market rates. Refer Note 28 & 31 of standalone financial statements	 **In respect of Holding Company,** We have verified the procedures in relation to management's classification and valuation of assets held for sale including assessing the methodologies used and the appropriateness of the key assumptions, checking the accuracy thereof on a sample basis etc. Refer Note 28 & 31 of consolidated financial statements
Recognition of revenue from transportation services **In respect of Holding Company,** We have identified revenue recognition as a key audit matter because passenger revenue is one of the key performance indicators, significance of passenger revenue to the financial statements, complexity of the underlying IT systems of outsourced service provider and the judgment required by management in determining the revenue from Forward sales. The company extensively uses the services of outsourced service provider for measurement and recognition of revenue, which carries an inherent risk around the accuracy of revenue recorded given the complexity of operations and underlying IT Systems. The company recognises revenue from passenger and cargo sales on flown basis i.e, when the service is provided. The Company recognises revenue from unexercised rights i.e. forward sales of customers which are non-refundable in nature, based on past trends in proportion to the pattern of rights exercised by the customer.	 **In respect of Holding Company,** We have reviewed the internal controls in the company for capturing and recognition of revenue and the reconciliations of revenue between the reports generated by the outsourced service provider and accounting of revenue in ERP system of the company. We have conducted requisite procedures on revenue on a test check of selected samples and scrutinised relevant records and journals to assess the timing and values of revenues recorded. In addition, we have performed cut-off tests in order to verify whether the timing of passenger revenue recognition is in line with company's policy. We obtained the latest available assurance report on service organisation controls relating to revenue accounting and General IT controls.

Key Audit Matters	Principal audit procedures performed by the respective auditors
Refer Note 59 of standalone financial statements	With regard to forward sales, we have considered the consistency and continuity of the methods used to determine the amount of revenue to be recognised from Forward Sales. Refer Note 66 of the consolidated financial statements, Refer to para 2(A)(1) in our report on Internal Financial Controls (Annexure 'A')
Provisions and Contingent Liabilities and Evaluation of uncertain tax positions **In respect of Holding Company,** There are material claims against the company and uncertain tax/duty positions which are under various stages of dispute, involving significant judgment to determine the possible outcome of these disputes. Refer Note 26 of standalone financial statements	**In respect of Holding Company,** We have obtained details of key claims against the company, completed tax assessments and demands and tax/duty positions. We reviewed status of disputes and representation taken from the management, discussed with appropriate senior management and evaluated the management's underlying key assumptions. We reviewed management's estimate of the possible outcome of the disputed cases in evaluating management's position on these uncertain claims and tax positions and reviewed the appropriate disclosures in the financials. Refer Note 26 of the consolidated financial statements and Para B(2) of Emphasis of Matter.
Deferred Tax Assets **In respect of Holding Company,** The company has carried deferred tax assets recognised on depreciation in an earlier year which is based on the likelihood of future taxable income available for set off. The recognition of deferred tax asset involves judgement regarding the likelihood of realisation of these assets in particular whether there will be sufficient taxable profits in future periods that support the recognition of these assets. Given the degree of judgement involved in considering these deferred tax assets as recoverable or otherwise, we consider this to be a key audit matter.	**In respect of Holding Company,** Our procedures include obtaining an understanding of the process and the controls over preparation of profit forecast. We reviewed the inputs and assumptions used in the forecast, including Revival Plan for Operational & Financial Efficiency formulated by the Govt of India. We verified the disclosures for deferred tax asset balance including those related to significant accounting estimate and judgements.

Key Audit Matters	Principal audit procedures performed by the respective auditors
Refer Note 49 of standalone financial statements	Refer Para B(3) of Emphasis of Matter and Refer Note 55 of the consolidated financial statements
Inventory **In respect of Holding Company,** The company carries inventory of materials, spare parts etc across various locations centres and correct measurement of inventory involves making a proper assessment of the lower of net realisable value over cost and assessment of write down necessary on account of obsolescence etc Refer Note 38 of standalone financial statements	**In respect of Holding Company,** We have evaluated the systems and processes for recording and valuation of inventory, tested a sample of key controls and comparison of net realizable prices. We have obtained an understanding of the company's policy on control for identification and provision of non-moving inventory based on age-wise analysis and tested the same on a sample basis. Refer Note 39(ii) & 42 of consolidated financial statements Refer para2(A)(1) & 2(A)(3) in our report on Internal Financial Controls (Annexure 'A')
Provision for receivables **In respect of Holding Company,** The company is carrying significant balances as trade receivables including amounts outstanding from earlier accounting periods. The management makes an estimate of the recoverability of individual debtor with reference to the aging profile, historical payment pattern and the past record of the customer and makes provision against the same with reference to the recoverable amount.	**In respect of Holding Company,** We have obtained a list of outstanding receivables, test checked the ageing of trade receivables generated from SAP at year end on a sample basis and reviewed Expected credit loss model used in determining the provision requirement. We have reviewed the controls, systems and processes applied by the management to ensure proper recognition of provision for receivables. Refer para 2(A)(3) in our report on Internal Financial Controls (Annexure 'A')
In respect of Joint Venture, Air India SATS Airport Services Private Limited, Provision for Trade receivables	**In respect of Joint Venture, Air India SATS Airport Services Private Limited,** Our audit procedures to assess the impairment of the trade receivables included the following: (i) assessing the design, implementation and operating, effectiveness of key internal controls over credit evaluation, the trade

Key Audit Matters	Principal audit procedures performed by the respective auditors
	receivables collection processes and the measurement of allowances for individual trade receivables; (ii) evaluating the Company's allowances for doubtful debts by reviewing correspondence with the customers and challenging management's assumptions in respect of the ability of customers to pay with reference to the historical trading experience of the customers, their settlement history with the Group, their financial condition and subsequent receipts of cash after 31 March 2020 in respect of the outstanding trade receivable balances at that date; (iii) assessing the historical accuracy of the Company's allowances for doubtful debts by: - Tests of detail: For significant known issues and claims, when a provision has been made, we inspected the calculation of the provision held and considered internal cost assessments and third party evidence, where available. - Benchmarking assumptions: For claims that past events indicated may arise, we evaluated risk assessments performed in respect of known issues, settled issues and considered any differences in the development portfolio over time, such as increasing complexity of transaction, and assessing the calculation of the provision.
Accounting & disclosure for proposed disinvestment **In respect of Holding Company,** Govt. of India has given approval for strategic disinvestment of the Air India and its subsidiaries. Accordingly, Strategic Revival Plan for Operational & Financial Efficiency in Air India was formulated as per which certain portion of debt along with certain assets, including investments in three subsidiary companies and advances given to them, were	**In respect of Holding Company,** We have reviewed the Framework agreement, relevant minutes of meeting of Board of Air India Limited as well as of the committees formed for disinvestment and other relevant records made available to us in this regard.

<table>
<tr><th>Key Audit Matters</th><th>Principal audit procedures performed by the respective auditors</th></tr>
<tr><td>decided to be transferred to an Special Purpose Vehicle (SPV) formed for the proposed disinvestment.

Necessary adjustments/ disclosures are made in the financial Statements of Air India Limited based on the present decisions and further adjustments would be made after finalization of the same.

Refer Note 28 of standalone financial statements</td><td>We have verified the transactions which have taken place during the year 2019-20 with the SPV and held discussions with the senior management of the company in order to obtain an understanding of the present position of the various decision taken for the same.

We have reviewed the disclosures made in the financial statements in this regard.

Refer Note 28 of the consolidated financial statements and para B(5) of Emphasis of Matter.</td></tr>
<tr><td>Credit Impairment

In respect of Subsidiary, AI Engineering Services Limited (Formerly known as Air India Engineering Services Limited),

Ind AS requires the company to recognize the expected credit losses (ECL) on financial assets consisting mainly debtors which involves significant judgment and estimates to be made by the company.</td><td>In respect of Subsidiary, AI Engineering Services Limited (Formerly known as Air India Engineering Services Limited),

• As per Ind AS, the shift is from ‘Incurred Loss’ approach to ‘Expected Loss’ approach while computing provision for losses on loans and advances.

• We have relied on the ECL calculations which were done by an expert/ outside agency.

• The accuracy and completeness of critical data was reviewed.

• System of Computation of ECL was found satisfactory.

• Refer accounting policy 11(A)(v) of subsidiary’s financial statements (Refer accounting policy XX(A)(vi) of consolidated financial statements)</td></tr>
<tr><td>In respect of Subsidiary, Hotel Corporation of India Limited,

The company is in loss, net worth is fully eroded, going concern needs to be examined.</td><td>In respect of Subsidiary, Hotel Corporation of India Limited,

We have verified financial statement of Holding Company, the management projection and clarification suggest that though the company in a loss but continuous support of holding company as well as the Government will ensure the company runs its business as going concern. There is no bank loan; no creditors</td></tr>
</table>

Key Audit Matters	Principal audit procedures performed by the respective auditors
	went for insolvency etc. suggests support from holding company will enable going concern on continuous basis. Based upon the above facts and data we have performed our audit procedure and make opinion accordingly.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report, Management Discussion and Analysis Report and Report on Corporate Governance 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated performance including other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. Further, in terms of the provisions of Act, the respective Board of Directors of the companies included in the Group and its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the 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 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint venture are responsible for assessing the ability of the Group and of its joint venture 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 or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its joint venture are also responsible for overseeing the financial reporting process of the Group and its joint venture.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 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 Group and joint venture incorporated in India 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 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 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 Groupand its joint venture to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 such entities or business activities within the Group and joint venture and to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated 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 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 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 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.

Other Matter

I. We did not audit the financial statements of five subsidiaries whose financial statements reflect the total assets and net assets as at March 31, 2020, total revenues and net cash inflow / (outflow)for the year 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) [Formerly known as Airline Allied Services Ltd (AASL)]	25,672.0	(22,566.5)	11,811.5	269.3
AI Engineering Services Limited (AIESL)(Formerly known as Air India Engineering Services Limited)	29,523.5	(21,786.7)	14,275.9	28.6
Hotel Corporation of India Limited (HCI)	1,552.0	(4,329.9)	676.3	(52.8)
Air India Express Ltd (AIXL) [Formerly known as Air India Charters Ltd (AICL)]	45,659.1	(4,644.6)	52,306.0	(193.3)
AI Airport Services Ltd (AIASL) [Formerly known as Air India Air Transport Services Ltd (AIATSL)]	10,935.7	4,031.8	7,088.0	23.0

II. The Consolidated Financial Statements also include the Group's share of net profit including other comprehensive income of Rs.291.6 Million for the year ended 31st March, 2020, as considered in the Consolidated Financial Statements, in respect of a Joint Venture company, Air India SATS Airport Services Private Limited, whose Financial Statements have not been audited by us.

These Financial Statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture, and our report on the consolidated financial statements in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint venture is based solely on the reports of the other auditors.

III. ‘Other Matter’ paragraphs on the Financial statements of the subsidiaries given by the respective Independent Firm of Chartered Accountants in their Auditor’s Report, reproduced by us except for the matters eliminated on Consolidation or considered not material at group level, as under;

a) In respect of AI Engineering Services Limited (Formerly known as Air India Engineering Services Limited) (Subsidiary), considering the situation due to pandemic “COVID 2019” and lockdown being declared nationwide from March 22, 2020 and restrictions on movement, the process of audit has been modified by the subsidiary’s auditors. Some of the documents/records/returns were not verified physically; however, the documents were made available in electronic mode and were verified based on the representations received from the Company for its accuracy and authenticity. (Refer Note 46 of subsidiary’s financial statements)

b) In respect of, Air India Express Ltd (AIXL) (Formerly known as Air India Charters Ltd (AICL)), “the Company conducted physical verification of part of inventories at Mumbai location subsequent to year end. We have relied on the physical verification of inventories carried out by the management and independent firm of chartered accountants and the report of the said firm”.

c) In respect of, Air India Express Ltd (AIXL) (Formerly known as Air India Charters Ltd (AICL)), due to Covid-19 and consequent lockdown, Subsidiary Company’s Auditors were unable to visit the business area located outside Mumbai and hence we had relied upon the documents / returns provided to us for our verification by the said business areas”.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and its Joint Venture, as noted in the 'Other matter' section above, 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 except as stated in Basis for Qualified Opinion section and Para B(6) of Emphasis of Matter section above.

(b) Except for the possible effects of the matters described in the Basis of Qualified opinion section above,in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as appears from our examination of those books and the reports of other auditors.

(c) With respect to foreign stations, we have relied upon the management summary reports made available to us for the verification of transactions related to major foreign stations, which have been properly dealt by us in preparing this report.

(d) The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.

(e) Except for the effects of the matter described in para 1, A(2), B(1)(d) of “Basis for Qualified Opinion” section and para B(4), B(6), C(2) & E(1) of “Emphasis of Matter” section above, in our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued there under;

(f) The matters described under “Material Uncertainty in relation to Going Concern” section, Emphasis of Matter para on COVID 19 and Basis of Qualified Opinion section above, may, in our opinion have an adverse effect on the functioning of the respective companies;

(g) On the basis of the Auditors' Report of the Joint Venture, none of the directors of that company is disqualified as on March 31, 2020 from being appointed as directors in terms of Section 164(2) of Companies Act, 2013. The provisions of Section 164(2) of the Act are not applicable to the Holding Company and its subsidiary companies being Government Companies;

(h) The qualification relating to the maintenance of accounts and other matters connected there with are as stated in the Basis for Qualified Opinion section above;

(i) With respect to the adequacy of the internal financial controls over financial reporting of the Group and joint venture and the operating effectiveness of such controls, refer to our separate Report in Annexure ‘A’. Our report expresses a qualified opinion on the adequacy and operating effectiveness of the Group’s internal financial controls over financial reporting.

(j) 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 MCA Notification no. G.S.R. 463 (E) dated 5th June 2015 provisions of section 197 of the Actare not applicable to the Group. Further, Joint Venture Company is incorporated as a private company and thus the provisions of Section 197 of the Act are not applicable to the joint venture Company.

(k) 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 Group and its joint venture have disclosed the impact of pending litigations on its financial position in its Consolidated financial statements - Refer Note 26 to the Consolidated financial statements;

   ii. The Group and joint venture have made provisions, as required under the applicable laws or Indian Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts that have been entered into; and

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

For and on Behalf of
Khandelwal Jain & Co.
Chartered Accountants
FRN: 105049W

Narendra Jain
Partner
M No. 048725
UDIN: 21048725AAAAAL3608

For and on Behalf of
Jagdish Chand & Co.
Chartered Accountants
FRN: 00129N

Praveen Kumar Jain
Partner
M No. 085629
UDIN: 21085629AAAAAG2332

For and on Behalf of
PKF Sridhar & Santhanam LLP
Chartered Accountants
FRN: 003990S/S200018

V. Kothandaraman
Partner
M No. 025973
UDIN: 21025973AAAAAI7620

Place : New Delhi
Date : 27th January 2021

ANNEXURE 'A' REFERRED TO IN PARAGRAPH UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF AIR INDIA LIMITED FOR THE YEAR ENDED 31ST MARCH 2020:

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 Air India Limited("the Holding Company") and its subsidiaries and its joint venture (which are companies incorporated in India as of that date) as of March 31, 2020in conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in termsof the reports referred to in the "Other Matter" section below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls system over financial reporting of the Company and its subsidiary companies and its joint venture, which are companies incorporated in India.

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 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

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 inconditions, 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, 2020:

1. In respect of Consolidated Financial Statements

The company did not have an effective system for determining the fair value of disposal group held for sale in respect of the Holding Company.

2. In respect of the Holding company,

A. In respect of Air India Limited (Holding Company) (Vide our Report on Standalone Financial Statements dated January 27, 2021

1. The company did not have an appropriate internal control system for reconciliation of Control Accounts in relation to the Sales / Revenue, Inventory and Payroll.
2. The company did not have an appropriate internal control system for deduction, timely deposit and reconciliation of statutory dues.
3. The company did not have an appropriate internal control system for obtaining confirmation of balances on a periodic basis, ageing and reconciliation of Receivables, Payables, (including certain staff related accounts and suspense / control accounts), inventory lying with third parties, certain bank accounts, fixed deposit with Bank and statutory dues.
4. The company did not have an effective internal audit system commensurate with the size, nature and complexities of the business.
5. The Company did not have an effective Information Systems Audit to evaluate and test the IT general controls, which may affect the completeness, accuracy and reliability of the reports generated from IT System.

6. The company did not have an effective system for timely accounting of entries including delay in accounting of cash collection/disbursement & approval thereof in IT System.

3. We also draw your attention to the following qualified opinion/ adverse opinion/ disclaimer of opinion/ unqualified opinion on adequacy (and therefore operating effectiveness) of Internal Financial Control over Financial Reporting of below mentioned subsidiary companies of the Holding Company and Joint Venture, which are companies incorporated in India, issued by Independent firm of Chartered Accountants reproduced by us as under;

I. In Respect of Air India Express Ltd (AIXL) (Formerly known as Air India Charters Ltd (AICL)) (Subsidiary) vide their Auditors' report dated October 28, 2020

1. The company did not have an effective interface between various functional software relating to Revenue and Payroll with the accounting software resulting in accounting entries being made manually on periodical basis.
2. Cargo revenue, flight interruption manifest and code shade Revenue are accounted manually on the basis of information from the Holding Company.
3. The company did not have an appropriate internal control system for reconciliation of Control Accounts in relation to the Sales/Revenue, Inventory and Payroll.
4. Controls over planning and monitoring of financial closing process.
5. Controls over spreadsheets used in financial closing process.
6. The company did not have an appropriate internal control system for deduction, timely deposit and reconciliation of statutory dues.
7. The company did not have an appropriate internal control system for obtaining confirmation of balances on a periodic basis and reconciliation of unmatched Receivables and Payables. The same has been done as at the end of the year.
8. The Company did not have an effective internal control system for reconciliation of onboard “Bar Sales” with consumption and realization.
9. The company did not have an effective system for timely accounting of entries.
10. Maker checker process needs to be strengthened.
11. System of verification of reconciliation provided by outsourced agency relating to revenue needs to be strengthened.
12. During the year, due to lockdown, the Company has not conducted physical verification of inventories at all the locations and has relied on the inventory reports generated from the system.

II. In respect of AI Airport Services Limited (Formerly known as Air India Air Transport Services Limited) (Subsidiary) vide their Auditors' report dated December 18, 2020

1. Deficiencies in the design of internal control over the preparation of the financial statements being audited:

a. Documented Standard Operating Procedures as required by the guidance note on Internal Financial Controls over Financial Reporting for critical processes are not in place.

b. Authorisation controls such as maker/checker controls in accounting software needs further strengthening.

c. Absence or inadequate segregation of duties (including responsibility chart and job descriptions) within a significant accounting process.

d. Inadequate utilization of information technology (IT) general and application controls preventing the information system from providing complete and accurate information consistent with financial reporting objectives and current needs.

e. The absence of an internal process to report deficiencies in internal control to management on a timely basis.

f. 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.

2. Inadequacy of controls designed to safeguard assets from loss, damage, or misappropriation. The Company did not have appropriate internal controls for reconciliation of physical inventory and fixed assets with the books of account.

3. 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.

4. Following are indicator of a control deficiency and an indicator of a material weakness in internal control:

   a. Restatement of previously issued financial statements to reflect the correction of a material misstatement. This indicates that cut-off procedures while closing of books is not working efficiently.

   b. Non-compliances in complying with the laws and regulations by the entity as referred in Point (vii) of Annexure A to the Independent Auditors' Report has been observed. This indicates an ineffective regulatory compliance function.

In subsidiary auditor's opinion, because of 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, 2020, 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.

III. In respect of Alliance Air Aviation Limited (Formerly known as Airline Allied Services Limited) (Subsidiary) vide their Auditors' report dated October 20, 2020

1. Interface between functional software relating to Inventory Management with the accounting software is yet to be implemented, resulting in accounting entries made manually. System of verification of data processed by outsourced agency needs to be strengthen as there is significant reliance on the data provided by them.

2. Internal control system for deduction, deposits and reconciliation of statutory dues needs to be strengthened.

3. The company do not have an Information system audit to evaluate and test the IT general controls, which may affect the completeness, accuracy and reliability of the reports generated from IT System.

4. The company does not have maker checker concept/not adhering maker checker concept in SAP accounting, however same is followed through vouchers authentication according to the power delegated.

IV. In respect of AI Engineering Services Limited (Formerly known as Air India Engineering Services Limited) (Subsidiary) vide Independent Auditors' Report dated November 18, 2020

1. The Company did not have an effective internal control system for deduction, timely deposit and filing return.
2. The Company did not have an effective system for timely accounting of entries, to prevent duplicate accounting entry and maker checker process.
3. In SAP most of the entries has no supportings to check the validity of entry. Expenses borne by other group companies and then reimbursed by the Company had no supporting at all.
4. The Company did not have effective system of reconciliation of balance with other parties.
5. The company has Internal Audit on yearly basis. It shall be on Monthly/Quarterly basis. Year-end finalization entries may be checked by internal auditors before posting in SAP.

V. In respect of The Hotel Corporation of India Limited (Subsidiary) vide their Auditors Report dated October 27, 2020 has expressed a Disclaimer of Opinion

According to the information and explanation given to us, the Company has not established its internal financial controls over financial reporting on criteria based on or considering the essential 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. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at 31st March, 2020.

However, the auditors, in their Audit report under Emphasis of Matter para have stated the following;

"The Company has internal control system which need strengthening for followings:

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

b. Laying down Standard Operating Procedures with regard to timely accounting of all transactions to ensure that proper books of accounts are maintained. (Refer note 49 and 50)"

VI. The auditor of the Joint Venture, Air India SATS Airport Services Private Limited, vide their report dated December 11, 2020 has issued an unqualified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting as on 31st March, 2020.

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, the Holding Company, its subsidiary companies and joint venture, which are companies incorporated in India, except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria and the disclaimer of opinion in respect of Hotel Corporation of India Limited and adverse opinion in respect of AI Airport Services Limited (formerly known as Air India Air Transport Services Limited), both being subsidiaries of the Holding company have maintained, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March 2020, based on the internal controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have, to the extent possible, considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the Consolidated financial statements as at and for the year ended 31st March 2020 of the Holding Company, and as also material weakness identified and reported by the respective Auditors of subsidiaries and joint venture,which are companies incorporated in India, and these material weaknesses have affected our opinion on the Consolidated financial statements and we have issued a qualified opinion on the Consolidated financial statements.

Other Matter

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial control over financial reporting insofar as it relates to five subsidiaries and a Joint Venture, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies.

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

For and on Behalf of **Khandelwal Jain & Co.** **Chartered Accountants** **FRN: 105049W**	For and on Behalf of **Jagdish Chand & Co.** **Chartered Accountants** **FRN: 00129N**	For and on Behalf of **PKF Sridhar & Santhanam LLP** **Chartered Accountants** **FRN: 003990S/S200018**
Narendra Jain Partner **M No. 048725** UDIN: 21048725AAAAAL3608	Praveen Kumar Jain Partner **M No. 085629** UDIN: 21085629AAAAAG2332	V. Kothandaraman Partner **M No. 025973** UDIN: 21025973AAAAAI7620

Place : New Delhi
Date : 27th January 2021

MANAGEMENT REPLIES TO THE INDEPENDENT AUDITORS REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF AIR INDIA GROUP COMPANIES FOR THE FINANCIAL YEAR 2019-20

S. No.	Audit Observations	Management Comments
1.	**REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS**	
	Qualified Opinion	
	We have audited the accompanying Consolidated Financial Statements of **Air India Limited** (hereinafter referred to as the 'Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") which includes Group's share of profit in its joint venture, which comprise the Consolidated Balance Sheet as at 31st March, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated 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 and joint venture, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the aforesaid Consolidated Financial Statements give the information (other than certain information mentioned in Para B(6) of Emphasis of Matter section), required by the Companies Act, 2013 ("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 Standard) Rules, 2015, and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its joint venture as at 31st March, 2020 and its consolidated loss (including consolidated other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.	

	Basis for Qualified Opinion	
1.	**In respect of Consolidated Financial Statements,** Adjustments on account of reduction in estimated fair value, if any, in the carrying value of disposal group held for sale which includes Assets of Rs. 30,323.1 Million, and liabilities of Rs. 41,967.2 Million, in respect of three subsidiaries namely Hotel Corporation of India Limited, Alliance Air Aviation Limited (Formerly known as Airline Allied Services Limited) and AI Engineering Services Limited (Formerly known as Air India Engineering Services Limited), has not been determined and provided for in the books of accounts as required by Ind AS 105 "Non-Current assets held for sale and Discontinuing Operations".	The company has already disclosed in Note No 59 that in the opinion of the Management there is no diminution in the carrying value of the investments in Subsidiary Cos. Detailed write up on the current status of both AASL and AIESL has been given in the subject Note highlighting that these companies are steadily improving their Financial and Operational performance over the past few years. The performance of the Subsidiary Companies namely AAAL, AIESL and HCI during the year 2019-20 has been quite better than the previous years as discussed below: (a) AAAL During FY 2019-20, AAAL has registered a substantial improvement and has posted a Net Loss of Rs 2,010.0 million as compared to the Net Loss of Rs 2,923.2 million in FY 2018-19. The company has posted an Operating Profit of Rs 650.9 million in FY 2019-20. This improvement was possible mainly because of the increase in Total Revenues from Rs 8362.8 million in FY 2018-19 to Rs 11,811.5 million in FY 2019-20. The company was operating on 29 UDAN routes as on 31st March 2019 which at present has risen to 61 routes as on 31st March 2020. (b) AIESL Similarly, in respect of AIESL, during FY 2019-20 the MRO Revenue from outside parties (other than Group Companies) has increased from Rs 1064.3 million in 2018-19 to Rs 1831.4 million in 2019-20 viz. an increase of 72% when compared to the Previous Year. The company has also posted a Net Profit of Rs 758.6 million in FY 2019-20 as compared to the Net Loss of Rs 2,049.4 million in FY 2018-19. (c) HCI Due to renovation of guest rooms and other allied works carried out and also in view of the Equity Infusion of Rs 270.0 million by the Govt

		of India over the last few years, the Revenues of the company increased to Rs 676.2 million during FY 2019-20. Due to this the Net Loss of the company also registered a decline from Rs 712.0 million in FY 2018-19 to Rs 655.5 million in FY 2019-20. Presently the company is also in the process of inviting Consultants to assist the Company to hand over Delhi properties on Management Contract upto 31st March 2031 i.e. upto the lease period of land leased from AAI. This would result in savings of costs and the company will also earn management contract fees. It can be seen from the above that all the three Subsidiary Companies during FY 2019-20 have posted improvements in their overall financial performance and accordingly it is expected that AI will be able to realize its Investments made in these companies and hence there is no need to provide for any diminution in investments made in these Companies. In addition to the above, the investment of Air India in all the three Subsidiary Companies are proposed to be transferred to the newly formed SPV i.e. AIAHL as a part of the restructuring of Air India Ltd for the purposes of disinvestment. A Framework Agreement has been signed by Air India Ltd with AIAHL in this regard. Under this Framework Agreement and as per the decision of the GoI, Air India has already received Rs 219,850.0 million from AIAHL towards repayment of Loans. As a part of AI's obligations under the Agreement these three Subsidiary Companies viz AIASL, AIESL and HCI are to be transferred to AIAHL at book value and the process of transfer is underway.
2.	We draw your attention to the following qualifications in the audit opinion of the financial statements of Holding Company and its subsidiaries issued by respective Independent Firm of Chartered Accountants, reproduced by us, except for the matters eliminated on Consolidation or not considered material at group level, along with our remarks wherever necessary, as under;	
A.	**In respect of Air India Limited (Holding Company) (vide our Report on Standalone Financial Statements dated January 27, 2021)**	

	Qualification	Management Comments
1.	Non- reconciliation/non-confirmation of certain receivables, payables (including certain staff related accounts and suspense / control accounts), inventory lying with third parties, certain bank accounts/ Loans/ fixed deposit with banks and others including direct confirmation for certain cases and statutory dues. Refer Note 35, 36 & 39 of standalone financial statements. Refer Note 39, 40 & 43 of consolidated financial statements	In this regard it may be stated that the company has been addressing the issue of reconciliation of various Receivables & Payables as well as other such related items. For this purpose, the company has also engaged the services of an outside Professional Consultant to carry out the reconciliation of such accounts based on which the company can take necessary action to streamline the accounting action for the same. In this regard it may be noted that there is a steady and considerable improvement in this area as compared to previous years as can be seen from the following: a) All major Borrowings, Bank Balances and Loan Balances have been confirmed and reconciled. b) In respect of Receivables/Payables also, all major parties such as dues of Oil Companies, Airport Operators, Pax/Cargo Receivables and dues for VVIP Charters are totally reconciled. These parties in fact constitute a major portion of the total Receivables and Payables of the company. The company is also taking necessary action to further streamline the process of reconciliation and confirmation of Receivables &Payables.
2	Non- Recognition of right of use assets and corresponding lease liabilities for leases (other than Aircrafts and Land classified as PPE in the Previous Year), as required under IND AS 116 “Leases”. Refer Note 44 (I). Refer Note 50 (I) of consolidated financial statements	In this regard it is stated that the major leased asset class of the company are aircrafts and land which have already been taken into effect for the transition to Ind AS 116. The leases other than aircraft and land are primarily for leasing of office space, residential space, airport land space etc. In the case of land taken from AAI at different airports, these leases are primarily covered under the “Umbrella Agreement” and the same is cancellable and hence not taken under Ind AS 116. Leases other than that in India and foreign stations are for renting of office space and residential space etc which also in most cases are cancellable and not material enough.

		In view of the above, only leases pertaining to aircraft and land have been considered for reclassification under Ind AS 116.
B	**In respect of AI Airport Services Limited (Formerly known as Air India Air Transport Services Limited) (Subsidiary)– (vide their Independent Auditor's Report dated December 18, 2020)**	
	Qualification	**Management Comments**
1.	The Company has carried forward following account balances which are pending reconciliation / adjustments (if any) as at March 31, 2020:	
a.	The Company has accounted for ground handling service revenue from IATA platform based on physical service documents received from the stations and booked through the Miscellaneous Billing System Platform. This revenue is subject to rejections/adjustments by the Customer. All such rejections up to FY 2016-17 have been provided for. The Company is in the process of rebilling the customers and is in correspondence for recovery of the outstanding amount. Balance outstanding in respect thereof as at March 31, 2020 is Rs.504.7 Million against which the Company has made expected credit loss allowance of Rs.233.1 Million. We have relied on the management contention for realisation of such balances equivalent to the value reported and hence, no further adjustments are required to be made.	The billing on other airlines through IATA Clearing House (ICH) is done through automated system (MBS). However, the basis of billing as per Ramp Assistance Form which are serially controlled and proper record are maintained on manual basis. Billing through ICH is a well-established laid down procedure followed by most of the airline's world over. As per procedure laid down by ICH, the airlines reserve the right to recharge after following a protocol which is the normal practise. Based on the merit of the cases the company reviews the recharge and either accept the recharge or decides to re-bill the airline. As required by INDAS 109 a provision for doubtful recoveries has been made under ECL Model. A provision of Rs 233.08 million which represents 100% of the due amounts upto the F.Y. 2016-17 and 8.73% for the F.Y. 2017-18 and 2018-19 has been made. We are following up for the outstanding dues from the Airlines and are confident of reconciling and realisation of dues as they were for services provided.
b.	Recording and accounting of expenses relating to Employee Benefits is not automated. During the course of verification various statutory delay in compliances regarding provident fund, ESIC, Professional tax, Tax Deducted at Sources have also been observed. Further, we report that Employee Benefits related accounts have reported adverse balances which are under reconciliation and are reported on net basis. We are unable to ascertain impact of such balances on the financial statements. Balances of Goods and Service Tax,	While the payroll is drawn based on the inputs in HR Module of SAP. The attendance is maintained manually, and SAP records are updated accordingly, The statutory deduction of PF, PT, ESIC, TDS have been paid. However, there are a few instances (non- availability of PAN/ Aadhar card and mismatch in the name of the KYC documentation of employees. In case of Employees whose UAN data is not generated

	Income Tax assets and Tax Deducted at source are under reconciliation with the respective statutory returns. The Company is in the process of reconciling the said balances and assessing the impact on financial statements. We are unable to ascertain impact of such balances on the financial statements. We have relied on the management contention that reconciliation of such balances will not result in material impact on the financial statements and hence, no further adjustments are required for the current year.	no payment can be affected in the absence of UAN number). We also have Cash flow issues due to non-receipt of funds from Holding / Group Companies and other customers. We are trying to address the issue and steps are being taken to make the payments promptly.
c.	The Company has collected airport authority levy in respect of ground handling services provided to parties other than Air India Limited and its group companies. As at March 31, 2020, such levy for the past five years is classified under other financial liability. This amount is under reconciliation with the Airport Authority of India. Pending adjustments of such levy, the management does not expect material impact on the financial statements.	The Company has provided for the Liability in its books, however there is a difference in the amount shown as liability and the actual invoices booked which is under reconciliation with AAI and we are expecting to complete the same in 2020-21 as we have started the process by contacting the local AAI office, obtaining the invoices and accounting for the same. We have completed the reconciliation for few airports during 2020-21 and balance in progress and expected to be completed shortly. Any shortfall / excess will be adjusted in the coming years.
d (i)	The Company has entered into leases for various commercial premises/vehicles etc. (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, the Company is in the process of collating the necessary information for evaluating the applicability of the Ind AS 116 – Leases.	The Company has provided the necessary information as per INDAS 116 in respect of the vehicles taken on lease and accounted for the same. 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 stations/regions, the management is in the process of collating the necessary information for evaluating the applicability of the Lease standard. Pending evaluation these have not been considered as ROU under Ind AS 116 and rent of the same has been charged systematically to the Statement of Profit & Loss within the lease period. The management is of the view that the impact of this is not expected to be material in terms of percentage of Revenue.
(ii)	The Company is in the process of entering into a comprehensive arrangement outlining the details of all the services including lease services, electricity, insurance, staff travel, material management services, IT services etc provided by the Holding	The Company has agreed to make the payment in respect of shared services as per terms of the MSA. The execution of the MSA is in progress.

	Company. In the absence of approved master service agreement, the Company unable to identify lease obligations to comply with the requirements of 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. Refer Note 50 of consolidated financial statements.	
C	**In respect of Alliance Air Aviation Limited (Formerly known as Airline Allied Services Limited) (Subsidiary) – (vide their Independent Auditor's Report dated October 20, 2020)**	
	Qualification	**Management Comments**
1.	Note no 38 Para (3) & (4) in respect of pending Reconciliation with Airport Authority of India for the period from FY 2013-14 to FY 2017-18. The impact of the pending reconciliation on financial statements is presently not quantifiable. Refer Note 43(iv) of consolidated financial statements	Suitable disclosure has been made in Notes to Accounts in Note no. 38 Para (3) & (4). Under the aegis of Ministry of Civil Aviation, a memorandum of understanding (MOU) with Airport Authority of India (AAI) was signed by headquarter on 26.08.2013 whereby the dues of AAI vis a vis Air India as on 31.03.2012 were adjudicated by the ministry. In the year 2019-20, reconciliation for the year 2018-19 & 2019-20 is finalized and reconciliation process for the preceding years will be completed in coming year.
	The impact of the above qualifications on the Consolidated Financial Statements, if any, is not ascertainable.	
	We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its joint venture in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act 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 in respect of the Holding Company audited by us and the audit evidence obtained by the other auditors of subsidiaries and joint venture in terms of their reports, referred to in section "Other Matter", is sufficient and appropriate to provide a basis for our qualified opinion on the Consolidated Financial Statements.	
	Material Uncertainty in relation to Going Concern We draw attention to the following comments in relation to going concern in the audit opinion of the Financial Statements of Holding Company and its subsidiaries issued by respective Independent Firm of Chartered Accountants, reproduced by us;	
A.	**In respect of Air India Limited (Holding Company)- vide our report on Standalone Financial Statements dated January 27, 2021.**	
1.	The Company has incurred a net loss of Rs. 77,657.3 Million during the year ended March 31, 2020 and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 5,42,591.7 Million and it has accumulated losses of Rs. 7,08,759.8 Million which has resulted in complete erosion of the net worth of the company. In spite of these events or conditions which may cast a doubt on the ability of the company to continue as a going concern, the management is of the opinion that going concern basis of accounting is appropriate in view of the continued support of the Government of India and having regard to the other facts mentioned in Note 53 of the standalone financial statements and Note 59(i) of the consolidated financial statements. Our opinion is not modified in respect of the above matter.	The Company has received continuous support from the Government of India (GoI) initially through the introduction of the Turnaround Plan (TAP)/Financial Restructuring Plan (FRP) approved in 2012 and then under the Strategic Revival Plan in FY 2018-19 which has helped the Company to improve its operating and financial parameters. The objective of the Strategic Revival Plan was to establish a strong competitive and self-sustaining airline which can be strategically divested or listed in the next few years. Focus on increasing the operational efficiencies whereby substantial increase in revenue or cost saving can be achieved. The details of the financial package under the Revival Plan broadly included the following: • A total debt amounting to Rs 294,640.0 million to be transferred from Air India Ltd to AIAHL viz Air India Assets Holding Co Ltd with effect from 1st October 2018 • Cash Support of Rs 39750.0million to Air India

		• Provide a Govt Guarantee of Rs 76000.0 million, • In addition, the GoI also approved that AIAHL was to fund the interest liability on the carved-out debt of Rs 294,640.0 million proposed to be transferred to AIAHL effective 1st October 2018. The above support has been duly extended to AI by the Govt of India. Also refer to Note 28. The Company has regularly received Equity Infusion from the GoI. Hence it is evident that the GoI is committed to pursue the path of disinvestment and through various steps taken above is aiding the Company in clearing its balance sheet and as mentioned in the PIM for disinvestment there may be further re-allocation of debts and liabilities of the Company. Further steps taken by the Company as also the GoI in light of the process of disinvestment have been discussed in detail in Note Nos 28 & 52. All these steps are aimed at creating a positive environment. It is also pertinent to note that the GoI support to Air India continues in the current FY 2020-21 also in which the aviation industry is severely affected by the COVID-19 pandemic. In view of the above and the financial support from the Govt of India and various measures taken by the Company to improve its operational efficiencies, various revenue enhancing measures, cost control measures undertaken etc. the Company expects improvement in its operational and financial performance, in the near future and hence, the financial statements of the Company have been prepared on the 'Going Concern' basis. A due disclosure to the opinion of the management regarding the Going Concern status of the company has been given in Note No 59.
B.	**In respect of Hotel Corporation of India (Subsidiary)-vide their Auditor's Report dated October 27, 2020**	

	The Company has incurred a net loss of Rs. 655.5 Million during the year ended March 31, 2020 and, as of that date, the Company's current liabilities excess its total assets by Rs. 3,409.3 Million and it has accumulated losses of Rs. 5,705.9 Million which has resulted in complete erosion of the net worth of the company. In spite of these events or conditions which may cast a significant doubt on the ability of the company to continue as a going concern, the management is of the opinion that going concern basis of accounting is appropriate in view of the continued support of the Holding Company, Government of India and having regards to other facts mentioned in Note 53. (Refer note 59(v) of consolidated financial statements) Our opinion based on the consideration of Auditors' report of the said subsidiary is not modified in respect of the above matter.	The Company has already disclosed in note no. 53 that in the opinion of the Management, the Company continues to be a going concern.
C.	**In respect of Alliance Air Aviation Limited (Formerly known as Airline Allied Services Limited) (Subsidiary)- vide their Auditor's Report dated October 20, 2020**	
	Notes 46 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, net worth of the company fully eroded and showing material uncertainty on the company's ability to continue as a going concern. Refer Note 59(iv) consolidated financial statements. This is reported by subsidiary's Auditors under 'Emphasis a Matter' section. Our opinion based on the consideration of Auditors' report of the said subsidiary is not modified in respect of the above matter.	Suitable disclosure has been made in Notes to Accounts in Note No. 46. The revenue as posted in 2019-20 is Rs. 11811.5 million which shows 41.24% increase over last year. The financials of AAAL for 2019-20 shows an Operating Profit of Rs. 650.9 million. The Profit & Loss as shown (Rs. 2010.0 million in 2019-20 is mainly due to the effect of Ind AS 116 which is Rs. 2381.0 million. The above factual position established further positive results in the coming years.
	Emphasis of Matters	
	We draw your attention to the following matter of emphasis on the Financial statements of Holding Company and its subsidiaries issued by respective Independent Firm of Chartered Accountants, reproduced by us except for the matters eliminated on Consolidation or considered not material at group level, as under;	

A	**In respect of Consolidated Financial Statements,** We draw attention to Note 72 to the consolidated financial statements regarding no effect given in comparative consolidated financial statements of the Company for restatements of previous year 2018-19 financial statements by two subsidiary companies, i.e. increase in profit by Rs. 113.3 Million by AI Airport Services Limited (Formerly known as Air India Air Transport Services Limited) and increase in loss by Rs. 42.4 Million by Alliance Air Aviation Limited (Formerly known as Airline Allied Services Limited), in view of accounting policy followed by the Group for restatement of the consolidated financial statements. Our Opinion is not modified in respect of above matter.	This is a statement of fact. Due disclosure has been given in Note No 72.
B.	**In respect of Air India Limited (Holding Company)-, Vide our Report on Standalone Financial Statements dated January 27, 2021**	
Sr. No.	**Emphasis of Matter**	**Management Comments**
1.	Note 29 regarding the possible effects of uncertainties relating to COVID-19 on Company's operations and results as assessed by the management; Refer Note 29 of the consolidated financial statements.	The effect of COVID-19 pandemic on the operations as well as financials of the company has been duly discussed in detail in Note No 29.
2.	Note 26A of standalone financial statements regarding non-provision of penal charges on delayed payment of Guarantee Fee amounting to Rs. 20,769.9 Million, for reasons stated therein and Note 51 regarding non-provision of interest on delayed payments to Micro and Small enterprises wherein the amount is not ascertained; Refer Note 26A and 57 of the consolidated financial statements	In this regard it is stated that due to the highly stressed liquidity position of the company, which has further been worsened due to the Covid 19 impact and also due to the ongoing Disinvestment process of the company, the matter of waiver of the Additional Guarantee Fees owed to the GoI has already been taken up with the GoI, along with waiver of the unpaid normal guarantee fees. As per the PIM issued for the Disinvestment of Air India the Current Liabilities in excess of the Current Assets will be allocated to AIAHL. However, a Contingent Liability for an amount of Rs 20,769.9 million has been disclosed in the Notes to Accounts Note No 26. As regards the non-provision of interest on delayed payments of Small and Micro enterprises is concerned, it is stated that all

		efforts are made by the company to clear such dues in a timely manner. However, in spite of the best efforts of the company there may have been delays in making payments to some of these enterprises, however, in the opinion of the management the interest is not expected to be material. A due disclosure to this effect has also been given in Note No 57.
3.	Note 49 regarding Deferred Tax Asset of Rs. 28,425.2 Million carried in the accounts in view of the reasons stated therein, the realisation of which would depend on generation of sufficient profits in the future as anticipated / projected by the management; Refer Note 55 of the consolidated financial statements.	The company has given the detailed status of Deferred Tax in Note No 55. It may be noted that in view of the clarifications given in Note No 59 regarding the Going Concern status of AI, there is a reasonable certainty that the company will be able to realize its DTA from future taxable profits. The same is evident from the following: a) The Govt of India approved the Revival Plan of the Company through which a series of measures were introduced to improve the operational and financial efficiencies as detailed in Note 28 and Note No 59. b) The Company is under the disinvestment process as approved by the Govt of India which is currently in progress. c) There is a huge amount of unabsorbed depreciation amount available with the company against which the subject DTA has been recognized and these depreciation losses can be carried forward indefinitely in terms of the Income Tax Act provisions. d) The Company is therefore hopeful of showing improved performance in the future and accordingly, has reasonable certainty that the Deferred Tax assets recognized will be realized against future taxable profits. Further, the Deferred Tax Assets have been created against carry forward Depreciation only which are available to the Company indefinitely as per the provisions of the Income Tax Act. e) Moreover, the adoption of Ind-AS from FY 2017-18 by AI, it further provides an additional leverage to the company for

		carrying forward of DTA as from "virtual certainty" of realization of DTA against future taxable profits as per Indian GAAP, Ind AS now talks of only the reasonable probability of realization of DTA against future taxable profits. In view of the above, AI has decided to carry forward the DTA only to the extent of Rs 28,425.2 crores in its books of accounts as on 31st March 2020.
4.	Note 34(ii) regarding non-application of Appendix B to Ind AS 21- "The effect of changes in Foreign Exchange rates" in respect of advances received or paid in foreign currency. Refer Note 38 (ii) of the consolidated financial statements.	This fact has been duly disclosed in Note No 38 (ii). However, it may be noted that the impact on this account is not likely to be material.
5.	Note 28(iii)(i) & (m) of standalone financial statements regarding; a. receipts from Air India Assets Holding Limited (AIAHL) Towards Restructuring (RFATR) of Rs 2,18,434.8 Million (net of payments) being disclosed separately from the Company's Equity and Liabilities on the face of the balance sheet; b. accounting for reimbursement of Rs 15,574.7 Million for the Financial Year 2019-2020 by AIAHL towards interest and other loan related costs paid by the Company on the identified loans, as a reduction from finance cost; c. accounting for rental income Rs 1,424.8 Million from identified properties and Revenue sharing income of Rs 545.8 Million from subsidiaries for the period from 1st October 2018 to 31st March 2020 net of related cost of Rs 64.6 million recoverable from AIAHL has been shown as adjustment from statement of Profit & Loss. Refer Note 19, 20 & 25 of standalone financial statements; d. classification of certain identified properties amounting to Rs 70,583.2 Million as Assets held for sale and certain identified properties amounting to Rs 4,375.7 Million as Investment property;	All details regarding the transactions with the AIAHL have been disclosed in detail in Note No 28. The note gives detailed disclosures with respect to the modalities and reasons adopted by the company for accounting the transactions with AIAHL. The Framework Agreement executed between AI and AIAHL lists out the obligations of both the parties. The legal transfer of the Subsidiaries and non-core assets would follow the due process and requires approvals of the relevant authorities. It is agreed by both parties that on completion of all the obligations by AI listed in the Framework Agreement, would be full and adequate consideration for the obligations of AIAHL. As the entire process of transfer of Subsidiaries, Assets and novation of NCDs is not completed in the FY 2019-20, the receipt of funds from AIAHL and the proceeds of Assets monetized have been accounted in the new Account "Receipts from AIAHL Towards Restructuring A/c" (RFATR). The balance in this account of Rs 218,434.8 million has been shown as a separate line item between "Equity" and "Liabilities" in the Financial Statements. After the entire transaction is completed the balance in the RFATR A/c will be transferred to "Other Equity".

	e. classification of investment in subsidiaries amounting to Rs 8,179.4 Million along with receivables amounting to Rs 35,437.0 Million of the subsidiaries as Assets held for sale and f. recognising gain/loss on identified assets which have been sold during the year.	Similarly, the net amount Payable by AI to AIAHL has also been kept in the AIAHL Intermediary Settlement A/c as per which the net amount payable to AIAHL is Rs 5,026.2 million. The broad breakup of all transactions in both the above stated accounts has also been given in Note No 28 (iii) (k)
6.	Non-Disclosure of certain information in the consolidated financial statements as required by Schedule-III of the Companies Act, 2013 and Indian Accounting Standards (Ind AS):	
a)	Terms of repayment, nature of Security separately for each case of borrowings and period & amount of continuing default in respect of borrowings and interest thereon in respect of each borrowing – Refer Note 13.4 & 18 of standalone financial statements;	This is a statement of fact. Due to the confidential nature of the agreements entered into with the consortium of banks wherein the terms of payments, rates of interest, the nature of security has been clearly specified, it has not been disclosed. However, the same is available with the company, the important extracts of which are already disclosed in the accounts.
b)	Foreign Currency Fluctuation under Finance Cost- Refer Note 23(a) of standalone financial statements;	As already stated in Note No 23 (a), the exchange rate differences in the nature of interest cost on foreign currency borrowings has not been classified due to the complexity of transactions.
c)	Information regarding interest to Micro & Small Enterprises, if any, included in Trade Payable- Refer Note 51 of standalone financial statements;	A detailed Note has been given regarding MSME dues in Note No 57. It has already been stated that 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.
d)	Fair Value of Investment Properties as required in Ind AS 40 "Investment property" - Refer Note. 30 (iii) of standalone financial statements and	As stated in Note No 30 (iii) under disinvestment plan, monetization of the identified properties is in the process, hence fair value of the investment properties could not be disclosed as a confidentiality measure.
e)	Expenses relating to short-term leases and low value assets as required in Ind AS 116 "Leases".	As stated in Accounting Policy VII the company has recognized the lease payments on short term leases and also low value assets as an operating expense on a straight-line basis over the term of the lease or another systematic basis which is more representative of the pattern of use of the underlined assets.

	Refer Note 13.4, 18, 23(a), 30(v) and 50(i)(c) of the consolidated financial statements.	
	Our Opinion is not modified in respect of above matters.	
C.	**In respect of AI Airport Services Limited (Formerly known as Air India Air Transport Services Limited) (Subsidiary)- vide their Auditor's Report dated December 18, 2020**	
Sr. No.	**Emphasis of Matter**	**Management Comments**
1.	We draw attention to Note 51 to the financial statements which explains the management assessment for the impact of COVID-19 pandemic on the financial statements. In view of the highly uncertain future economic conditions associated with the pandemic, the actual impact on the financial statements in the subsequent periods is highly dependent upon the circumstances as they evolve.	The Covid pandemic has impacted all the industries and majorly the Aviation industry. The actual impact on the financial statements in subsequent periods is highly dependent upon the evolving situation and circumstances and we are hopeful that the situation will improve once the vaccine is available.
2.	We draw attention to Note 48 (i) of the financial statements, 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, 2020 applying simplified approach for trade and other contractual receivables from the parties other than the group companies amounting to Rs.521.9 Million. The Company has considered Rs. Nil towards expected credit loss in respect of receivable from the group companies. Refer Note 64(i) of the consolidated financial statements.	The Company has continued to use the Simplified approach during the current year as well. The Company does not expect any credit Loss in respect of Group Companies outstanding and hence no provision has been made.

3.	We draw attention to Note 25 to the financial statements, the Company has restated its Financial Statements for the year ended March 31, 2019 in accordance with Ind AS – 8, “Accounting Policies, Changes in Accounting Estimates and Errors”. Prior Period adjustments consists of errors/omissions on account of recording of revenue & expenses and effect of receivable/payable reconciliations. Accordingly, net effect amounting to Rs.113.3 million has been considered in the Statement of Profit and Loss of the previous year with corresponding effect in related assets/liabilities. This has resulted into decrease in profit before tax and other comprehensive income by Rs.113.3 Million and Rs. Nil respectively with corresponding reduction of other equity by Rs.113.3 Million for the previous year. Refer Note 67(d) of the consolidated financial statements.	The Company had initially proposed to set threshold limits to account for the expenditure pertaining to the past year in the current year at Rs 1 million per transaction with an overall limit of 1% of turnover. However, as the prior period income and expenditure exceeded the proposed threshold limit the Company had to restate the books as required by IND AS -8 and the same has been reflected in the financial statements accordingly.
4.	We draw attention to Note 29 to the financial statements, the Company has inventories consisting of stores and spares amounting to Rs.86.8 Million. These inventories are transferred from Air India Limited and Air India Engineering Limited, which are not used for more than three years. We have relied on the management contention that such inventories have value in use is at-least equal to the carrying value in the books and hence, no further adjustments are required for the current year.	The Company has confirmed the details of the stores and spares amounting to Rs 86.77 million on hand as on 31.03.2020. There are some items pertaining to Air India Engineering inventory as well which has been identified in this inventory and the necessary action will be taken during F.Y. 2020-21
5.	We draw attention to Note 27 to the financial statements, the balances of trade payable and trade receivable are subject to balance confirmation (except in case of group companies) and reconciliation. Pending such reconciliation trade payable has been reported net of debit balance amounting to Rs.38.9 Million and trade receivable net of credit balance amounting to Rs.100.5 Million. In the absence of adequate reconciliation, we are unable to ascertain impact of such reconciliation on the financial statements. The Company is in the process of evaluating recoverability of receivables considering COVID-19 pandemic. Pending such analysis, impact of COVID-19 on the Company’s financial statements cannot be determinable as at the date of approval of these financial statements. Refer Note 39 of the consolidated financial statements.	The total trade receivables include Rs.3,855.08 Million from Group Companies which have been confirmed by the respective Group Company, which constitutes about 70 % of the Trade receivables. As regards the third party the balance confirmations have been sent and we have received some confirmations as well. There are some unlinked debits and credits due to clerical errors committed in data entries which are being looked into and action has been initiated to reconcile the same in full. As regards to trade payables, we have sent balance confirmation letter to all creditors and same is being reconciled.

D.	**In respect of Air India Express Ltd (AIXL) (Formerly known as Air India Charters Ltd (AICL)) (Subsidiary) - vide their Auditor's Report dated October 28, 2020**	
Sr. No.	**Emphasis of Matter**	**Management Comments**
1.	Note 45 regarding write off out of opening balance of insurance claim receivable. We are informed that out of total write off, amount of Rs. 196.0 Million is on account of rejection of the claim by the insurance agency and insurance claim receivable of Rs. 30.2 Million is reversed as at year end as the same is not confirmed by the insurance agency.	The Company has adopted the stated Accounting policy during the financial year 2019-20 for accounting of claims receivable on the acceptance of claim by the insurance company.
2.	Note 47(B) regarding penal interest amounting to Rs. 832.5 Million for delayed payment of Guarantee Commission to Government of India. Refer Note 26A(c) (i) of the consolidated financial statements	The Company has provided the guarantee fees payable to the Government at the rate of 0.5% on the amount of the respective liabilities as outstanding at the end of every financial year. However, since the Company has paid the entire amount of guarantee fees payable in full and since it has represented to the Government for waiver of the penal interest amounting to Rs. 832.47 Million and also the Company had not received any claim from the Government of India for such penal interest as aforesaid, no provision for the same has been made in the financial statements.
3.	Reconciliation / rectification: The Company has made provision for repairs expenditure of Rs. 293.8 Million as referred to in note no 41(d).	Inventories at the year-end includes balance under in-house repairing jobs being carried as Work order suspense – Internal / External which contain material used and repair charges. On these balances the Company creates liability provision as necessary.
4.	Note 34 in respect of various disputes for demands raised against the Company by Service tax and Customs authorities and its financial impact on the financial statements of the Company. Total amount of disputed taxes in respect of Service tax and Customs duty as disclosed in contingent liabilities is Rs.1,173.0 Million. In the opinion of the management, these matters are pending outcome of the appeals and involves peculiar issues of aviation industry which are not yet resolved. In the opinion of the management there are valid technical grounds based on which demands are disputed and hence, no provision is considered necessary and disclosure as contingent liability is appropriate.	In the opinion of the Management, these matters are pending outcome of Appeals and involve peculiar issues of aviation industry which are not yet resolved. The company is of the view that there are valid technical grounds based on which these demands are disputed and hence, no provision is considered necessary and disclosure as Contingent Liability is appropriate.

5.	Note 60 regarding unreconciled Airport Tax payable of Rs. 176.9 Million.	The Company is in the process of reconciling Airport Tax Payable of Rs. 176.9 Million and the same will be adjusted in the year in which the said process is completed.
E.	**In respect of AI Engineering Services Limited (Formerly known as Air India Engineering Services Limited) (Subsidiary) - vide their Auditor's Report dated November 18, 2020**	
Sr. No.	**Emphasis of Matter**	**Management Comments**
1.	**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.	This is a statement of fact.
F.	**In respect of Alliance Air Aviation Limited (Formerly known as Airline Allied Services Limited) (Subsidiary)- vide their Auditor's Report dated October 20, 2020**	
Sr. No.	**Emphasis of Matter**	**Management Comments**
1.	We draw attention to Note 60 in the financial statements which describes the possible effects of uncertainty relating to COVID 19 Pandemic on Companies operations and results as assessed by the management.	This is only statement of fact.
G.	**In respect of The Hotel Corporation of India Limited (Subsidiary) - vide their Auditor's Report dated October 27, 2020**	
1.	The Company is in the process of obtaining confirmation of balances from other Trade Receivables, Trade Payables, Loan and Advances, Deposits and Other liabilities. Loans and Advances and Other advances receivable are considered good for recovery though the same are in the process of being reconciled, referred to in Note Nos. 37. Refer Note 39 of the consolidated financial statements	In respect of Receivables/Payables, the holding Company and its subsidiaries which form the major parties are completely reconciled. These companies in fact constitute a major portion of the total Receivables and Payables of the company. The confirmation process for the remaining parties is estimated to be completed by 31.3.2021

2.	Amount receivable from J & K government in respect of cost sharing arrangements with SKICC is Rs.119.8Million are very old. These balances are subject to reconciliation and confirmation. (Refer note 32 (a)). Refer Note 39 (iv) (a) of the consolidated financial statements	The matter is being pursued with the SKICC and J&K government
3.	The amount payable to J & K government on account of joint construction is Rs. 45.2 Million and amount receivable on account of joint construction is Rs. 41.8 Million are very old. These balances are subject to reconciliation and confirmation. (Refer note 32 (b). Refer Note 39(iv)(b) of the consolidated financial statements	The matter is being pursued with the J&K government
4.	Fair value of the financial assets and financial liabilities is arrived based upon best information available or provided by the management. We have relied upon the management information for fair valuation on the absence of other required information.	This is a Statement of fact.
	Our opinion based on the consideration of reports of other auditors is not modified in respect of the above matters reported in para C, D, E, F and G.	
	Key Audit Matters (KAM)	
	Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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 matter described in the Basis for Qualified Opinion section and Material Uncertainty in relation to Going Concern section above, we have determined the matters described below to be the key audit matters to be communicated in this report based on key audit matters reported in audit report issued by us of Holding Company and reported in audit reports issued/communicated to us by respective auditors of the subsidiaries, reproduced by us, except for the matters eliminated on Consolidation or not considered material at group level.	

	Key Audit Matters	Principal audit procedures performed by the respective auditors
	Depreciation and impairment of Property, Plant & Equipment, Right of Use Assets, Investment Properties and Intangible assets **In respect of Holding Company,** The management uses estimates to assess useful life of various items of Property, Plant & Equipment, Right of Use Assets, Investment Properties and Intangible Assets including in the application of component accounting, recognition of early retirement from use, etc. which have a significant impact on the accounts. The company also assesses whether an impairment indication exists and performs impairment test in respect of Property, Plant & Equipment, Right of Use Assets, Investment Properties, and Intangible Assets wherever such indications exist, which involve management's judgment of various factors including future growth rate etc. Refer Note 54 of standalone financial statements	**In respect of Holding Company,** We have reviewed the judgments and methodology applied by management including the nature of underlying costs capitalized, determination of realizable value of the assets retired from active use, technical assessment conducted in assessing the useful life of assets, considered the applicable rates prescribed in Schedule II of the Companies Act, 2013, and evaluated the system followed for periodic review. We have reviewed the Company's impairment assessment process and workings of property, plant & equipment, right of use assets and intangible assets including technical assessment of the management, key assumptions and judgement used to determine the impairment and future cash flows, discount rates applied etc. We have also reviewed the adequacy of disclosures relating to impairment of non-current assets in the standalone financial statements. Refer Note 60 of the consolidated financial statements
	In respect of Subsidiary, AI Engineering Services Limited (Formerly known as Air India Engineering Services Limited), **Intangible Asset** Expenses of Rs. 2,713.8 Million, incurred prior to the date of obtaining the License, were capitalized in FY 2014-15 as Intangible Assets.	**In respect of Subsidiary, AI Engineering Services Limited (Formerly known as Air India Engineering Services Limited),** • Details of the expenses has been sought. • The opinion from Expert Advisory Committee of ICAI has been taken into consideration. • The said expenses has been adjusted with retained earnings. This restatement has resulted into decrease in retained earnings with corresponding decrease in Asset by Rs. 2,713.8 Million. (Refer Note 43 of the subsidiary's financial statements) (Refer Note 34 of the consolidated financial statements)

	Impact of Covid-19 on impairment of Property, Plant & Equipment, Right of Use Assets, Investment Properties and Intangible assets **In respect of Holding Company,** There is inherent uncertainty due to Covid 19 pandemic which has significant impact on the management judgment and estimates with regard to recoverable amount – value in use calculation. Refer Note 29 of standalone financial statements	**In respect of Holding Company,** We have reviewed the reasonableness of assumed duration of disruption due to Covid 19 pandemic and expected growth rates from publicly available industry sources. We have also reviewed the adequacy of disclosures relating to Covid 19 in the standalone financial statements. Refer Note 29 of the consolidated financial statements
	Ind AS 116 for Leases – First time adoption **In respect of Holding Company,** The Company has applied the Ind AS 116 standard to its leases of aircrafts and land disclosed under Plant Property and Equipment in the previous year, retrospectively, with the cumulative effect of initially applying the standard, recognized on the date of initial application (i.e. 1st April 2019). Accordingly, the Company has not restated comparative information; instead, the cumulative effect of initially applying this standard has been recognized as an adjustment to the opening balance of retained earnings as on 1 April 2019. The company applied practical expedient to “Grandfather Approach” for the assessment as to which transactions are to be categorized as leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17. We considered the first-time application of the standard for aircraft as a key audit matter, due to significant judgement required in the assumptions and estimates used to determine the Right of Use (ROU) asset and lease liability, assessment of lease term, determination of appropriate incremental borrowing rate and practical expedients used. Refer Note 44 of standalone financial statements	**In respect of Holding Company,** We have obtained an understanding of management’s process with regard to identifying ROU Asset. We have reviewed the judgments, methodology applied by the management including practical expedients used and ensured they are in line with the requirements of Ind AS 116. We have reviewed the inputs used for determination of the incremental borrowing rate including, assessment of lease term by reference to the underlying lease contracts and market data. We have performed computation checks on the amount of ROU asset and lease liabilities recognised by tracing of the same to underlying lease agreements/contracts/documents. We have also reviewed the adequacy of the disclosures in respect of the adoption in Note 50 to the consolidated financial statements. Refer Para 2(A)(2) of Basis for Qualified Opinion and para B(6)(e) of Emphasis of Matter.

	In respect of Subsidiary, Hotel Corporation of India Limited, The new Accounting Standard suggest capitalisation of lease asset and creating lease liability. Expenses need to be charged as depreciation and finance cost instead of rental expenses.	**In respect of Subsidiary, Hotel Corporation of India Limited,** We have obtained the working of lease assets including amortisation schedule and ensured that the same is in line with Accounting Standards and accurately disclosed in the financial statements.
	Assets held for sale (Other than Investments in subsidiaries held for sale) **In respect of Holding Company,** The company has classified assets earmarked for disposal as assets held for sale, including as part of the disinvestment process in progress. Management has estimated the fair value of such assets having regard to various critical factors including market rates. Refer Note 28 & 31 of standalone financial statements	**In respect of Holding Company,** We have verified the procedures in relation to management's classification and valuation of assets held for sale including assessing the methodologies used and the appropriateness of the key assumptions, checking the accuracy thereof on a sample basis etc. Refer Note 28 & 31 of consolidated financial statements
	Recognition of revenue from transportation services **In respect of Holding Company,** We have identified revenue recognition as a key audit matter because passenger revenue is one of the key performance indicators, significance of passenger revenue to the financial statements, complexity of the underlying IT systems of outsourced service provider and the judgment required by management in determining the revenue from Forward sales. The company extensively uses the services of outsourced service provider for measurement and recognition of revenue, which carries an inherent risk around the accuracy of revenue recorded given the complexity of operations and underlying IT Systems. The company recognises revenue from passenger and cargo sales on flown basis i.e, when the service is provided. The Company recognises revenue from unexercised rights i.e. forward sales of customers which are non-refundable in nature, based on past trends in proportion to the pattern of rights exercised by the customer.	**In respect of Holding Company,** We have reviewed the internal controls in the company for capturing and recognition of revenue and the reconciliations of revenue between the reports generated by the outsourced service provider and accounting of revenue in ERP system of the company. We have conducted requisite procedures on revenue on a test check of selected samples and scrutinised relevant records and journals to assess the timing and values of revenues recorded. In addition, we have performed cut-off tests in order to verify whether the timing of passenger revenue recognition is in line with company's policy. We obtained the latest available assurance report on service organisation controls relating to revenue accounting and General IT controls. With regard to forward sales, we have considered the consistency and continuity of the methods used to determine the amount of revenue to be recognised from Forward Sales.

	Refer Note 59 of standalone financial statements	Refer Note 66 of the consolidated financial statements, Refer to para 2(A)(1) in our report on Internal Financial Controls (Annexure 'A')
	Provisions and Contingent Liabilities and Evaluation of uncertain tax positions **In respect of Holding Company,** There are material claims against the company and uncertain tax/duty positions which are under various stages of dispute, involving significant judgment to determine the possible outcome of these disputes. Refer Note 26 of standalone financial statements	**In respect of Holding Company,** We have obtained details of key claims against the company, completed tax assessments and demands and tax/duty positions. We reviewed status of disputes and representation taken from the management, discussed with appropriate senior management and evaluated the management's underlying key assumptions. We reviewed management's estimate of the possible outcome of the disputed cases in evaluating management's position on these uncertain claims and tax positions and reviewed the appropriate disclosures in the financials. Refer Note 26 of the consolidated financial statements and Para B (2) of Emphasis of Matter.
	Deferred Tax Assets **In respect of Holding Company,** The company has carried deferred tax assets recognised on depreciation in an earlier year which is based on the likelihood of future taxable income available for set off. The recognition of deferred tax asset involves judgement regarding the likelihood of realisation of these assets in particular whether there will be sufficient taxable profits in future periods that support the recognition of these assets. Given the degree of judgement involved in considering these deferred tax assets as recoverable or otherwise, we consider this to be a key audit matter. Refer Note 49 of standalone financial statements	**In respect of Holding Company,** Our procedures include obtaining an understanding of the process and the controls over preparation of profit forecast. We reviewed the inputs and assumptions used in the forecast, including Revival Plan for Operational & Financial Efficiency formulated by the Govt of India. We verified the disclosures for deferred tax asset balance including those related to significant accounting estimate and judgements. Refer Para B (3) of Emphasis of Matter and Refer Note 55 of the consolidated financial statements

	Inventory **In respect of Holding Company,** The company carries inventory of materials, spare parts etc across various locations centres and correct measurement of inventory involves making a proper assessment of the lower of net realisable value over cost and assessment of write down necessary on account of obsolescence etc Refer Note 38 of standalone financial statements	**In respect of Holding Company,** We have evaluated the systems and processes for recording and valuation of inventory, tested a sample of key controls and comparison of net realizable prices. We have obtained an understanding of the company's policy on control for identification and provision of non-moving inventory based on age-wise analysis and tested the same on a sample basis. Refer Note 39(ii) & 42 of consolidated financial statements Refer para2(A)(1) & 2(A)(3) in our report on Internal Financial Controls (Annexure 'A')
	Provision for receivables **In respect of Holding Company,** The company is carrying significant balances as trade receivables including amounts outstanding from earlier accounting periods. The management makes an estimate of the recoverability of individual debtor with reference to the aging profile, historical payment pattern and the past record of the customer and makes provision against the same with reference to the recoverable amount.	**In respect of Holding Company,** We have obtained a list of outstanding receivables, test checked the ageing of trade receivables generated from SAP at year end on a sample basis and reviewed Expected credit loss model used in determining the provision requirement. We have reviewed the controls, systems and processes applied by the management to ensure proper recognition of provision for receivables. Refer para 2(A)(3) in our report on Internal Financial Controls (Annexure 'A')
	In respect of Joint Venture, Air India SATS Airport Services Private Limited, Provision for Trade receivables	**In respect of Joint Venture, Air India SATS Airport Services Private Limited,** Our audit procedures to assess the impairment of the trade receivables included the following: (i) assessing the design, implementation and operating, effectiveness of key internal controls over credit evaluation, the trade receivables collection processes and the measurement of allowances for individual trade receivables; (ii) evaluating the Company's allowances for doubtful debts by reviewing correspondence with the customers and challenging

		management's assumptions in respect of the ability of customers to pay with reference to the historical trading experience of the customers, their settlement history with the Group, their financial condition and subsequent receipts of cash after 31 March 2020 in respect of the outstanding trade receivable balances at that date; (iii) assessing the historical accuracy of the Company's allowances for doubtful debts by: • Tests of detail: For significant known issues and claims, when a provision has been made, we inspected the calculation of the provision held and considered internal cost assessments and third-party evidence, where available. • Benchmarking assumptions: For claims that past events indicated may anse, we evaluated risk assessments performed in respect of known issues, settled issues and considered any differences in the development portfolio over time, such as increasing complexity of transaction, m assessing the calculation of the provision.
	Accounting & disclosure for proposed disinvestment **In respect of Holding Company,** Govt. of India has given approval for strategic disinvestment of the Air India and its subsidiaries. Accordingly, Strategic Revival Plan for Operational & Financial Efficiency in Air India was formulated as per which certain portion of debt along with certain assets, including investments in three subsidiary companies and advances given to them, were decided to be transferred to an Special Purpose Vehicle (SPV) formed for the proposed disinvestment. Necessary adjustments/ disclosures are made in the financial Statements of Air India Limited based on the present decisions and further adjustments would be made after finalization of the same. Refer Note 28 of standalone financial statements	**In respect of Holding Company,** We have reviewed the Framework agreement, relevant minutes of meeting of Board of Air India Limited as well as of the committees formed for disinvestment and other relevant records made available to us in this regard. We have verified the transactions which have taken place during the year 2019-20 with the SPV and held discussions with the senior management of the company in order to obtain an understanding of the present position of the various decision taken for the same. We have reviewed the disclosures made in the financial statements in this regard. Refer Note 28 of the consolidated financial statements and para B(5) of Emphasis of Matter.

	Credit Impairment **In respect of Subsidiary, AI Engineering Services Limited (Formerly known as Air India Engineering Services Limited),** Ind AS requires the company to recognize the expected credit losses (ECL) on financial assets consisting mainly debtors which involves significant judgment and estimates to be made by the company.	**In respect of Subsidiary, AI Engineering Services Limited (Formerly known as Air India Engineering Services Limited),** • As per Ind AS, the shift is from 'Incurred Loss' approach to 'Expected Loss' approach while computing provision for losses on loans and advances. • We have relied on the ECL calculations which were done by an expert/ outside agency. • The accuracy and completeness of critical data was reviewed. • System of Computation of ECL was found satisfactory. • Refer accounting policy 11(A)(v) of subsidiary's financial statements (Refer accounting policy XXII (A)(vi) of consolidated financial statements)
	In respect of Subsidiary, Hotel Corporation of India Limited, The company is in loss, net worth is fully eroded, going concern needs to be examined.	**In respect of Subsidiary, Hotel Corporation of India Limited,** We have verified financial statement of Holding Company; the management projection and clarification suggest that though the company in a loss but continuous support of holding company as well as the Government will ensure the company runs its business as going concern. There is no bank loan; no creditors went for insolvency etc. suggests support from holding company will enable going concern on continuous basis. Based upon the above facts and data we have performed our audit procedure and make opinion accordingly.
	Information Other than the Consolidated Financial Statements and Auditor's Report Thereon	
	The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report, Management Discussion and Analysis Report and Report on Corporate Governance but does not include the Consolidated financial statements and our	This is a statement of fact.

	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.	
	Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements	
	The Holding Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated performance including other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. Further, in terms of the provisions of Act, the respective Board of Directors of the companies included in the Group and its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent;	This is a statement of fact.

	and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint venture are responsible for assessing the ability of the Group and of its joint venture 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 or cease operations, or has no realistic alternative but to do so. The respective Board of Directors of the companies included in the Group and of its joint venture are also responsible for overseeing the financial reporting process of the Group and its joint venture.	
	Auditor's Responsibilities for the Audit of the Consolidated Financial Statements	
	Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 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 Group and joint venture incorporated in India 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 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 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 and its joint venture to cease to continue as a going concern.	

	• Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 such entities or business activities within the Group and joint venture and to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated 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 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 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 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.	
	Other Matters	
I	We did not audit the financial statements of five subsidiaries whose financial statements reflect the total assets and net assets as at March 31, 2020, total revenues and net cash inflow / (outflow) for the year 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) [Formerly known as Airline Allied Services Ltd (AASL)]	25,672.0	(22,566.5)	11,811.5	269.3
AI Engineering Services Limited (AIESL) (Formerly known as Air India Engineering Services Limited)	29,523.5	(21,786.7)	14,275.9	28.6
Hotel Corporation of India Limited (HCI)	1,552.0	(4,329.9)	676.3	(52.8)
Air India Express Ltd (AIXL) [Formerly known as Air India Charters Ltd (AICL)]	45,659.1	(4,644.6)	52,306.0	(193.3)
AI Airport Services Ltd (AIASL) [Formerly known as Air India Air Transport Services Ltd (AIATSL)]	10,935.7	4,031.8	7,088.0	23.0

II.	The Consolidated Financial Statements also include the Group's share of net profit including other comprehensive income of Rs.291.6 Million for the year ended 31st March, 2020, as considered in the Consolidated Financial Statements, in respect of a Joint Venture company, Air India SATS Airport Services Private Limited, whose Financial Statements have not been audited by us.	This is a statement of fact.
	These Financial Statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture, and our report on the consolidated financial statements in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint venture is based solely on the reports of the other auditors.	
III	'Other Matter' paragraphs on the Financial statements of the subsidiaries given by the respective Independent Firm of Chartered Accountants in their Auditor's Report, reproduced by us except for the matters eliminated on Consolidation or considered not material at group level, as under;	
a)	In respect of AI Engineering Services Limited (Formerly known as Air India Engineering Services Limited) (Subsidiary), considering the situation due to pandemic "COVID 2019" and lockdown being declared nationwide from March 22, 2020 and restrictions on movement, the process of audit has been modified by the subsidiary's auditors. Some of the documents/records/returns were not verified physically; however, the documents were made available in electronic mode and were verified based on the representations received from the Company for its accuracy and authenticity. (Refer Note 46 of subsidiary's financial statements)	This is a statement of fact.
b)	In respect of, Air India Express Ltd (AIXL) (Formerly known as Air India Charters Ltd (AICL)), "the Company conducted physical verification of part of inventories at Mumbai location subsequent to year end. We have relied on the physical verification of inventories carried out by the management and independent firm of chartered accountants and the report of the said firm".	This is a statement of fact.

c)	In respect of, Air India Express Ltd (AIXL) (Formerly known as Air India Charters Ltd (AICL)), due to Covid-19 and consequent lockdown, Subsidiary Company's Auditors were unable to visit the business area located outside Mumbai and hence we had relied upon the documents / returns provided to us for our verification by the said business areas".	This is a statement of fact.
	Our opinion, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.	
	Report on Other Legal and Regulatory Requirements	
1	As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and its Joint Venture, as noted in the 'Other matter' section above, 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 except as stated in Basis for Qualified Opinion section and Para B(6) of Emphasis of Matter section above.	This is a statement of fact.
(b)	Except for the possible effects of the matters described in the Basis of Qualified opinion section above, in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as appears from our examination of those books and the reports of other auditors.	This is a statement of fact.
(c)	With respect to foreign stations, we have relied upon the management summary reports made available to us for the verification of transactions related to major foreign stations, which have been properly dealt by us in preparing this report.	This is a statement of fact.
(d)	The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.	This is a statement of fact.

(e)	Except for the effects of the matter described in para 1, A(2), B(1)(d) of “Basis for Qualified Opinion” section and para B(4), B(6), C(2) & E(1) “Emphasis of Matter” section above, in our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;	This is a statement of fact.
(f)	The matters described under “Material Uncertainty in relation to Going Concern” section, Emphasis of Matter para on COVID 19 and Basis of Qualified Opinion section above, may, in our opinion have an adverse effect on the functioning of the respective companies;	This is a statement of fact.
(g)	On the basis of the Auditors' Report of the Joint Venture, none of the directors of that company is disqualified as on March 31, 2020 from being appointed as directors in terms of Section 164(2) of Companies Act, 2013. The Provisions of Section 164(2) of the Act are not applicable to the Holding Company and its subsidiary companies being Government Companies;	This is a statement of fact.
(h)	The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion section above;	This is a statement of fact.
(i)	With respect to the adequacy of the internal financial controls over financial reporting of the Group and joint venture and the operating effectiveness of such controls, refer to our separate Report in Annexure ‘A’. Our report expresses a qualified opinion on the adequacy and operating effectiveness of the Group’s internal financial controls over financial reporting.	This is a statement of fact.
(j)	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 MCA Notification no. G.S.R. 463 (E) dated 5thJune 2015 provisions of section 197 of the Act are not applicable to the Group. Further, Joint Venture Company is incorporated as a private company and thus the provisions of Section 197 of the Act are not applicable to the joint venture Company.	This is a statement of fact.

(k)	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 Group and its joint venture has disclosed the impact of pending litigations on its financial position in its Consolidated financial statements - Refer Note 26 to the Consolidated financial statements; ii. The Group and joint venture has made provisions, as required under the applicable laws or Indian Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts that have been entered into; and iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group and joint venture.	This is a statement of fact.

ANNEXURE 'A' REFERRED TO IN PARAGRAPH UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF AIR INDIA LIMITED FOR THE YEAR ENDED 31ST MARCH 2020:

Sl. No.	Audit Observations	Management Comments
	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 Air India Limited ("the Holding Company") and its subsidiaries and its joint venture (which are companies incorporated in India as of that date) as of March 31, 2020in conjunction with our audit of the Consolidated Ind AS financial statements of the Company as of and for the year ended on that date.	
	Management's Responsibility for Internal Financial Controls	
	The respective management of the Holding Company and its subsidiary companies and its joint venture, is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.	This is a statement of fact
	Auditors' Responsibility	
	Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its subsidiary companies and its joint venture, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit	This is a statement of fact

	of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of the reports referred to in the "Other Matter" section below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls system over financial reporting of the Company and its subsidiary companies and its joint venture, which are companies incorporated in India.	
	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	This is a statement of fact

	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 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	
	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.	
	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, 2020 in respect of the holding company:	
1	**In respect of Consolidated Financial Statements**	
	The company did not have an effective system for determining the fair value of disposal group held for sale in respect of the Holding Company.	As per the Framework Agreement signed with AIAHL, the Investments/Advances relating to Subsidiary Companies are to be transferred to AIAHL. Accordingly, no fair valuation of the same has been carried out. Moreover, the Subsidiaries are also covered in the disinvestment process and the disinvestment of one of the Subsidiary Company namely AIASL has already begun.

		In light of the above, any fair valuation done by the company with respect to Subsidiary Companies would have a direct impact on the disinvestment process and the valuation thereof.
2	**In respect of the Holding company,**	
A	**In respect of Air India Limited (Holding Company) (Vide our Report on Standalone Financial Statements dated January 27, 2021**	
1	The company did not have an appropriate internal control system for reconciliation of Control Accounts in relation to the Sales / Revenue, Inventory and Payroll.	Constant efforts are being made to improve the internal controls in Sales/Revenue, Inventory and Payrolls etc. The company has outsourced the accounting of Revenue Data to Accelya who are controlling both Sales and Revenue, and the data from the Accelya System is being directly pushed into SAP and any mismatch in the interface is being checked and necessary action is taken in SAP System. Similarly, the linkage of RAMCO System with SAP System had been implemented to ensure timely and accurate upload of inventory data into SAP. Further, necessary controls in the Payrolls system are also being strengthened in consultation with the Personnel Department.
2	The company did not have an appropriate internal control system for deduction, timely deposit and reconciliation of statutory dues.	All statutory dues are properly reconciled. However, due to the shortage of funds available there is a delay in the deposit of TDS on certain occasions. However, interest on such delays are provided for in the books of accounts.
3	The company did not have an appropriate internal control system for obtaining confirmation of balances on a periodic basis, ageing and reconciliation of Receivables, Payables, (including certain staff related accounts and suspense / control accounts), inventory lying with third parties, certain bank accounts, fixed deposit with Bank and statutory dues.	In this regard it may be noted that there is a steady and considerable improvement in this area as compared to previous years as can be seen from the following: a) All major Borrowings, Bank Balances have been confirmed and reconciled. b) In respect of Receivables/Payables, all major parties such as dues of Oil Companies, Airport Operators, Pax/Cargo Receivables and dues for VVIP Charters are totally reconciled. These parties in fact constitute a major portion of the total Receivables and Payables of the company.

		c) Further, in respect of certain other Receivables/Payables such as Staff related accounts and unlinked debits/ credits lying in various such accounts, the company has continued to use the help of the outside professional firm to carry out the Reconciliation of such accounts and the necessary accounting effect for the observations of 2019 will be given on due verification of the same.
4	The company did not have an effective internal audit system commensurate with the size, nature and complexities of the business.	External Internal Auditors were appointed by the company to strengthen and enhance the scope of Internal audit in several areas of the company's business. With the assistance of these Auditors and the In-house internal audit team the company will strengthen the scope and coverage of internal audit commensurate with the size and nature of the company's business.
5	The Company did not have an effective Information Systems Audit to evaluate and test the IT general controls, which may affect the completeness, accuracy and reliability of the reports generated from IT System.	The Company has an effective ERP-SAP System in place and IBM has been appointed to implement and hand hold AI up to FY 2023. Several computers related applications are checked for accuracy and control by the Service Providers. The reliability/accuracy of these Reports are also checked before passing necessary entries in the books of accounts.
6	The company did not have an effective system for timely accounting of entries including delay in accounting of cash collection/disbursement & approval thereof in IT System.	With the help of the SAP Consultant, the company will incorporate an effective system of timely accounting of entries in the IT System. During the year progress has been made in the B2B Invoicing for the fuel invoices we will expand to Catering and Airport Operators also the PSS System.
	We also draw your attention to the following qualified opinion/ adverse opinion/ disclaimer of opinion/ unqualified opinion on adequacy (and therefore operating effectiveness) of Internal Financial Control over Financial Reporting of below mentioned subsidiary companies of the Holding Company and Joint Venture, which are companies incorporated in India, issued by Independent firm of Chartered Accountants reproduced by us as under;	
I	**In Respect of Air India Express Ltd (AIXL) (Formerly known as Air India Charters Ltd (AICL)) (Subsidiary) vide their Auditors' report dated October 28, 2020**	

1	The company did not have an effective interface between various functional software relating to Revenue and Payroll with the accounting software resulting in accounting entries being made manually on periodical basis.	This is a Statement of fact. However, the Company has appointed a consultant to review the SAP processes and guide us further process. As on date, the complete fuel payments are being linked with SAP on real time basis. Integration of Bar Sale with SAP has been done at Kochi & Mumbai. Due to Covid it could not be done at other locations HR Attendance management system integration with SAP is in process. The integration of catering process with SAP is in progress and will go live during FY 2020-2021.
2.	Cargo revenue, flight interruption manifest and code shade Revenue are accounted manually on the basis of information from the Holding Company.	This is a Statement of fact.
3.	The company did not have an appropriate internal control system for reconciliation of Control Accounts in relation to the Sales/Revenue, Inventory and Payroll.	The Company has appointed the Internal and concurrent auditor in FY 2019-20. The concurrent audit or are verifying control accounts and issuing reports on quarterly basis which Is discussed with the audit committee on a quarterly basis.
4.	Controls over planning and monitoring of financial closing process.	Necessary steps have been taken for implementing half yearly & monthly financial closing process. During FY 2019-2020, company has filed with SEBI, half yearly financial result (H1) limited reviewed by Independent Auditor. During FY 2020-2021, monthly closure of accounts has been implemented.
5.	Controls over spreadsheets used in financial closing process.	Only Managers and CFO has access to the files used.
6.	The company did not have an appropriate internal control system for deduction, timely deposit and reconciliation of statutory dues.	The Company is exercising complete controls on Compliance and Statutory regulation and remittances are made on or before the due dates. The reports from SAP are being generated and manual controls are also exercised in this regard. In FY 20-21 most of the reconciliations are done on a monthly basis.
7.	The company did not have an appropriate internal control system for obtaining confirmation of balances on a periodic basis and reconciliation of unmatched Receivables and Payables. The same has been done as at the end of the year.	The Company has followed the system of obtaining the confirmations from Vendors / Customers on quarterly/half yearly basis in FY 19-20. Certification is obtained from external Audit Firm on annual basis.
8.	The Company did not have an effective internal control system for reconciliation of onboard "Bar Sales" with consumption and realization.	Bar Sales are being streamlined and suitable controls are vested with Airport Coordinators, Airport cashiers and station Finance Officers

		for effective follow up through System. Further, BAR sales had been integrated with SAP during January 2020 at Mumbai location and on 7 February 2020 at Kochi. Due to COVID19 issue, currently there are no scheduled flights and Bar upliftment is not happening. Hence, the process of integration at remaining locations is under hold currently. The integration process will be started once we receive tentative date for the commencement of scheduled flights.
9.	The company did not have an effective system for timely accounting of entries.	Entries are getting accounted on real time basis. The entries of Rs. 5 Lakhs and above are being verified by Concurrent auditors and after their verification entries are posted in SAP. From 2020-2021 there is effective system for timely accounting of entries.
10.	Maker checker process needs to be strengthened.	All the transactions are being verified by the maker with supporting documents and entries are entered in SAP. The entries of Rs. 5 Lakhs and above are being verified by Concurrent auditors and after their verification entries are posted in SAP. Entries below RS 5 lacs are booked by maker and posted by checker.
11.	System of verification of reconciliation provided by outsourced agency relating to revenue needs to be strengthened.	The internal auditor on concurrent basis, reviews the various reconciliation.
12.	During the year, due to lockdown, the Company has not conducted physical verification of inventories at all the locations and has relied on the inventory reports generated from the system.	This is a Statement of fact
II	**In respect of AI Airport Services Limited (Formerly known as Air India Air Transport Services Limited) (Subsidiary) vide their Auditors' report dated December 18, 2020**	
1	Deficiencies in the design of internal control over the preparation of the financial statements being audited:	
a)	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 Standard Operating Procedure for critical processes are not documented, however the SOP's process which were laid down by the Parent Company in past have been followed and the basic principles have been adhered to. We have also process notes for important processes as well which are being adhered to.

b)	Authorisation controls such as maker/checker controls in accounting software needs further strengthening.	In the absence of the adequate manpower, the same could not be fully implemented in the desired form, however we have noted the observations and steps have been taken to have Maker Checker controls in the System as also to augment the workforce.
c)	Absence or inadequate segregation of duties (including responsibility chart and job descriptions) within a significant accounting process.	In the absence of the adequate supervisory and operational staff in departments, the segregation of duties ad job descriptions within a significant Accounting process could not be effectively implemented. However, the point has been noted and necessary steps in this regard will be taken.
d)	Inadequate utilization of information technology (IT) general and application controls preventing the information system from providing complete and accurate information consistent with financial reporting objectives and current needs.	The Company has SAP system and some of the modules have not been implemented due to which complete and consistent information cannot be obtained directly from the system and requires manual intervention and presentation of information.
e)	The absence of an internal process to report deficiencies in internal control to management on a timely basis.	The point has been noted
f)	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 payroll is processed in SAP, however only the attendance is not automated and fed in manually based on authorised data received from 70 stations. Steps have been taken to update the data in HR Module in SAP to update the HR data of new joinee's and resigned employees on real time basis to ensure accurate processing of payroll. The Company has noted the observations of the auditor and is working on remedying the situation in respect of the areas pointed out.
2	Inadequacy of controls designed to safeguard assets from loss, damage, or misappropriation. The Company did not have appropriate internal controls for reconciliation of physical inventory and fixed assets with the books of account.	The Company's assets are mainly Ground Support Equipment and are based in a secure environment on the tarmac side of the airport and are issued with specific passes to operate within the airport area. Only in the event of any maintenance related activity the movement of same is recorded. Hence the assets are secured from Loss or misappropriation. The assets have been physically verified in 2018 and subsequently during the current year based on the third-party report accounting action in the books have been taken by the

		Management and the same have been duly verified as well. The physical inventory of stores and spares has been carried out internally at the end of each year and duly signed statements are provided.
3	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 reconciliations are continuous in nature. As regards receivables the outstanding of Group Companies duly signed have been shared with the auditors. The letters have been sent to all the customers for balance confirmation on multiple occasions to ensure the reconciliation of the Trade Receivables and a constant follow-up is being maintained as adjustment in the books of the invoices and receipts is hampered in the absence of full details from Customers. The accounts payables we have sent balance confirmation letters to vendors on multiple occasions and are reconciling the same, the relevant facts have been disclosed in the notes to accounts, The payroll accounts are under reconciliation and we will complete the same in 2020-21.
4	Following are indicator of a control deficiency and an indicator of a material weakness in internal control:	
a)	Restatement of previously issued financial statements to reflect the correction of a material misstatement. This indicates that cut-off procedures while closing of books is not working efficiently.	We had proposed threshold limits during 19-20 for accounting of prior period transaction s in the current year of Rs 1 million per transaction and an overall limit of 1% of the turnover. However, since we have been billed for previous years expenses in the current year by the Holding Company and also the account was opened in the name of the new Company i.e. AI Airport Services which came to light during the intercompany reconciliation. We had to restate the previous year’s figures accordingly. As has been observed there has been some delay in compliance due to cash flow problems experienced by the Company we have noted the observation of the statutory auditor and the Company is in the process of recruiting and strengthening the Compliance Department to ensure that regulatory compliances are completed in full.

b)	Non-compliances in complying with the laws and regulations by the entity as referred in Point vii of Annexure A to the Independent Auditors' Report has been observed. This indicates an ineffective regulatory compliance function.	
	In subsidiary auditor's opinion, because of 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, 2020, 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.	
III	**In respect of Alliance Air Aviation Limited (Formerly known as Airline Allied Services Limited) (Subsidiary) vide their Auditors' report dated October 20, 2020**	
1.	Interface between functional software relating to Inventory Management with the accounting software is yet to be implemented, resulting in accounting entries made manually. System of verification of data processed by outsourced agency needs to be strengthen as there is significant reliance on the data provided by them.	RAMCO system has now been interfaced with SAP Finance module for accounting & ensuring minimum manual intervention.
2.	Internal control system for deduction, deposits and reconciliation of statutory dues needs to be strengthened.	The monthly closure of SAP will strengthen the deduction, deposit and reconciliation of statutory dues.
3.	The company do not have an Information system audit to evaluate and test the IT general controls, which may affect the completeness, accuracy and reliability of the reports generated from IT System.	AASL has a functional IT department, which in coordination with IBM (SAP module agency) ensures controls and accuracy and reliability of reports regenerated from IT systems.
4.	The company does not have maker checker concept/not adhering maker checker concept in SAP accounting, however same is followed through vouchers authentication according to the power delegated.	The delegation of Financial Powers based on the revised mapping of designations in the organization for all departments has been approved by the Board. The company is in the process of implementation of maker-checker concept in SAP. Supplementary control has been exercised to ensure control in processing and accounting of entries.
IV	**In respect of AI Engineering Services Limited (Formerly known as Air India Engineering Services Limited) (Subsidiary) vide Independent Auditors' Report dated November 18, 2020**	

1.	The Company did not have an effective internal control system for deduction, timely deposit and filing return.	The company is making all possible efforts for filing of various returns, however due to paucity of funds, company is not able to pay the taxes in timely manner which has resulted in delay in filing return on time.
2.	The Company did not have an effective system for timely accounting of entries, to prevent duplicate accounting entry and maker checker process.	As a procedure, no payment is made unless invoices are entered in SAP and also the invoices are entered in SAP first before raising the invoices on all the customers. The delay is happening mainly for accounting MSA based transaction received from Inter company, for which company is taking proactive steps.
3.	In SAP most of the entries has no supportings to check the validity of entry. Expenses borne by other group companies and then reimbursed by the Company had no supportings at all.	We are taking necessary corrective steps in this regard.
4.	The Company did not have effective system of reconciliation of balance with other parties.	Reconciliation of amount recoverable from all major customers is a continuous process. However, as regard to reconciliation with group companies, we are taking necessary corrective action.
5.	The company has Internal Audit on yearly basis. It shall be on Monthly/Quarterly basis. Year-end finalization entries may be checked by internal auditors before posting in SAP.	We have already mandated this requirement at the time of selection of external internal auditor for forthcoming financial year.
V	**In respect of The Hotel Corporation of India Limited (Subsidiary) vide their Auditors Report dated October 27, 2020 has expressed a Disclaimer of Opinion**	
	According to the information and explanation given to us, the Company has not established its internal financial controls over financial reporting on criteria based on or considering the essential 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. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at 31st March, 2020. However, the auditors, in their Audit report under Emphasis of Matter para have stated the following;	This is a statement of fact
	“The Company has internal control system which need strengthening for followings:	

	a. Strengthening the internal audit process so as to ensure adequate coverage of all the areas and ensure effective internal controls at all units of the Company.	External Internal Auditors are appointed to strengthen and enhance the scope of Internal audit in several areas of the company's business. With the assistance of these auditors the company intends to strengthen the scope and coverage of internal audit commensurate with the size and nature of the company's business.
	b. Laying down Standard Operating Procedures with regard to timely accounting of all transactions to ensure that proper books of accounts are maintained. (Refer note 49 and 50)"	Efforts would be made to comply with the observations of auditors
VI	**The auditor of the Joint Venture, Air India SATS Airport Services Private Limited, vide their report dated December11, 2020 has issued an unqualified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting as on 31st March, 2020.**	
	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, the Holding Company, its subsidiary companies and joint venture, which are companies incorporated in India, except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria and the disclaimer of opinion in respect of Hotel Corporation of India Limited and adverse opinion in respect of AI Airport Services Limited (formerly known as Air India Air Transport Services Limited), both being subsidiaries of the Holding company have maintained, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March 2020, based on the internal controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.	

	We have, to the extent possible, considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the Consolidated financial statements as at and for the year ended 31st March 2020 of the Holding Company, and as also material weakness identified and reported by the respective Auditors of subsidiaries and joint venture, which are companies incorporated in India, and these material weaknesses have affected our opinion on the Consolidated financial statements and we have issued a qualified opinion on the Consolidated financial statements.	
	Other Matter	
	Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial control over financial reporting insofar as it relates to five subsidiaries and a Joint Venture, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies. Our opinion is not modified in respect of the above matter.	This is a statement of fact

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2020

(Rupees in Million)

Particulars	Note No.	As at March 31, 2020		As at March 31, 2019	
ASSETS :					
Non-current Assets					
(i) Property, Plant & Equipment	1	269,365.7		284,058.6	
(ii) Right of Use Assets	1	224,523.0		-	
(iii) Capital Work-in-Progress	1	1,001.1		822.1	
(iv) Investment Property	1	4,375.7		4,377.7	
(v) Intangible Assets	1	66.2		194.7	
(vi) Intangible Assets under development	1	12.5		12.5	
(vii)Investments accounted for using the Equity Method	2	2,489.4		2,212.4	
		501,833.6		291,678.0	
(viii) Financial Assets:					
a) Investments	2.1	866.8		1,094.5	
b) Trade Receivables	3	-		-	
c) Loans	4	4,039.9		3,477.3	
d) Others	5	580.9		256.5	
ix) Income Tax Assets (Net)	7	1,918.1		2,264.1	
x) Deferred Tax Assets (net)	55	28,425.2		28,425.2	
xi) Other Non Current Assets	6	1,616.9		5,914.9	
			539,281.4		333,110.5
Current Assets					
i) Inventories	8	11,350.3		10,709.9	
ii) Financial Assets:					
a) Trade Receivables	3	13,803.1		20,629.3	
b) Cash and Cash Equivalents	9	6,813.0		3,202.7	
c) Bank Balance other than (b) above	10	7,075.6		6,556.4	
d) Loans	4	175.5		145.8	
e) Others	5	2,976.5		3,431.7	
		30,843.7		33,965.9	
iii) Income Tax Assets	7	759.6		1,470.8	
iv) Other Current Assets	6	13,701.4		15,528.3	
			56,655.0		61,674.9
Assets held for Sale and Assets included in Disposal Group Held for Sale	10.1		143,672.5		122,385.8
TOTAL			739,608.9		517,171.2

The accompanying notes are an integral part of the Financial Statements
This is the Balance Sheet referred to in our report of even date

For and on Behalf of

Khandelwal Jain & Co.
Chartered Accountants
FRN : 105049W

Sd/-
(Narendra Jain)
Partner
M.No. 048725

For and on Behalf of

P K F Sridhar & Santhanam LLP
Chartered Accountants
FRN : 003990S/S200018
Sd/-
(V. Kothandaraman)
Partner
M.No. 025973

Place : New Delhi
Date : 27 January 2021

For and on Behalf of

Jagdish Chand & Co.
Chartered Accountants
FRN : 000129N

Sd/-
(Praveen Kumar Jain)
Partner
M.No. 085629

For and on behalf of the Board
Sd/-
(Rajiv Bansal)
Chairman & Managing Director
DI No.00245460

Sd/-
(V.S. Hejmadi)
Director-Finance
DI No.07346490

Sd/-

(Kalpana Rao)
Company Secretary
M.No.ACS8194

Place : New Delhi
Date : 27 January 2021

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2020

(Rupees in Million)

Particulars	Note No.	As at March 31, 2020		As at March 31, 2019	
EQUITY AND LIABILITIES :					
Equity					
i) Equity Share Capital	11	326,652.1		326,652.1	
ii) Other Equity	12	(764,613.7)		(684,027.3)	
			(437,961.6)		(357,375.2)
Receipts from Air India Assets Holding Ltd. (AIAHL) towards Restructuring	28(iii)		218,434.8		-
Liabilities:					
Non Current Liabilities					
a) Financial Liabilities					
i) Borrowings	13	55,118.4		84,777.6	
ii) Lease Liabilities		194,841.3		-	
iii) Other Financial Liabilites	15	43.9		53.1	
		250,003.6		84,830.7	
b) Provisions	16	37,821.3		28,413.7	
c) Other Non Current Liabilities	17	401.9		-	
			288,226.8		113,244.4
Current Liabilities					
a) Financial Liabilities					
i) Borrowings	18	264,470.4		289,391.6	
ii) Lease Liabilities		31,505.6		-	
iii) Trade Payables	14				
a)Total outstanding dues of micro enterprises and small enterprises		270.2		166.1	
b)Total outstanding dues of creditors other than micro enterprises and small enterprises		104,270.6		90,161.6	
iv) AIAHL intermediary settlement Account	28(iii)	5,026.2			
v) Other Financial Liabilites	15	144,717.8		288,448.4	
		550,260.8		668,167.7	
b) Other Current Liabilities	17	69,505.6		67,079.7	
c) Provisions	16	2,282.5		2,172.2	
			622,048.9		737,419.6
Liabilities included in disposal group held for Sale	17.1		48,860.0		23,882.4
TOTAL			739,608.9		517,171.2
Significant Accounting Policies and	A				
Notes forming part of the Financial Statements	1-75				

The accompanying notes are an integral part of the Financial Statements
This is the Balance Sheet referred to in our report of even date

For and on Behalf of

Khandelwal Jain & Co.
Chartered Accountants
FRN : 105049W

Sd/-
(Narendra Jain)
Partner
M.No. 048725

For and on Behalf of

Jagdish Chand & Co.
Chartered Accountants
FRN : 000129N

Sd/-
(Praveen Kumar Jain)
Partner
M.No. 085629

For and on behalf of the Board
Sd/-
(Rajiv Bansal)
Chairman & Managing Director
DI No.00245460

Sd/-
(V.S. Hejmadi)
Director-Finance
DI No.07346490

For and on Behalf of
P K F Sridhar & Santhanam LLP
Chartered Accountants
FRN : 003990S/S200018
Sd/-
(V. Kothandaraman)
Partner
M.No. 025973

Sd/-
(Kalpana Rao)
Company Secretary
M.No.ACS8194

Place : New Delhi
Date : 27 January 2021

Place : New Delhi
Date : 27 January 2021

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020

(Rupees in Million)

	Particulars	Note No.	2019-20		2018-19	
I	**Revenue**					
	1. Revenue from Operations	**19**				
	i) Scheduled Traffic Services		**293,928.9**		264,847.1	
	ii) Non-Scheduled Traffic Services		**17,159.1**		15,914.9	
	iii) Other Operating Revenue		**13,309.4**		12,242.4	
	Revenue from Operations			**324,397.4**		293,004.4
II	2. Other Income	**20**		**3,908.8**		5,107.1
III	**Total Revenue (I+II)**			**328,306.2**		298,111.5
IV	**Expenses**					
	1. Aircraft Fuel & Oil			**108,879.7**		115,558.9
	2. Other Operating Expenses	**21**		**102,583.1**		127,344.7
	3. Employee Benefit Expenses	**22**		**35,498.8**		32,882.9
	4. Finance Costs	**23**		**41,269.7**		48,969.8
	5. Depreciation and Amortization Expenses	**24**		**47,952.5**		18,518.3
	6. Other Expenses	**25**		**53,553.6**		26,990.3
	Total Expenses			**389,737.4**		370,264.9
V	**Profit/(Loss) before Share of Profit/(Loss) of JV and Tax (III-IV)**			**(61,431.2)**		(72,153.4)
VI	Profit share of joint venture			**302.1**		223.8
VII	**Profit/(Loss) before Tax (V+VI)**			**(61,129.1)**		(71,929.6)
VIII	Tax Expenses :					
	i) Current Tax			**-**		42.0
	ii) Tax Adjustment relating to earlier year			**40.2**		-
IX	**Profit/(Loss) for the year from continuing operations (after Tax) (VII-VIII)**			**(61,169.3)**		(71,971.6)
X	**Profit/(Loss) from discontinued operations**	**25.1**		**(12,466.5)**		(15,116.4)
XI	**Tax expense of discontinued operations**	**25.1**		**676.6**		636.0
XII	**Profit/(Loss) from discontinued operations (after Tax) (X-XI)**			**(13,143.1)**		(15,752.4)
XIII	**Profit/(Loss) for the year (IX+XII)**			**(74,312.4)**		(87,724.0)

The accompanying notes are an integral part of the Financial Statements
This is the Balance Sheet referred to in our report of even date

For and on Behalf of

Khandelwal Jain & Co.
Chartered Accountants
FRN : 105049W

Sd/-
(Narendra Jain)
Partner
M.No. 048725

For and on Behalf of

Jagdish Chand & Co.
Chartered Accountants
FRN : 000129N

Sd/-
(Praveen Kumar Jain)
Partner
M.No. 085629

For and on behalf of the Board
Sd/-
(Rajiv Bansal)
Chairman & Managing Director
DI No.00245460

Sd/-
(V.S. Hejmadi)
Director-Finance
DI No.07346490

For and on Behalf of

P K F Sridhar & Santhanam LLP
Chartered Accountants
FRN : 003990S/S200018
Sd/-
(V. Kothandaraman)
Partner
M.No. 025973

Sd/-

(Kalpana Rao)
Company Secretary
M.No.ACS8194

Place : New Delhi
Date : 27 January 2021

Place : New Delhi
Date : 27 January 2021

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020

(Rupees in Million)

Particulars	Note No.	2019-20		2018-19	
XIV Other Comprehensive Income (OCI)					
Items that will not be reclassified to Profit & Loss and its related income tax effect :					
i) Re-measurements of Defined Benefits Plans			**(1,957.2)**		(891.8)
ii) Fair value changes on Equity Instruments through OCI			**(227.7)**		48.2
iii) Share of Joint Venture for Re-measurement of Defined Benefit Plan			**(20.0)**		(3.8)
iv) Income Tax on share of Other Comprehensive income of Joint Venture			**7.0**		1.3
v) Re-measurements of Defined Benefits Plans from discontinued operations	**25.1**		**(425.5)**		(214.1)
vi) Income Tax relating to Re-measurement of Defined Benefit Plans from Discontinued operations	**25.1**		**2.1**		(18.0)
Other Comprehensive Income for the year			**(2,621.3)**		(1,078.2)
XV Total Comprehensive Income for the year (XIII+XIV)			**(76,933.7)**		(88,802.2)
XVI Earning per Equity Share of face value of Rs. 10 each, Basic & Diluted :	**56**				
From continuing operations					
Basic			**(Rs 1.87)**		(Rs.2.46)
Diluted			**(Rs 1.87)**		(Rs.2.46)
From discontinuing operations					
Basic			**(Rs.0.40)**		(Rs.0.54)
Diluted			**(Rs.0.40)**		(Rs.0.54)
From continuing and discontinuing operations					
Basic			**(Rs.2.27)**		(Rs.3.00)
Diluted			**(Rs.2.27)**		(Rs.3.00)
Significant Accounting Policies and	**A**				
Notes forming part of the Financial Statements	**1-75**				

The accompanying notes are an integral part of the Financial Statements
This is the Balance Sheet referred to in our report of even date

For and on Behalf of
Khandelwal Jain & Co.
Chartered Accountants
FRN : 105049W
Sd/-
(Narendra Jain)
Partner
M.No. 048725

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Sd/-
(Kalpana Rao)
Company Secretary
M.No.ACS8194

Place : New Delhi
Date : 27 January 2021

Place : New Delhi
Date : 27 January 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2020

(Figures in Million)

A. Equity Share Capital (Refer Note 11)	For the Year ended 31.03.2020		For the Year ended 31.03.2019	
	No. of Shares	Amount in Rupees	No. of Shares	Amount in Rupees
Balance at the beginning of the year	**32,665.21**	**326,652.1**	28,690.21	286,902.1
Changes in the Equity Share Capital during the year				
Add : Equity Shares Allotted during the year	-	-	3,975.00	39,750.0
Balance at the end of the year	**32,665.21**	**326,652.1**	32,665.21	326,652.1

(Rupees in Million)

B. Other Equity (Refer Note 12)	Share Application Money	Capital Reserve	General Reserve	FCMITDA	Retained Earnings	Equity Instruments through OCI	Total
Balance as at 31.03.2018	-	7,144.6	(1,436.7)	(2,137.3)	(600,546.0)	743.9	(596,231.5)
Changes in accounting policy or prior period errors	-	-	-	-	939.4	-	939.4
(Loss) for the year	-	-	-	-	(87,724.0)	-	(87,724.0)
Dividend Distribution Tax pertaining to Joint Venture	-	-	-	-	(4.4)	-	(4.4)
Transfer from General Reserve to Retained Earnings			1,436.7		(1,436.7)		-
Transfer from Reserve					(0.8)		(0.8)
Other comprehensive income for the year	-	-	-	-	(1,126.4)	48.2	(1,078.2)
Additions during the year	-	1,163.5	-	(1,135.5)	-	-	28.0
Amortization during the year	-	(469.5)	-	513.7	-	-	44.2
Shares allotted during the year	-	-	-		-	-	-
Balance as at 31.03.2019	-	7,838.6	-	(2,759.1)	(689,898.9)	792.1	(684,027.3)
Balance as at 31.03.2019	-	**7,838.6**	**-**	**(2,759.1)**	**(689,898.9)**	**792.1**	**(684,027.3)**
Changes in accounting policy or prior period errors/ Effect of Deferred Tax Assets of earlier years - Discontinued Operations	-	**-**	**-**	**-**	**(2,713.8)**	**-**	**(2,713.8)**
Impact of IND AS 116 - Lease					**(3,087.6)**		**(3,087.6)**
(Loss) for the year	-	**-**	**-**	**-**	**(74,312.4)**	**-**	**(74,312.4)**
Dividend Distribution Tax pertaining to Joint Venture	-	**-**	**-**	**-**	**-**		**-**
Transfer from General Reserve to Retained Earnings	-	**-**	**-**	**-**	**-**	**-**	**-**
Transfer from Reserve	-	**-**	**-**	**-**	**-**	**-**	**-**
Other Comprehensive Income for the year	-	**-**	**-**	**-**	**(2,393.6)**	**(227.7)**	**(2,621.3)**
Additions during the year	**0.1**	**186.6**	**-**	**(315.1)**	**-**	**-**	**(128.4)**
Amortization during the year	**-**	**(474.7)**	**-**	**2,751.8**	**-**	**-**	**2,277.1**
Shares allotted during the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance as at 31.03.2020	**0.1**	**7,550.5**	**-**	**(322.4)**	**(772,406.3)**	**564.4**	**(764,613.7)**
Significant Accounting Policies and	**A**						
Notes forming part of the Financial Statements	**1-75**						

The accompanying notes are an integral part of the Financial Statements
This is the Balance Sheet referred to in our report of even date

For and on Behalf of

Khandelwal Jain & Co.
Chartered Accountants
FRN : 105049W

Sd/-
(Narendra Jain)
Partner
M.No. 048725

For and on Behalf of

PKF Sridhar & Santhanam LLP
Chartered Accountants
FRN : 003990S/S200018
Sd/-
(V. Kothandaraman)
Partner
M.No. 025973

Place : New Delhi
Date : 27 January 2021

For and on Behalf of

Jagdish Chand & Co.
Chartered Accountants
FRN : 000129N

Sd/-
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For and on behalf of the Board
Sd/-
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Chairman & Managing Director
DI No. 0245460

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Director-Finance
DI No.07346490

Sd/-
(Kalpana Rao)
Company Secretary
M.No.ACS8194

Place : New Delhi
Date : 27 January 2021

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

(Rupees in Million)

	Particulars	2019-20		2018-19	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	(Loss) before Exceptional Items and Tax from continuing operations		**(61,129.1)**		(71,929.6)
	(Loss) before Exceptional Items and Tax from discontinued operations		**(12,466.5)**		(15,116.4)
	Adjustment for :				
	Other comprehensive income				
	Unrealised Foreign Exchange (Gain)/Loss	**21,405.5**		2,925.7	
	Depreciation and amortisation	**50,799.7**		19,608.0	
	Provision/ Unclaimed Liabilities Written Back	**(1,902.3)**		(53.8)	
	Provision for Obsolescence / Inventory Reconciliation *	**90.5**		(518.1)	
	Provision for Bad & Doubtful Receivables and Advances *	**41.6**		1,798.3	
	Provision for Employee Benefits *	**566.7**		(433.9)	
	Provision for Redelivery of Aircrafts *	**-**		2,361.9	
	Reversal of Duty credit entitlement under SFIS	**-**		97.0	
	(Profit)/Loss on sale of fixed assets	**(131.9)**		(722.1)	
	Dividend income	**(66.5)**		(72.7)	
	Profit share of Joint Venture	**(302.1)**		(223.8)	
	Profit Sharing of HAL - JWG	**(9.1)**		-	
	Interest income (on Bank Deposits, advances to subsidiary companies & others)	**(744.5)**		(915.3)	
	Interest on Income Tax	**49.1**		-	
	Interest on Lease Liabilities	**9,403.1**		-	
	Interest and Finance Charges	**34,561.0**		44,794.1	
			113,760.8		68,645.3
	Operating (Loss) / Profit Before Working Capital Changes		**40,165.2**		(18,400.7)
	Adjustments for :				
	(Increase) / Decrease in Inventories	**(803.7)**		1,731.0	
	(Increase) / Decrease in Trade and Other Receivables	**(35,148.9)**		1,863.8	
	(Increase) / Decrease in Short term and long term provisions	**(317.4)**		-	
	Increase / (Decrease) in Trade and Other Payables	**50,702.8**		14,861.2	
			14,432.8		18,456.0
	Cash Generated from Operations		**54,598.0**		55.3
	Direct Taxes paid		**(629.9)**		(1,074.1)
	Net Cash Flow (used in)/ from Operating Activities		**53,968.1**		(1,018.8)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Acquisition of Property, Plant and Equipment	**(22,145.7)**		(17,070.0)	
	Additions (Right to use an asset)	**(333.1)**		-	
	(Increase) / Decrease in Assets Held for Sale (net)	**2,458.5**		4,117.6	
	(Increase) / Decrease in Bank Deposits (Maturity of more than 3 months)	**(156.5)**		(309.8)	
	Interest received (on Bank Deposits, advances to subsidiary companies & others)	**1,211.3**		1,202.3	
	Dividend Received	**78.6**		92.9	
	Net Cash Flow used in Investing Activities		**(18,886.9)**		(11,967.0)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Issue of Shares / Share application money received	**0.1**		39,750.0	
	Proceeds from Long Term Borrowings	**851.4**		4,221.3	
	Repayment of Long Term Borrowings	**(132,735.9)**		(34,407.7)	
	Proceeds from ShortTerm Borrowings	**46,581.9**		63,938.4	
	Repayment of Short Term Borrowings	**(59,393.9)**		(10,330.4)	
	Increase/(Decrease) in Long Term Lease Liability	**358.5**		-	
	Hire charges of Right to Use Assets	**(36,172.3)**		-	
	Payment towards foreclosure of leases	**(43,832.6)**		-	
	Receipts from Air India Assets Holding Ltd. (AIAHL) towards restructuring (net)	**223,461.1**		-	
	Increase/(Decrease) in Capital Reserve	**186.7**		708.9	
	Interest Paid	**(30,206.7)**		(50,183.9)	

	Net Cash Flow from/(used in) Financing Activities		**(30,901.7)**		13,696.6
	Net increase/ (Decrease) in Cash and Cash equivalents		**4,179.5**		710.8
	Unrealised Foreign Exchange Gain/(Loss) in Cash & Bank Balances		**(300.9)**		(367.4)
	Cash and Cash equivalents (Opening balance)		**3,549.8**		3,206.4
	Cash and Cash equivalents (Closing balance) **		**7,428.4**		3,549.8

Cash Flow Statement of Discontinued operations (Refer Note No. 10.1(B))

Particulars	2019-20		2018-19	
Net Cash Flow (used in)/ from Operating Activities		**(7,576.2)**		(30.9)
Net Cash Flow used in Investing Activities		**(1,321.1)**		16.9
Net Cash Flow from/(used in) Financing Activities		**9,165.6**		(184.0)
Net increase/ (Decrease) in Cash and Cash equivalents		**268.3**		(198.0)
Cash and Cash equivalents (Opening balance)		**347.1**		545.1
Cash and Cash equivalents (Closing balance) **		**615.4**		347.1

Notes

* These figures have been taken from Balance Sheet movements

** Cash and Cash equivalents (Closing balance) includes Cash and Cash equivalents of discontinued operation Rs. 615.4 Million (Previous Year : Rs 347.1 Million)

1 For details of components of Cash and Cash equivalents, See Note No. 9 and Note No. 10.1(B)

2 Reconiliation of Liabilities arising from Financing Activities

Particulars	As at 31.03.2019	Financing Cash Flows			Non Cash Flows - Exchange Loss / (Gain)	As at 31.03.2020
		Proceeds	Repayment	Adjustments relating to IND AS 116 & Inter Company		
Long Term Borrowings	311,078.2	851.4	(132,735.9)	(46,728.1)	328.9	132,794.5
Short Term Borrowings	289,391.6	46,581.9	(59,393.9)	(9,672.5)	(2,436.7)	264,470.4

3. "Pursuant to adoption of Ind AS 116, operating lease payments which were considered as part of 'Cash flow from Operating Activities' until Financial Year 2018-19 has been recognised as part of 'Cash Flow from Financing Activities' with effect from Financial Year 2019-20."

The accompanying notes are an integral part of the Financial Statements
This is Cash Flow Statement referred to in our report of even date

For and on Behalf of

Khandelwal Jain & Co.
Chartered Accountants
FRN : 105049W

Sd/-
(Narendra Jain)
Partner

M.No. 048725

For and on Behalf of

PKF Sridhar & Santhanam LLP
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FRN : 003990S/S200018
Sd/-
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Partner
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Place : New Delhi
Date : 27 January 2021

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Chairman & Managing Director
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Sd/-
(V.S. Hejmadi)
Director-Finance

DI No.07346490

Sd/-

(Kalpana Rao)
Company Secretary

M.No.ACS8194

Place : New Delhi
Date : 27 January 2021

NOTE: A

Accounting Policies forming part of the Consolidated Financial Statements for the year ended 31st March 2020
(Rupees in Million except otherwise stated)

1. Group Information / Overview

Background

The Consolidated Financial statements comprise Financial statements of "Air India Ltd "(the holding company) and its subsidiaries (collectively, referred hereunder as the Group) and interest in a Joint Venture Company. The Holding company has been also referred as Company/AI/Air India Ltd./Air India.

Air India Limited, (a Government of India Company) is a company incorporated in India, registered under the Provisions of Companies Act, 1956. The Govt of India holds 100% of Equity Share Capital of the company. Debentures issued by the company are listed on the National Stock Exchange and the Bombay Stock Exchange. The registered office of the company is situated at Airlines House, 113, Gurudwara Rakabganj Road, New Delhi -110001.

The group and its Joint Venture Company provide domestic and international air transport services which include passenger and cargo services and other related services namely, ground handling, engineering and hotel services. The aircraft fleet of the group consists of a wide range of aircrafts.

The Consolidated Financial Statements for the year ended 31st March, 2020 have been approved by the Board of directors of the Company in their meeting held on 27th January 2021.

2. Basis of preparation of Financial Statements

(i) Statement of Compliance

The financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") prescribed under Section 133 of the Companies Act, 2013 (the Act) Companies (Indian Accounting Standards) Rules 2015, as amended from time to time and other relevant provisions of the Act.

The accounting policies, as set out in the following paragraphs of this note, have been consistently applied, by the Company, to all the periods presented in the said Financial Statements. The Financial Statements are based on the classification provisions contained in Ind AS 1, 'Presentation of Financial Statements' and Division II of Schedule III of the Companies Act 2013.

(ii) **Principles of Consolidation**

(a) **The Consolidated Financial Statements present the consolidated audited accounts of Air India Limited with the following Subsidiaries and interest in Joint Venture:**

Name of the Subsidiaries / Joint Venture Company	Extent of Holding as on 31st March 2020	Extent of Holding as on 31st March 2019
Subsidiaries incorporated in India		
Air India Express Ltd. (AIXL) [Formerly known as Air India Charters Ltd, (AICL)]	100%	100%
Alliance Air Aviation Ltd. (AAAL) (*) [Formerly known as Airline Allied Services Ltd, (AASL)]	100%	100%
AI Airport Services Ltd (AIASL) (*) [Formerly known as Air India Airport Services Ltd, (AIATSL)]	100%	100%
AI Engineering Services Ltd (AIESL) (*) [Formerly known as Air India Engineering Services Ltd, (AIESL)]	100%	100%
Hotel Corporation of India Ltd (HCI) (*)	80.38%	80.38%
Joint Venture Incorporated in India		
Air India SATS Airport Services Pvt. Ltd. (AI-SATS)	50%	50%

(Note: (*) These Subsidiaries have been considered as Entities Held for Sale)

(b) Investment in Subsidiaries

(i) The Company consolidates entity which it owns or controls. The consolidated financial statements comprise the standalone financial statements of the Company and its subsidiaries as disclosed. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

(ii) The financial statements of the Group Companies are consolidated on a line-by-line basis (except for Entities Held for Sale as stated above) and intra-group balances, intra-group transactions and unrealized profits & losses are eliminated upon consolidation. These consolidated financial statements are prepared using uniform accounting policies for like transaction and other events in similar circumstances and are presented to the extent possible, in the manner as the company's separate except as otherwise stated.

(iii) The excess of the Equity of the Subsidiary over the cost of investment in the Subsidiary Company at the date on which investment is made is recognized as Capital Reserve in the Consolidated Financial Statements. Similarly, the excess of cost of investment in Subsidiary Companies over the equity of the Subsidiary Companies at the date on which investment is made is recognized as Goodwill in the Consolidated Financial statements.

(c) Investments in Joint Venture

Investment in Joint Venture is accounted for on Equity Method as stated in IND AS-28 “Investments in Associates and Joint Ventures”.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter torecognize the group's share of the post - acquisition profits or losses of the investee in profit and loss, and the Group'sshare of other comprehensive income of the investee in other comprehensive income. Dividends received or receivablefrom Joint Ventures are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The Group assesses whether there is any indication that these investments may be impaired. If any such indication exists, the investment is considered for impairment based on the fair value thereof.

(d) Non-controlling Interest (Minority Shareholder)

Government of India is the only Minority Shareholder in one of the Subsidiary of Air India Ltd. Since the Govt of India is the sole shareholder of Air India Ltd also, the Govt of India is not considered as a Minority Shareholder and hence the minority interest is not segregated and disclosed separately.

(iii) Basis of Measurement

The Consolidated Financial Statements have been prepared underthe historical cost convention on accrual basis except for certain financial assets and liabilitieswhichare measured at fair value or amortized cost at the end of each financial year.

(iv) Critical Accounting Estimates /Judgments

In preparing these Consolidated 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 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 and Investments in Joint Venture

b) Estimate of revenue recognition from "Forward Sales Account"

c) Fair value of Liability on account of Frequent Flyer Programme (FFP)

d) Measurement of useful life and residual values of property, plant and equipment and components thereof

e) Basis of classification of a Property as Investment Property

f) Basis of classification of Non-Current Assets held for sale

g) Estimation of Costs of Re-delivery, provision of maintenance redelivery and overhaul cost

h) Recognition of Deferred Tax Assets

i) Recognition and measurement of defined benefit obligations

j) Judgement required for ascertainment of contracts in the nature oflease, leasetermand fair value of lease as per Ind AS 116

k) Measurement of Fair Values and Expected Credit Loss (ECL)

l) Judgement 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.

m) Estimation of uncertainties on account of the global health pandemic Covid-19

(v) Assets (Disposal Groups) Held for Sale and Discontinued Operations

Assets included and identified for 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 carryingamount 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) Functional Currency

Currency of the primary economic environmentin which the Groupoperates ("the Functional Currency") is Indian Rupee (Rs.) in which theGroup primarily generates and expends cash. Accordingly, the Management has assessed itsfunctional currency to be Indian Rupee (Rs.) The Consolidated Financial Statements are presented in Indian Rupees (INR) which is Group's Presentation and Functional currency and all amounts disclosed in the Financial Statements and Notes have beenrounded off to the nearest Million (up to one decimal), unless otherwise stated.

(vii) Operating cycle & Classification of Current &Non-Current

Presentation of assets and liabilities in the financial statements has been made based on current / non-current classification provided under the CompaniesAct, 2013. The Group 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 liabilities and assets.

3. Significant Accounting Policies

I. Property, Plant and Equipment (PPE)

a) An item is recognized as a property, plant or equipment, if and only if, it is probable that the future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses, if any.

b) Property, plant and equipmentare 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 ever applicable, up to the date of putting the concerned asset to its working condition for its intended use.

c) Significant parts which meet the definition of property, plant and equipment (i.e. Aircraft Rotables, Repairables (with Serialized Control) including the major cost incurred on modernization /

modification / conversion of aircraft and engines) have been capitalized as a separate component.

d) Physical Verification of Assets is done on a rotational basis so that every asset is verified in block of two years and the discrepancies observed in the course of the verification adjusted in the year in which report is finalized.

e) An item of PPE is de-recognized 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 PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss

II. 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, except in case of capitalization of major overhaul costs relating to engines and airframes which are identified as separate components. Depreciation method, useful lives and residual value are reviewed by the management at each year end.

b) On the basis of technical assessment, the useful life of B-777, B-787, B-737 and A-320 family aircraft (procured from 2006-07 onwards) are considered as 25 years (instead of the life of 20 years as prescribed under Schedule II of the Companies Act 2013) keeping a residual value of 5% of the original cost.

c) 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 technically qualified personsand approved by the Board of Directors keeping a residual value of 5% of the original cost as under**:**

1. Rotables**:**

(i) Aircraft Rotables relating to Airbus family are depreciated over the residual average useful life of the aircraft fleet relating to the respective family and of the respective engineering base, from the relevant year of purchase.

(ii) Aircraft Rotables relating to Boeing family are depreciated over the residual average useful life of the related aircraft fleet from the relevant year of purchase.

2. Aircraft Repairables

Repairable which are serially controlled are recognized as Property, Plant & Equipment and are accordingly depreciated over a period of 10 years.

d) Depreciation on additions to “Rotables” and “Repairables” is provided from the date of receipts of Property, Plant and Equipment.

e) In respect of leases of aircraft/engines in which the Group acquires, a residual right in the aircraft by paying a termination/release sum, such amount is treated as PPE and amortized over the remaining useful life of the aircraft/engines.

f) Major overhaul costs relating to engine and airframe are identified as separate components for owned aircrafts and aircrafts under finance lease and are fully depreciated over the expected lives between major overhauls

g) Cost incurred on major modifications/refurbishment, modernization/conversion carried out to owned and leased assets are depreciated over the useful life/period of lease of the asset.

h) Leasehold Property, Plant and Equipment (including land other than perpetual lease) is amortized over the period of lease.

Accounting Policies for Subsidiaries treated as Discontinued Operations and Held for Sale

i) **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.

j) 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 (a) 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.

k) **In case of AIESL**, Depreciation on addition to assets is provided for the full year in the year of acquisition, however no depreciation is provided in the year of disposal.

l) **In case of AAAL**, Depreciation on Ground Support Equipment specific to leased CRJ & ATR aircraft is provided based on the completed aircraft lease months over the total aircraft lease months from the dateof use.

III. Investment Properties

Investment Properties are properties held to earn rentals and / or for capital appreciation. Investment properties are measured initially at cost including transaction cost, Subsequently, Investment properties are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is provided as per Note No 3(II). Any gain or loss on disposal is recognized in Statement of Profit & Loss.

IV. Intangible Assets

i) Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the assets will flow to the enterprises and the cost of the assets can be measured reliably. Intangible assets are recorded at cost of acquisition including incidental costs related to acquisition and installation and are carried at cost less accumulated amortization and impairment losses, if any.

Intangible assets which have finite useful lives are amortized on straight line method over the estimated useful life, which is reviewed by the management every year i.e.

a) Software of Passenger Services System, over 10 years, and

b) Other software/website, over 3 to 5 years

ii) **In the case of HCI**, the costs relating to annual license fees, development, updation, implementation and maintenance of computer software are charged to revenue account.

iii) **In the case of AAAL**, 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. Capital work-in-progress

Cost of property, plant and equipment including intangible assets not ready for use as at the reporting date are disclosed as capital work-in-progress.

VI. Leases

As a Lessee

The Group has adopted Ind AS 116 "Leases" from 1st April 2019 as Ind AS 116 introduced a single, on-balance sheet lease accounting model for lessees with effect from 1st April 2019. As a result, the Group, as a lessee, has recognized "Right-of-Use Assets" (ROU) representing its rights to use the underlying Assets and "Lease Liabilities" representing its obligation to make lease payments.

Ind AS 116 has been adopted retrospectively by the Group with the cumulative effect of initially applying the new standard as an adjustment to the opening balance of the retained earnings as on the date of initial application i.e. as on April 1, 2019. Accordingly, the Group is not required to restate the comparative information for the year ended 31st March 2019.

The Group has adopted the "Grandfather Approach" for the assessment as to which transactions are to be categorized as leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset, (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of such asset. The Group's leased asset classes primarily consist of leases for Aircrafts, Engines and Leasehold Land.

At the date of commencement of the lease, the Group recognizes 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 Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease or another systematic basis which is more representative of the pattern of use of the underlying asset.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

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 and estimated cost for re-delivery/removing/restoration of the underlying asset 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 lease term. 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. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if it exercises an extension or a termination option.

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 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 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.

Accounting Standard effective till 31stMarch 2019, Ind AS 17 – Leases

(i) Finance lease

a) A lease is classified as finance lease or operating lease at the inception date. Leases of property, plant and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance lease.

b) Assets held under finance lease are initially capitalized at the fair value at the inception of lease or at the present value of the minimum lease payments whichever is lower.

c) Minimum lease payments made under finance lease are apportioned between the finance costs and the reduction of the outstanding liability treated as loan. The finance cost is allocated to each period during the lease term. However, if they are directly attributable to qualifying assets, then they are capitalized in accordance with the Group's general policy on borrowing cost.

(ii) Operating Lease

a) Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased assets are classified as Operating Lease.

b) Lease payments in respect of assets taken on operating lease are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with the expected general inflation to compensate the lessors expected inflationary cost increases. Any change in the lease terms are accounted prospectively over the remaining term of lease.

c) Contributions made to lessors on account of Maintenance Reserve for which, maintenance is expected to arise during the lease period is treated as Expense.

d) The Group has in its fleet, aircrafts on operating 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. The redelivery costs are estimated by management based on historical trends and data and are charged to Statement of Profit & Loss in proportion to the expired lease period. These are recorded at the discounted value, where effect of the time value of money is material.

(iii) Sale and Lease Back (SLB)Transactions

Profit or losses arise on sale at fair value and leaseback transactions of asset resulting in an operating lease of such assets, are recognized immediately in the statement of Profit and Loss. Where the sale price is below fair value, any profits/ losses are immediately recognized in the Statement of Profit and Loss except where the loss is compensated by future lease payments at below market price. In such cases loss is deferred and amortized in proportion to the lease payments over the initial period for which the asset is expected to be used. In the case where the sale price is above fair value of the asset, the excess over fair value is amortized over the initial period of the lease period for which the asset is expected to be used.

VII. Inventories

a) Inventories primarily consists of stores and spares and loose tools (other than those which meet the criteria of property, plant and equipment). Cost of inventories comprise all costs of purchase after deducting non-refundable rebates and discounts at the time of purchase and all other costs incurred in bringing the inventories to their present location and condition and is determined on weighted average basis.

b) Inventories are valued at lower of cost and Net Realizable Value ('NRV'). NRV for stores and spares, loose tools and fuel 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.

c) 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 isclosed on the completion of repair work.

d) Obsolescence provision for aircraft stores and spare parts

(i) Provision is made for the non-moving inventory exceeding a period of five years (net of 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 Aircrafts.

(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.

e) Full Obsolescence Provision for non-aircraft stores and spares is made for non-moving inventory exceeding a period of five years.

f) Spares retrieved from the cannibalization of the scrapped aircraft are accounted for at Rupee One.

g) **In case of HCI:**

i) 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.

ii) Inventories are valued at lower of cost and Net Realizable Value (NRV) 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.

iii) 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.

VIII. 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.

An impairment lossis recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount isthe higher of an asset's 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 discount rate that reflects current market assessments. 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). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

IX. 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 are 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 arerecognized 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.

X. Revenue Recognition

The Group recognizes revenue in accordance with Ind- AS 115. Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration that the Group expects to receive in exchange for those products or services. The Group presents revenues net of indirect taxes, returns and discounts in its Statement of Profit and loss.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made and Revenue is recorded when the recovery of consideration is probable and determinable.

a) The Group revenue primarily derives from transportation services for Passengers, Cargo and Mail Revenue. Revenue is recognized when the transportation service has been provided. Passengers tickets paid for in advance of transportation are recognized, net of discounts, as deferred revenue on ticket sales in current liabilities until the customer has flown. At the end of each financial year, unutilized balance in Forward sales for more than two years is fully recognized as Revenue and for balance amount Revenue is recognized at a certain estimated percentage of the value of tickets/airway bills sold based on available historical statistical data.The Group considers whether it is an agent or a principal in relation to transportation services by considering whether it has a performance obligation to provide services to the customer or whether the obligation is to arrange for the services to be provided by a third party. Other operating revenues are recognized as the related performance obligation is satisfied (over the time) using an appropriate methodology which reflects the activity that has been undertaken to satisfy the related obligation.

b) The Group operates Frequent Flyer Programme that provides loyalty points based on accumulated mileage points to those who have joined this facility. The revenue recognized when the transportation service is provided is reduced by the estimated fair value of the mileage points issued in the year such loyalty points are earned.The fair value attributed to the awarded loyalty points is treated as a deferred liability and recognized as revenue on redemption of the points.

The liability for FFP is provided based upon Actuarial Valuation at the year end.

c) Loss or gain on reissue/refund/ involuntary transfer of passengers to other carriers is also deducted or included, as the case may be, in the transport revenue.

d) 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.

e) 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.

f) Dividend is recognized as, income, if the right to receive is established before the close of the year.

g) The claims receivable from Insurance Company are accounted for on the acceptance by the Insurance Companyof such claims.

h) Warranty claims/credit notes received from vendors are recognized on acceptance of claim/receipt of credit note.

i) Gain or loss arising out of sale/scrap of PPE including aircraft over the net depreciated value is taken to Statement of Profit & Loss as Non-Operating Revenue or Expenses.

j) Other Items:

   i) 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.

   ii) Liability/ Claims for amounts payable towards IATA dues are recognized to the extent of claims/ invoices received.

k) **In case of AIESL**,

   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 as and when fees are received.

l) **In the case of HCI**

   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. These contracts 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.

m) **In case of AIASL**,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.

n) **In case of AAAL**, 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.

XI. Segment Reporting

The Groupis engaged in airline related business which is the only reportable segment. Hence, the Groupconsiders only geographical area wise revenue earned for the purposes of Segment Reporting.

Operating segments are reported in a manner consistent with the internal financial reporting to the Chief Operating Decision Maker "CODM" of the Group i.e. the Board of Directors of the Company under Ind AS 108 “Operating Segments”.

XII. Manufacturer’s Credit (Cash & Non-Cash Incentives)

Manufacturer’s credit entitlements are accounted for on accrual basis and credited to ‘Incidental Revenue’ by contra debit to ‘Advances’; when the credit entitlement is used, the ‘advances’ are adjusted against the liability created for either acquiring an asset or incurring an expenditure.

XIII. Borrowing Costs

a) Borrowing costs 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 recognized as expenses in the period in which they are incurred.

b) 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.

XIV. Foreign Currency Transactions

a) <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.

b) Foreign Currency Non-Monetary Items

Non-monetary items denominated in Foreign Currency are stated at the rates prevailing on the date of the transaction/exchange rate at which transaction is actually affected.

c) 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.

XV. Employee Benefits

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. The Company/ Group has created separate Trusts to administer Provident Fund contributions to which contributions are made regularly. ESI dues are regularly deposited with government authorities.

In the case of AIASL and AIESL, PF dues of Fixed Term Contract (FTC) employees are deposited with the office of Employees’ Provident Fund Organization (EPFO).

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 yearend 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.

Liability for Gratuity, Pension and other retirement Benefits for staff directly recruited at foreign stations is provided in compliance with local laws prevailing in the respective countries based on available information as at the year end.

c) **Other Long-Term EmployeeBenefits:** The Group’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**

Short Term Employee Benefits are accounted for in the period during which the services have been rendered.

XVI. Taxes on Income

(i) **Current Tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date. Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

(ii) **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 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 theextent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assetto 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 Group 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.

(iii) Minimum Alternate Tax

Minimum alternate tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Company, AIXL 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.

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) 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 Group.

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

d) An onerous contract is considered to exist where the Group 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.

XVII. 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.

XVIII. Earnings per Share

The Grouppresents 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.

XIX. Fair Value Measurement

The Group measures financial instruments and specific investments (other than 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 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.

XX. 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 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 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.

(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 Group has transferred its rights to receive cash flows from the asset

(v) Investment in joint ventures and associates

The Group has accounted for its investment in joint ventures and associates at cost. The Group assesses whether there is any indication that these investments may be impaired. If any such indication exists, the investment is considered for impairment based on the fair value thereof.

(vi) 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.

(vii) 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 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 Groups 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 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.

(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 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) **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.

XXI. Threshold Limits

a) **In case of Air India**

		(Rs in Million)
No	**Threshold Items**	**Threshold Value**
i)	Fair Valuation of Financial Instruments	50.00
ii)	Prior Period Items	
	-Recognition based on individual limits	25.0
	-Restatement based on overall limits	1% of Total Revenue of Previous FY

b) **In the case of AIXL**, the threshold limit for prepaid expense of Foreign Stations is Rs 0.05 million and for Domestic Stations it is Rs 0.01 million. In respect of Contingent Liabilities & Capital Commitments the limit is Rs 0.1 million

c) **In case of AIESL**, the Prior Period expenses/revenue below Rs 50 million are accounted for in the respective head of income/ expenses of the year.

d) **In the case of AAAL**, the threshold limit for Prior Period Expenditure/ Revenue is Rs 1.0 million, for prepaid expense of Foreign Stations is Rs 0.05 million and for Domestic Stations it is Rs 0.01 million. In respect of Contingent Liabilities & Capital Commitments the limit is Rs 0.1 million

XXII. Recent Accounting Pronouncements

a) Changes in Accounting Standards Issued after 31st March 2020, however effective from 1st April 2019

- Ind AS 116 Leases – Clarification on whether rent concessions as a direct consequence of COVID- 19 pandemic can be accounted as lease modification or not.

b) Changes in Accounting Standards that may affect the Groupafter 31st March 2020

The following Accounting Standards have been modified on miscellaneous issues with effect from 24th July 2020. Such changes include clarification/guidance on:

- Ind AS 1 Presentation of Financial Statements – Substitution of the definition of term ‘Material’
- Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors – In order to maintain consistency with Ind AS 1, the respective changes have been made to Ind AS 8 also.
- Ind AS 10 Events after the Reporting Period – Clarification on the disclosures requirements to be made in case of a material non- adjusting event.
- Ind AS 34 Interim Financial Reporting – In order to maintain consistency with the amendments made in other Ind AS, respective changes have been made to Ind AS 34.
- Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets – Clarification on the accounting treatment for restructuring plans.
- Ind AS 103 Business Combination – Detailed guidance on term ‘Business’ and ’Business Combination’ along with providing an Optional test to identify concentration of Fair Value.
- Ind AS 107 Financial Instruments: Disclosures – Clarification on certain disclosures to be made in respect of uncertainty arising from interest rate benchmark reforms.
- Ind AS 109 Financial Instruments – Clarification on temporary exceptions from applying specific hedge accounting requirements along with providing guidance on transition for hedge accounting.

The Group does not expect any significant impact of these amendment on its financial statements.

NOTE "1" :

(Rupees in Million)

Sl. No.	Particulars	GROSS BLOCK As at April 01, 2019	Additions / Reclass-ification	Deductions / Reclassi-fication	Adjustment relating to Ind AS 116	As at March 31, 2020	DEPRECIATION Upto April 01, 2019	For the year	Deductions / Reclassi-fication	Adjustment relating to Ind AS 116	Upto March 31, 2020	NET BLOCK As at March 31, 2020	As at March 31, 2019
	PROPERTY, PLANT & EQUIPMENT												
A.	LAND & BUILDINGS * @												
1.	Land-Freehold	2,994.0	-	2,711.4	-	282.6	-	-	-	-	-	**282.6**	2,994.0
2.	Land-Leasehold	643.9	-	463.9	(180.0)	-	-	-	-	-	-	**-**	643.9
3.	Buildings	8,722.7	-	25.8	-	8,696.9	546.2	361.7	6.2	-	901.7	**7,795.2**	8,176.5
	SUB TOTAL "A"	**12,360.6**	**-**	**3,201.1**	**(180.0)**	**8,979.5**	**546.2**	**361.7**	**6.2**	**-**	**901.7**	**8,077.8**	**11,814.4**
B.	**AIRCRAFT FLEET, ROTABLES & REPAIRABLES**												
1.	Airframes												
	Owned	192,982.4	618.3	(144,792.9)	(153,529.8)	184,863.8	25,943.8	5,897.4	(62,911.9)	(61,271.1)	33,482.0	**151,381.8**	167,038.6
	Leased	-	-	-	-	-	-	-	-	-	-	**-**	-
2.	Aero Engines & Power Plants												
(a)	Owned-Fixed Cost	72,415.3	1,492.6	(52,187.8)	(52,187.8)	73,907.9	8,628.3	2,283.0	(22,161.2)	(21,078.4)	11,994.1	**61,913.8**	63,787.0
(b)	Owned-Variable Cost (Component)	16,831.6	1,457.6	448.6	(5,349.4)	12,491.2	6,474.8	1,118.5	272.6	(1,347.2)	5,973.5	**6,517.7**	10,356.8
(c)	Owned-Repair Cost	7,603.9	10,483.2	-	-	18,087.1	3,472.7	2,576.2	-	-	6,048.9	**12,038.2**	4,131.2
3.	Simulators & Link Trainers	3,034.1	-	-	-	3,034.1	330.4	173.5	-	-	503.9	**2,530.2**	2,703.7
4.	Airframe Rotables	11,565.3	2,305.2	7.6	-	13,862.9	1,674.4	764.4	0.8	-	2,438.0	**11,424.9**	9,890.9
5.	Aero-Engine Rotables	882.2	-	-	-	882.2	202.9	66.6	-	-	269.5	**612.7**	679.3
6.	Aircraft Repairables	11,446.5	3,280.1	644.1	-	14,082.5	3,066.3	1,256.9	110.9	-	4,212.3	**9,870.2**	8,380.2
	SUB TOTAL "B"	**316,761.3**	**19,637.0**	**(195,880.4)**	**(211,067.0)**	**321,211.7**	**49,793.6**	**14,136.5**	**(84,688.8)**	**(83,696.7)**	**64,922.2**	**256,289.5**	**266,967.7**
C	**OTHERS ***												
1.	Workshop Equipment, Instruments, Plant & Machinery and Vehicles	5,284.1	223.5	5.2	-	5,502.4	942.3	439.4	0.9	-	1,380.8	**4,121.6**	4,341.8
2.	Ground Support & Ramp Equipment	429.1	2.2	17.9	-	413.4	304.4	5.8	14.5	-	295.7	**117.7**	124.7
3.	Furniture & Fixtures	228.3	6.3	0.1	-	234.5	86.6	21.9	0.1	-	108.4	**126.1**	141.7
4.	Office Appliances & Equipment	173.0	12.9	0.4	-	185.5	75.9	20.5	0.1	-	96.3	**89.2**	97.1
5.	Computer System	358.9	92.7	0.5	-	451.1	141.9	66.0	-	-	207.9	**243.2**	217.0
6.	Electrical Fittings & Installations	488.9	2.4	0.2	-	491.1	134.7	56.0	0.2	-	190.5	**300.6**	354.2
7.	Object D'art (Net Block Rs.37,168.97) ^	0.6	-	-	-	0.6	0.6	-	-	-	0.6	**-**	-
	SUB TOTAL "C"	6,962.9	340.0	24.3	-	7,278.6	1,686.4	609.6	15.8	-	2,280.2	**4,998.4**	5,276.5
	TOTAL PROPERTY, PLANT & EQUIPMENT	**336,084.8**	**19,977.0**	**(192,655.0)**	**(211,247.0)**	**337,469.8**	**52,026.2**	**15,107.8**	**(84,666.8)**	**(83,696.7)**	**68,104.1**	**269,365.7**	**284,058.6**
	RIGHT OF USE ASSETS #												
	Aircraft Fleet	-	14,481.1	197,944.2	439,544.7	256,081.6	-	33,186.4	85,144.5	83,696.7	31,738.6	**224,343.0**	-
	Land Lease Hold	-	-	-	180.0	180.0	-	-	-	-	-	**180.0**	-
	TOTAL RIGHT OF USE ASSETS	**-**	**14,481.1**	**197,944.2**	**439,724.7**	**256,261.6**	**-**	**33,186.4**	**85,144.5**	**83,696.7**	**31,738.6**	**224,523.0**	**-**
	INVESTMENT PROPERTY *												
1.	Investment Property Land - Freehold	191.7	-	-	-	191.7	-	-	-	-	-	**191.7**	191.7
2.	Investment Property Land - Leasehold	4,104.6	-	-	-	4,104.6	-	-	-	-	-	**4,104.6**	4,104.6
3.	Investment Property - Buildings	102.4	-	-	-	102.4	21.0	2.0	-	-	23.0	**79.4**	81.4
	TOTAL FOR INVESTMENT PROPERTY	**4,398.7**	**-**	**-**	**-**	**4,398.7**	**21.0**	**2.0**	**-**	**-**	**23.0**	**4,375.7**	**4,377.7**
	INTANGIBLE ASSETS :												
A.	COMPUTER SOFTWARE	951.3	2.4	-	-	953.7	756.6	130.9	-	-	887.5	**66.2**	194.7
B.	OTHERS	383.6	-	-	-	383.6	383.6	-	-	-	383.6	**-**	-
	TOTAL FOR INTANGIBLE ASSETS	**1,334.9**	**2.4**	**-**	**-**	**1,337.3**	**1,140.2**	**130.9**	**-**	**-**	**1,271.1**	**66.2**	**194.7**
	TOTAL ASSETS	**341,818.4**	**34,460.5**	**5,289.2**	**228,477.7**	**599,467.4**	**53,187.4**	**48,427.1**	**477.7**	**0.0**	**101,136.8**	**498,330.6**	**288,631.0**
	Capital Work-in-Progress	822.1	274.4	95.4	-	1,001.1	-	-	-	-	-	**1,001.1**	822.1
	Intangible Assets under Development	12.5	-	-	-	12.5	-	-	-	-	-	**12.5**	12.5
	GRAND TOTAL	**342,653.0**	**34,734.9**	**5,384.6**	**228,477.7**	**600,481.0**	**53,187.4**	**48,427.1**	**477.7**	**0.0**	**101,136.8**	**499,344.2**	**289,465.6**

1 During the year,the Company has during the year capitalized translation difference of Rs.847.0 Million (Previous Year : Rs 4,047.0 Million) arising on settlement and reporting of long term monetary items. Additions to "Aircraft Fleet, Rotables & Repairables" includes Exchange Rate Fluctuations (Net of Debit & Credit) on underlying loans in foreign currency : Rs. 877.1 Million (Previous Year: Rs.4,521.9 Million).

2 Additions to "Aircraft Fleet" under the head "Right of Use Assets" includes Exchange Rate Fluctuations (Net of Debit & Credit) on underlying loans in foreign currency : Rs. 200.4 Million.

3 37 Aircraft (Carrying Value of Rs.197,807.2 Million) taken on lease earlier, were transferred to "Property, Plant & Equipment" during the year upon discharge of loan to lenders. However, the title of 15 Aircraft have not yet been transferred due to the cross default clause in other facilities.

4 Out of 10 B737-800 owned Aircraft includeded in "Aircraft Fleet, Rotables & Repairables", transfer of title for 2 Aircraft is in progress.

5 "Aircraft Fleet" under the head "Right of Use Assets" includes 7 B737-800 Airctaft, which were acquired on finance lease and continue to be in the name of SPV Company for which beneficial ownership is with Group Companies

6 Borrowing costs capitalized during the year are Rs.35.0 Million (Previous Year : Rs.21.0 Million)

7 Depreciation includes debit of Rs.474.6 Million (Previous Year : Debit of Rs.469.5 Million) to Capital Reserve.

8 As per Accounting policy, the company has carried out impairment of assets as required under Ins AS 36.

9 Special tools included in "Property, Plant & Equipment" under the sub head "Others" are being Depreciated at year wise total Block Amount.

10 Leasehold land on long term basis with the option to extend the same are identified as perpetual lease and are not amortised during the period of Lease.

11 "Intangible Asset - Others" represents Membership Fees for joining Star Alliance.

12 Object D'art reflected in "Property, Plant & Equipment" Note as a separate line item are old assets and have been fully depreciated appearing at NIL value(Rs 1).

* Property, Plant & Equipment identified for transfer to AI Engineering Services Ltd. (Refer Note 30(iv))

^ Object D'art planned to be transferred to AIAHL / NGMA

@ Land and Building identified for monitization amounting to Rs.3,181.9 (Previous Year : Rs.68,066.3 Million) have been reclassified as Asset Held for Sale

\# For movement of Right of Use Assets Refer Note 50.

NOTE "1" : (Rupees in Million)

Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at April 01, 2018	Additions/ Reclassi-fication	Deductions / * Reclassif-ication	As at March 31, 2019	Upto April 01, 2018	For the year	Deductions / * Reclassif-ication	Upto March 31, 2019	As at March 31, 2019	As at March 31, 2018
PROPERTY,PLANT & EQUIPMENT											
A.	**LAND & BUILDINGS**										
1.	Land-Freehold	5,725.4	43.6	2,775.0	2,994.0	-	-	-	-	**2,994.0**	5,725.4
2.	Land-Leasehold	1,839.8	-	1,195.9	643.9	-	-	-	-	**643.9**	1,839.8
3.	Buildings	9,775.7	22.0	1,075.0	8,722.7	282.6	508.9	245.3	546.2	**8,176.5**	9,493.1
	SUB TOTAL "A"	**17,340.9**	**65.6**	**5,045.9**	**12,360.6**	**282.6**	**508.9**	**245.3**	**546.2**	**11,814.4**	**17,058.3**
B.	AIRCRAFT FLEET, ROTABLES & REPAIRABLES										
1.	Airframes										
	Owned	190,195.6	3,623.4	836.6	192,982.4	17,341.3	9,215.2	612.7	25,943.8	**167,038.6**	172,854.3
2.	Aero Engines & Power Plants										
(a)	Owned-Fixed Cost	69,119.2	6,129.3	2,833.3	72,415.2	5,445.6	3,182.7	-	8,628.3	**63,786.9**	63,673.6
(b)	Owned-Variable Cost (Component)	16,259.7	1,200.6	628.7	16,831.6	4,889.7	1,821.0	235.9	6,474.8	**10,356.8**	11,370.0
(c)	Owned-Repair Cost	5,282.7	2,321.2	-	7,603.9	2,054.9	1,417.8	-	3,472.7	**4,131.2**	3,227.8
3.	Simulators & Link Trainers	3,034.1	-	-	3,034.1	150.6	179.8	-	330.4	**2,703.7**	2,883.5
4.	Airframe Rotables	10,585.7	1,137.9	158.3	11,565.3	1,119.4	637.8	82.8	1,674.4	**9,890.9**	9,466.3
5.	Aero-Engine Rotables	883.8	-	1.5	882.3	136.5	66.6	0.2	202.9	**679.4**	747.3
6.	Aircraft Repairables	10,419.1	1,231.2	203.8	11,446.5	2,138.8	1,063.7	136.2	3,066.3	**8,380.2**	8,280.3
	Simulator Rotables	-	-	-	-	-	-	-	-	-	-
	SUB TOTAL "B"	**305,779.9**	**15,643.6**	**4,662.2**	**316,761.3**	**33,276.8**	**17,584.6**	**1,067.8**	**49,793.6**	**266,967.7**	**272,503.1**
C.	**OTHER**										
1.	Workshop Equipment, Instruments, Plant & Machinery and Vehicles	5,972.3	965.8	1,654.0	5,284.1	1,172.8	660.0	890.5	942.3	**4,341.8**	4,799.5
2.	Ground Support & Ramp Equipment	3,485.3	191.8	3,248.0	429.1	684.2	344.5	724.3	304.4	**124.7**	2,801.1
3.	Furniture & Fixtures	243.6	8.6	23.9	228.3	68.5	25.6	7.5	86.6	**141.7**	175.1
4.	Office Appliances & Equipment	212.5	6.8	46.3	173.0	60.6	39.5	24.2	75.9	**97.1**	151.9
5.	Computer System	353.1	42.5	36.7	358.9	87.3	70.7	16.1	141.9	**217.0**	265.8
6.	Electrical Fittings & Installations	495.9	1.5	8.5	488.9	80.6	57.5	3.4	134.7	**354.2**	415.3
7.	Object D'art (Net Block Rs.39,969.43)	0.6	-	-	0.6	0.6	-	-	0.6	**-**	-
	SUB TOTAL "C"	**10,763.3**	**1,217.0**	**5,017.4**	**6,962.9**	**2,154.6**	**1,197.8**	**1,666.0**	**1,686.4**	**5,276.5**	**8,608.7**
TOTAL PROPERTY, PLANT & EQUIPMENT		**333,884.1**	**16,926.2**	**14,725.5**	**336,084.8**	**35,714.0**	**19,291.3**	**2,979.1**	**52,026.2**	**284,058.6**	**298,170.1**
INVESTMENT PROPERTY											
1.	Investment Property Land - Freehold	-	191.7	-	191.7	-	-	-	-	**191.7**	-
2.	Investment Property Land - Leasehold	4,213.0	-	108.4	4,104.6	-	-	-	-	**4,104.6**	4,213.0
3.	Investment Property - Buildings	6,569.4	-	6,467.0	102.4	862.8	59.6	901.4	21.0	**81.4**	5,706.6
TOTAL FOR INVESTMENT PROPERTY		**10,782.4**	**191.7**	**6,575.4**	**4,398.7**	**862.8**	**59.6**	**901.4**	**21.0**	**4,377.7**	**9,919.6**
INTANGIBLE ASSETS :											
A.	COMPUTER SOFTWARE	886.4	64.9	-	951.3	612.7	143.9	-	756.6	**194.7**	273.7
B.	OTHERS	3,097.5	-	2,713.9	383.6	255.8	127.8	-	383.6	**-**	2,841.7
TOTAL FOR INTANGIBLE ASSETS		**3,983.9**	**64.9**	**2,713.9**	**1,334.9**	**868.5**	**271.7**	**-**	**1,140.2**	**194.7**	**3,115.4**
TOTAL ASSETS		**348,650.4**	**17,182.8**	**24,014.8**	**341,818.4**	**37,445.3**	**19,622.6**	**3,880.5**	**53,187.4**	**288,631.0**	**311,205.1**
Capital Work-in-Progress						-	-	-	-	**822.1**	814.9
Intangible Assets under Development						-	-	-	-	**12.5**	82.9
	GRAND TOTAL	**348,650.4**	**17,182.8**	**24,014.8**	**341,818.4**	**37,445.3**	**19,622.6**	**3,880.5**	**53,187.4**	**289,465.6**	**312,102.9**

1 During the year,the Company has during the year capitalized translation difference of Rs.4,047.0 Million (Previous Year : Rs 244.4 Million) arising on settlement and reporting of long term monetary items. Additions to "Aircraft Fleet, Rotables & Repairables" includes Exchange Rate Fluctuations (Net of Debit & Credit) on underlying loans in foreign currency : Rs. 4,521.9 Million (Previous Year: Rs.263.8 Million).

2 "Aircraft Fleet, Rotables & Repairables" includes 34 Aircraft - {One B777-300ER, Six B787-800, Four B747-400, Five A-320, Ten A319 and Eight A-321), 22 Spare Engines (includes 10CFM-5B, 2 CFM Leap Engines) and 4 Spare APUs (Previous 39 Aircraft (one B777-300ER, Six B787-800, Five B 747-400, Nine A-319, Ten A-320 and Eight A-321) 20 Spare Engines & 4 APUs) owned by Air India Limited.

3 "Aircraft Fleet, Rotables & Repairables" includes 46 Aircraft - {Three B777-200LR, Twelve B777-300ER, Nine A319, Twelve A321 and 10B 737-800 Aircrafts) (Previous 54 Aircraft- (Three B77-200LR, Twelve B777-300ER, Ten A-319, Twelve A-321 & 17 B737-800)) & 5 GE Spare Engines (Previous year 5 Ge Spare Engines) and Registration of these 36 Aircraft and 5 Spare Engines continues to be in the name of SPV Company for which beneficial ownership is with Group Companies (Refer Note 53(i))

4 Borrowing costs capitalized during the year are Rs.21.0 Million (Previous Year : Rs.1,636.8 Million)

5 Depreciation includes debit of Rs.469.5 Million (Previous Year : Debit of Rs.478.4 Million) to Capital Reserve.

6 As per Accounting policy, the company has carried out impairment of assets as required under Ins AS 36.

7 Special tools included in Workshop Equipment, Instrument Machinery & Plants and Other Fixed Assets are being Depreciated at year wise total Block Amount.

8 Leasehold land on long term basis with the option to extend the same are identified as perpetual lease and are not amortised during the period of lease.

9 "Intangible Asset - Others" represents Membership Fees for joining Star Alliance.

10 Object D are reflected in Fixed Asset Schedule as a separate line item are old assets and have been fully depreciated appearing at nil value(Rs 1)

11 The assets from "Airframes" having an aggregate written down value of Rs. 32.6 Million have been reclassified as "Assets Helf for Sale" which is valued at their respective written down value or net realisable value whichever is lower i.e Rs. 1.4 million. Accordingly, the impairment loss of Rs. 31.2 Million is charged to Profit and Loss.

* Property, Plant & Equipment : Deduction to th Gross Block includes Rs.5,390.3 Million and Deduction to the Accumulated Depreciation includes Rs.1,843.0 Million and Intangible Assets : Deductions to the Gross Block includes Rs.2,713.9 Million transferred to "Asset Held for Sale for Disposal Group" (Refer Note 10.1)

NOTE "2" : NON CURRENT INVESTMENTS (ACCOUNTED FOR USING THE EQUITY METHOD)

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
EQUITY INSTRUMENTS - UNQUOTED		
IN JOINT VENTURE*		
40,424,975 Equity Shares (Previous Year : 40,424,975 Equity Shares) of Rs.10 each fully paid up in Air India SATS Airport Services Private Ltd.	**2,489.4**	2,212.4
(40,419,975 Equity Shares of Rs.10 each issued at a premium of Rs.0.79 per share)		
TOTAL INVESTMENT UNDER EQUITY METHOD (A)	**2,489.4**	2,212.4

*** Movement of Investment under Equity Method :**

Balance as on 31-03-2019	**2,212.4**	2,015.7
Add : Profit During the year from Joint Venture	**304.6**	223.8
Less: Dividend Received during the year from Joint Venture	**12.1**	20.2
Less : Dividend distribution tax	**2.5**	4.4
Less : Other Comprehensive Income for defined benefit plan	**13.0**	2.5
	2,489.4	2,212.4

NOTE "2.1" : NON-CURRENT INVESTMENTS

(Rupees in Million)

Particulars		As at March 31, 2020	As at March 31, 2019
	INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI)		
1.1	**EQUITY INSTRUMENTS (QUOTED)**		
	375,407 Equity Shares (Previous Year : 375,407 Equity Shares) of EUR 0.48 each fully paid up in Orange S.A. (formerly known as France Telecom)	**346.0**	422.8
	SUB TOTAL	**346.0**	422.8
1.2	**WITH OTHERS / STRUCTURED ENTITIES**		
	TRADE INVESTMENTS		
i)	2,617,098 Equity Shares (Previous Year : 2,617,098 Equity Shares) of MAR 10 each fully paid up in Air Mauritius Ltd. #	**131.4**	131.4
ii)	2,301,244 Equity Shares (Previous Year : 2,301,244 Equity Shares) of MAR 10 each fully paid up in Air Mauritius Holding Ltd. #	**45.5**	45.5
		176.9	176.9
	less: Provision for Dimunition	**176.9**	-
		-	176.9

Particulars		As at March 31, 2020	As at March 31, 2019
iii)	12,500,000 Equity Shares (Previous Year : 12,500,000 Equity Shares) of Rs. 10 each fully paid up in Cochin International Airport Limited. # (Includes 2,500,000 Equity Shares of Rs.10 issued and subscribed at a premium of Rs. 40 per share)	**477.2**	451.2
iv)	302 Equity Shares (Previous Year : 277 Equity Shares) of EUR 5.00 ^ each fully paid up in SITA (Societe Internationale de Telecommunications Aeronautiques). (25 Shares allotted during the year)	**0.1**	0.1
v)	890,139 Depository Certificates of SITA Information Network Computing N.V. ^ (Previous Year : 890139)	**42.7**	42.7
vi)	2299 class B Shares (Previous Year : 2348 Shares) of BHT 100 ^ each fully paid up in Aeronautical Radio of Thailand Ltd. (49 Shares redeemed during the year)	**0.4**	0.4
vii)	50 Equity Shares (Previous Year : 50 Equity Shares) of EUR 152.45 each ^ fully paid up in Association Sportive Du Golf Isabella.	**0.4**	0.4
	SUB TOTAL	**520.8**	671.7
1.3	**DEBENTURES**		
	6% Debenture Bonds of Banco De Roma face value EUR 15.49 ^ guaranteed by the Government of Italy (Deposited with Civil Aviation Department, Italy) (**Rs.3,057.69)	**** 0.0**	** 0.0
	SUB TOTAL	**-**	-
	TOTAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI) (B)	**866.8**	1,094.5
	TOTAL INVESTMENTS (A+B)	**3,356.2**	3,306.9

	Aggregate amount of unquoted investments (including investments accounted for using Equity Method) (NET)	**3,010.2**	2,884.1
	Aggregate provision for diminution in value of investments	**176.9**	-
	Aggregate amount of quoted investments (Market value : Rs.346.0 Million	**346.0**	422.8
	(Previous Year : Rs.422.8 Million)) (Equivalent to EUR 4.2 Million		
	(Previous Year : EUR 5.5 Million))		

\# Fair valuation of Investments carried out at book value based on latest available Audited Financial Statements.

^ Investments carried at cost.

NOTE "3" : TRADE RECEIVABLES

(Rupees in Million)

Particulars	Non-Current		Current	
	As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
Considered Good - Unsecured *	**-**	-	**13,803.1**	20,629.3
Trade Receivables having significant increase in credit risk	**-**	-	**1,128.6**	1,389.6
Trade Receivables - Credit Impaired	**10,283.9**	9,399.7	**-**	-
	10,283.9	9,399.7	**14,931.7**	22,018.9
Less : Allowance for Significant increase in credit risk	**-**	-	**1,128.6**	1,389.6
Less : Allowance for Credit Impaired	**10,283.9**	9,399.7	**-**	-
		-		-
TOTAL	**-**	-	**13,803.1**	20,629.3

* Trade Receivables amounting to Rs. 81.8 Million (Previous Year : Rs.447.3 Million) are backed by Bank Guarantees.

NOTE "4" : LOANS

(Rupees in Million)

Particulars	Non-Current		Current	
	As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
Security Deposits				
Considered Good - Unsecured	**4,039.9**	3,477.3	**175.5**	145.8
Credit Doubtful	**45.2**	42.4	**-**	-
	4,085.1	3,519.7	**175.5**	145.8
Less : Allowance for Doubtful Deposits	**45.2**	42.4	**-**	-
	4,039.9	3,477.3	**175.5**	145.8
TOTAL	**4,039.9**	3,477.3	**175.5**	145.8

NOTE "5" : OTHER FINANCIAL ASSETS

(Rupees in Million)

Particulars		Non-Current		Current	
		As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
A	**Advance Recoverable from Parties**				
	Unsecured Considered Good	**-**	-	**567.2**	722.8
	Unsecured Considered Doubtful	**76.4**	68.1	**-**	-
		76.4	68.1	**567.2**	722.8
	Less : Allowance for Doubtful Advances	**76.4**	68.1	**-**	-
	(A)	**-**	-	**567.2**	722.8
B	**Advance Recoverable from Employees**				
	Unsecured Advances Considered Good	**102.5**	117.0	**645.2**	592.0
	Unsecured Considered Doubtful	**10.8**	10.8	**-**	-
		113.3	127.8	**645.2**	592.0
	Less : Allowance for Doubtful Advances	**10.8**	10.8	**-**	-
	(B)	**102.5**	117.0	**645.2**	592.0
C	**Deposits-Others (having maturity of more than 12 months) ***	**470.6**	78.8	**-**	-
	Less : Allowance for Doubtful Deposits	**1.9**	1.9	**-**	-
	(C)	**468.7**	76.9	**-**	-
D	**Interest Accrued on**				
	i) Fixed Deposits	**9.1**	61.2	**110.8**	39.4
	ii) Loan to Employees	**0.6**	1.4	**7.6**	4.7
	(D)	**9.7**	62.6	**118.4**	44.1
E	**Other Non-Trade Receivables**				
	Unsecured Considered Good	**-**	-	**1,645.7**	2,072.8
	Doubtful	**2,046.4**	2,653.6	**-**	-
		2,046.4	2,653.6	**1,645.7**	2,072.8
	Less : Allowance for Doubtful Non Trade Receivables	**2,046.4**	2,653.6	**-**	-
	(E)	**-**	-	**1,645.7**	2,072.8
	TOTAL	**580.9**	256.5	**2,976.5**	3,431.7

* Includes Rs.1.9 Million (Previous Year : Rs.1.9 Million) towards blocked fund in bank accounts for repatriation.

NOTE "6" : OTHER NON FINANCIAL ASSETS

(Rupees in Million)

Particulars	Non Current		Current	
	As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
Capital Advances				
Unsecured Considered Good	**105.6**	102.1	**-**	-
Doubtful	**21.2**	28.7	**-**	-
	126.8	130.8	**-**	-
Less : Allowance for Doubtful Advances	**21.2**	28.7	**-**	-
(A)	**105.6**	**102.1**	**-**	**-**
Advances other than Capital Advance				
Unsecured Considered Good	**0.2**	14.4	**6,230.6**	6,046.7
Doubtful	**630.2**	581.4	**-**	-
	630.4	595.8	**6,230.6**	6,046.7
Less : Allowance for Doubtful Advances	**630.2**	581.4	**-**	-
(B)	**0.2**	14.4	**6,230.6**	6,046.7
Non-Trade Receivables				
Unsecured Considered Good	**-**	-	**493.4**	1,801.5
Doubtful	**12.5**	149.3	**-**	-
	12.5	149.3	**493.4**	1,801.5
Less : Allowance for Doubtful Non- Trade Receivables	**12.5**	149.3	**-**	-
(C)	**-**	-	**493.4**	1,801.5
Other Advances				
Unsecured Advances Considered Good				
Prepaid Expenses	**117.0**	5,798.4	**820.4**	2,408.7
Balances with Statutory / Government Authorities	**1,394.1**	-	**6,032.3**	5,271.4
Other Advances	**-**	-	**124.7**	-
(D)	**1,511.1**	5,798.4	**6,977.4**	7,680.1
TOTAL (A + B + C + D)	**1,616.9**	5,914.9	**13,701.4**	15,528.3

NOTE "7" : INCOME TAX ASSETS NET OF PROVISION

(Rupees in Million)

Particulars	Non Current		Current	
	As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
Advance Payment of Income Tax and TDS (net of provision for taxation)	**1,918.1**	2,264.1	**759.6**	1,470.8
TOTAL	**1,918.1**	2,264.1	**759.6**	1,470.8

NOTE "8" : INVENTORIES (Valued at cost or NRV whichever is lower)

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Stores and Spare Parts *	**17,551.0**	19,308.3
Loose Tools	**73.2**	52.4
	17,624.2	19,360.7
Less : Provision for Obsolescence / Inventory Reconciliation	**6,492.0**	8,719.8
	11,132.2	10,640.9
Goods-in-Transit	**218.1**	69.0
TOTAL	**11,350.3**	10,709.9

* Stores and Spare Parts includes an amount of Rs.180.9 Million (Previous Year : Rs. 255.0 Million) with third party for repair work for Air India Ltd.

NOTE "9" : CASH AND CASH EQUIVALENTS

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
<u>Cash and Cash Equivalents</u>		
1. **Balances with Banks :**		
a) In Current Accounts	**6,033.7**	2,423.8
b) In Deposit Accounts (Original Maturity less than 3 months)	**731.8**	726.2
2. Cheques, Drafts on Hand	**26.2**	28.3
3. Cash on Hand	**21.3**	24.4
TOTAL	**6,813.0**	3,202.7

NOTE : "10" : BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Other Bank Balances		
1. Margin money deposits	**5,085.7**	4,891.6
2 Deposits - Others	**1,989.9**	1,664.8
(Having Maturity More than 3 months but Less than 12 Months)		
TOTAL	**7,075.6**	6,556.4

NOTE "10.1"

A : ASSETS HELD FOR SALE

(Rupees in Million)

Particulars		As at March 31, 2020	As at March 31, 2019
1.	**Properties * ^**	**70,677.5**	68,066.3
	Less : Diminution in value	**94.3**	-
		70,583.2	68,066.3
2.	Others (net of provision) **	**35,864.7**	35,574.7
	Less : Diminution in value	**11.4**	-
		35,853.3	35,574.7
	TOTAL	**106,436.5**	103,641.0

* Includes properties transferred from Investment Property during the year amounting to Rs. NIL (Previous Year : Rs.6,583.7 Million)

** Others includes 2 B777-300 SESF aircraft along with one Spare Engine and QEC Kit amounting to Rs.35,514.2 Million (Previous Year : Rs.35,223.6 Million) (Refer Note 31(iii))

^ The Charges over immovable properties is not yet released from ROC as NOC from few banks is awaited. (Refer Note 13.2(a))

B : ASSETS INCLUDED IN DISPOSAL GROUP HELD FOR SALE

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
<u>**Non-current Assets**</u>		
(i) Property, Plant & Equipment	**4,456.0**	3,547.3
(ii) Right of use asset	**19,519.1**	-
(iii) Capital work in Progress	**2.4**	2.4
(iv) Intangible Assets	**-**	2,713.9
(v) **Financial Assets:**		
a) Loans	**8.5**	8.2
b) Others	**815.5**	1,096.4
(vi) Income Tax Assets (Net)	**397.3**	339.7
(vii) Deferred Tax Assets (net)	**769.8**	1,077.7
(viii) Other Non Current Assets	**2,478.7**	1,822.4
TOTAL (I)	**28,447.3**	10,608.0
<u>**Current Assets**</u>		
i) Inventories	**1,150.5**	957.5
ii) **Financial Assets:**		

a) Trade Receivables	**3,240.7**	4,352.0
b) Cash and Cash Equivalents	**615.4**	347.1
c) Bank Balance other than (b) above	**111.8**	305.0
d) Loans	**447.9**	178.5
e) Others	**607.3**	451.1
iii) Income Tax Assets	**1,524.5**	895.9
iv) Other Current Assets	**1,090.6**	649.7
TOTAL (II)	**8,788.7**	8,136.8
TOTAL (I + II)	**37,236.0**	18,744.8
TOTAL - (A + B)	**143,672.5**	122,385.8

NOTE "11" : SHARE CAPITAL

(Rupees in Million)

Particulars	**As at March 31, 2020**	As at March 31, 2019
A. AUTHORISED		
35,000.0 Million Equity Shares of Rs.10 each (Previous Year : 35,000.0 Million Equity Shares)	**350,000.0**	350,000.0
	350,000.0	350,000.0
B. ISSUED, SUBSCRIBED AND FULLY PAID-UP SHARES		
32,665.21 Million Equity Shares of Rs. 10 each (Previous Year : 32,665.21 Million Equity Shares)	**326,652.1**	326,652.1
TOTAL	**326,652.1**	326,652.1

B.i) Reconciliation of number of shares :

	(Number of Shares in Million)		**(Share Value Rupees in Million)**	
Particulars	**2019-20**	2018-19	**2019-20**	2018-19
Equity Shares at the beginning of the year	**32,665.21**	28,690.21	**326,652.1**	286,902.1
Add : Equity Shares Allotted during the year	**-**	3,975.00	**-**	39,750.0
Equity Shares at the end of the year	**32,665.21**	32,665.21	**326,652.1**	326,652.1

ii) Terms/rights attached to equity shares :

The Company has single class of shares i.e. Equity Shares having a par value of Rs.10 per share. Each holder of equity share is entitled to one vote per share and is entitled to dividend declared, if any. The paid up equity shares of the Company rank pari-pasu in all respects, including dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after all the creditors have been paid. The distribution will be in proportion to the number of equity shares held by the shareholders.

iii) Share Holding Pattern :

The Company is a Government Company with 100% shares held by the President of India and his nominees, through administrative control of Ministry of Civil Aviation.

iv) Non-Cash, Bonus shares & Shares bought back :

Aggregate number and class of shares allotted as fully paid-up in previous year pursuant to contracts without payment being received in cash, bonus shares and shares bought back for a period of 5 years immediately preceding the balance sheet date NIL (Previous Year : NIL).

NOTE "12" : OTHER EQUITY

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
1. Share Application money pending allotment *		
Balance as per Last Balance Sheet	**-**	-
Add : Additions during the year	**0.1**	-
	0.1	-
Less : Share Alloted during the year	**-**	-
	0.1	-
2. CAPITAL RESERVE		
Balance as per Last Balance Sheet	**7,838.6**	7,144.6
Add : Additions during the year **	**186.6**	1,163.5
	8,025.2	8,308.1
Less : Transfer to the Statement of Profit and Loss to offset Depreciation (Refer Note 24)	**474.7**	469.5
Closing Balance	**7,550.5**	7,838.6
3. GENERAL RESERVE		
Balance as per Last Balance Sheet	**-**	(1,436.7)
Add : Additions during the year	**-**	-
Less : Transfer to Retained Earning	**-**	1,436.7
Closing Balance	**-**	-
4. OTHER RESERVES		
Foreign Currency Monetary Item Translation Difference Account (FCMITDA)		
Balance as per last Balance Sheet	**(2,759.1)**	(2,137.3)
Add : Exchange gain/(loss) during the year	**(315.1)**	(1,135.5)
	(3,074.2)	(3,272.8)
Less : Amortization during the year	**2,751.8**	513.7
Closing Balance	**(322.4)**	(2,759.1)

5.	**Surplus / (Deficit)**		
	Balance at the beginning of the reporting period	**(689,898.9)**	(600,546.0)
	Add: Impact of IND AS 116 - Lease	**(3,087.6)**	-
	Changes in accounting policy or prior period errors / Effect of Deferred Tax Assets of earlier years - Discontinued Operations	**(2,713.8)**	939.4
	Restated Balance at the beginning of the reporting period	**(695,700.3)**	(599,606.6)
	Profit/(Loss) for the year	**(74,312.4)**	(87,724.0)
	Dividend Distribution Tax pertaining to Joint Venture	**-**	(4.4)
	Add: Transfer from General Reserve ***	**-**	(1,436.7)
	Add : Transfer from Reserve	**-**	(0.8)
	Remeasurement of defined benefit plans through Other comprehensive Income	**(2,393.6)**	(1,126.4)
	Closing Balance	**(772,406.3)**	(689,898.9)
6	**Fair value change on Equity Instruments through Other Comprehensive Income**		
	Opening Balance	**792.1**	743.9
	For the year	**(227.7)**	48.2
	Closing Balance	**564.4**	792.1
	TOTAL (1+2+3+4+5+6)	**(764,613.7)**	(684,027.3)

* **Share Application Money :**

Share application money amounting to Rs.0.1 Million (Previous Year : Rs. NIL) represents money paid by the Government of India towards capital infusion during the year, but allotment of shares made subsequently.

** Represents MRO Allowance received from GE towards construction of Test Cell Facility at Nagpur.

NOTE "13" : BORROWINGS - NON CURRENT

(Rupees in Million)

Particulars		Non-Current		Current*	
		As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
I	**Debentures**	**55,000.0**	55,000.0	**74,000.0**	81,950.0
II	**Term Loans**				
	a) from Banks (Secured)	**-**	-	**-**	109,952.5
	b) from Banks (Unsecured)	**-**	7,597.9	**3,662.2**	8,751.5
	c) from Other Parties (Unsecured)	**118.4**	108.3	**13.9**	12.7
III	**Long Term Maturities of Finance Lease Obligations**	**-**	22,071.4	**-**	25,633.9
	TOTAL	**55,118.4**	84,777.6	**77,676.1**	226,300.6

13.1 Debentures

a) 129,000 Redeemable, Unsecured Non-convertible Debentures of face value of Rs.1 Million each (Previous Year : 136,950 Debentures), are guaranteed by Government of India. Maturity Profile and Rate of interest are as set out below :

		(Rupees in Million)
Month of Redemption	**Amount to be Redeemed**	**Rate of Interest**
Dec-2031	4,714.0	9.08%
Nov-2031	10,086.0	9.08%
Sep-2031	15,000.0	10.05%
Dec-2030	4,714.0	9.08%
Nov-2030	10,086.0	9.08%
Dec-2029	4,714.0	9.08%
Nov-2029	10,086.0	9.08%
Dec-2028	4,714.0	9.08%
Nov-2028	10,086.0	9.08%
Dec-2027	4,714.0	9.08%
Nov-2027	10,086.0	9.08%
Sep-2026	40,000.0	9.84%
Total	**129,000.0**	

b) Debenture Redemption Reserve as required under Section 71(4) of the Companies Act, 2013 has not been created in the absence of earned profits by the Company.

c) Current maturities includes 74,000 Redeemable, Unsecured Non-convertible Debentures of face value of Rs.1.0 Million each amounting to Rs.74,000.0 Million (Previous Year : Rs.74,000.0 Million) identified for transfer to SPV Air India Asset Holding Limited by way of Novation Agreement (Refer Note 28(iii) (b) (i))

13.2(a) Details of Secured Term Loans from following Banks which are identified for transfer to SPV Air India Assets Holding Limited are classified as current maturities (Refer Note 28(iii) (m) (i))

:

(Rupees in Million)

Sr No.	Restructuring Lender	As at March 31, 2020	As at March 31, 2019
1	Allahabad Bank	-	2,524.6
2	Andhra Bank	-	3,021.7
3	Bank of Baroda	-	11,346.5
4	Bank of India	-	15,107.0
5	Canara Bank	-	7,402.8
6	Central Bank of India	-	8,022.4
7	Corporation Bank	-	6,560.9
8	Dena Bank (Now merged with Bank of Baroda)	-	1,180.6
9	The Federal Bank Limited	-	1,864.1
10	IDBI Bank Limited	-	3,763.5
11	Indian Bank	-	3,757.9
12	Indian Overseas Bank	-	6,199.8
13	Oriental Bank of Commerce	-	7,648.9
14	Punjab National Bank	-	10,561.9
15	Punjab & Sind Bank	-	2,386.0
16	State Bank of India	-	5,764.8
17	Syndicate Bank	-	5,572.3
18	UCO Bank	-	4,996.6
19	United Bank of India	-	2,270.2
	TOTAL	**-**	**109,952.5**

FRP Fund based loans are fully paid during FY 2019-20. However, the Charges over immovable properties is not yet released from ROC as NOC from few banks is awaited.

13.2(b) Total Unsecured Term Loan from Banks of Rs.3,662.2 Million (Previous Year Rs.16,349.4 Million) has been guaranteed by the Government of India.

(Rupees in Million)

Equal Number of Loan Installments	Amount of Loan as at March 31, 2020	Rate of Interest	Starting Month of Repayment	Month of Maturity
5	3,662.2	Libor + 1.80	Jun-2016	Mar-2020
TOTAL	**3,662.2**			

13.2(c) Unsecured Term Loan from Others of Rs.132.3 Million (Previous Year Rs.121.0 Million) are guaranteed by the Government of India.

Equal Number of Loan Installments	Amount of Loan as at March 31, 2020	Discounted As per Ind AS as at March 31, 2020	Rate of Interest	Starting Month of Repayment	Month of Maturity
40	160.2	92.1	Interest Free	Oct-1990	Oct-2039
33	66.6	40.2	Interest Free	Oct-1987	Mar-2037
TOTAL	**226.8**	**132.3**			

13.3 Long Term Maturities of Finance Lease Obligations of Rs. NIL (Previous Year Rs.47,705.3 Million) are guaranteed by the Government of India to the extent of Rs. NIL (Previous Year Rs.40,805.6 Million)

13.4 Disclosure as regards Bank wise rate of interest and period of default is not made due to complexity of data & confidentiality clause with the banks. (Also refer Note 15)

* Current maturities of long term borrowings have been grouped under the head Other Current Financial Liabilities (Refer Note No.15)

NOTE "14" : TRADE PAYABLES

(Rupees in Million)

Particulars	Non Current		Current	
	As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
Total outstanding dues of micro enterprises and small enterprises	-	-	**270.2**	166.1
Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	**104,270.6**	90,161.6
TOTAL	-	-	**104,540.8**	90,327.7

NOTE "15" : OTHER FINANCIAL LIABILITIES

(Rupees in Million)

Particulars	Non Current		Current	
	As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
Other Liabilities				
a) Current maturities of long-term debts *	-	-	**77,676.1**	200,666.7
b) Current maturities of finance lease obligations *	-	-	**-**	25,633.9
c) Interest accrued but not due on borrowings	-	-	**5,462.0**	6,579.6
d) Interest accrued and due on borrowings **	-	-	**7,751.0**	1,981.1
e) Others Liabilities (Net) ***	**43.9**	53.1	**53,828.1**	53,587.1
f) Book Overdraft	-	-	**0.6**	-
TOTAL	**43.9**	53.1	**144,717.8**	288,448.4

* For details of Current maturities of long term debts / Finance Lease Obligation Refer Note 13.

** **Interest accrued and due includes :**

Rs.663.1 Million being interest on Secured Loans repayable on demand from Banks (Previous Year : Rs. 236.6 Million), paid subsequently (Refer Note 18).

Rs.7,087.9 Million being interest on Unsecured Loans repayable on demand from Banks (Previous Year : Rs. 1,597.6 Million), paid subsequently (Refer Note 18).

Rs. NIL being interest on Future Lease Obligation (Previous Year : Rs. 146.8 Million). (Refer Note 13

Rs. NIL being interest on debenture (Previous Year : Rs. 0.1 Million).

*** **Other Liabilities (Net) includes :**

Rs.18,275.0 Million towards Guarantee Fee Liability (Previous Year : Rs.14,970.6 Million)

Rs.19,399.5 Million towards Provision for Employees including JDC impact (Previous Year : Rs.19,332.8 Million)

\# Rs.4,702.8 Million towards Delayed Payment Interest to Oil Marketing Companies (Previous Year : Rs.8,583.2 Million)

NOTE "16" : PROVISIONS

(Rupees in Million)

Particulars	Non Current		Current	
	As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
Provision for Employee Benefits				
a) Gratuity	**6,590.8**	6,175.8	**1,038.4**	1,064.7
b) Leave Encashment	**4,015.8**	3,050.1	**516.6**	473.4
c) Post Employment Medical and Other Benefits	**12,787.6**	11,559.0	**645.3**	592.1
(A)	**23,394.2**	20,784.9	**2,200.3**	2,130.2
Other Provisions				
a) Taxes	**-**	-	**82.2**	42.0
b) Redelivery of Aircraft	**14,427.1**	7,628.8	**-**	-
(B)	**14,427.1**	7,628.8	**82.2**	42.0
TOTAL (A + B)	**37,821.3**	28,413.7	**2,282.5**	2,172.2

NOTE "17" : OTHER NON FINANCIAL LIABILITIES

(Rupees in Million)

Particulars	Non Current		Current	
	As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
a) Forward Sales (Net) [Passenger / Cargo]	**-**	-	**24,953.8**	28,980.6
b) Advance from customers (Net) *	**-**	-	**40,152.5**	35,807.1
c) Others Liabilities (Net) **	**-**	-	**3,565.2**	1,463.3
d) Frequent Flyer Programme	**401.9**	-	**834.1**	828.7
TOTAL (A + B)	**401.9**	-	**69,505.6**	67,079.7

* Advance from customers (Net) includes Rs.37,398.6 Million (Pevious Year : Rs.34,675.2 Million) pertains to 2 B777-300 SESF Aircraft.

** Other Liabilities (Net) includes Govt. Taxes / Statutory Dues amounting to Rs.2,942.9 Million (Previous Year : Rs.764.9 Million)

NOTE "17.1" : LIABILITIES INCLUDED IN DISPOSAL GROUP HELD FOR SALE

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Non Current Liabilities		
a) Lease Liability	**22,044.4**	-
a) Other Financial Liabilites	**20.9**	10.9
c) Provisions	**10,271.7**	9,507.8
d) Other Non Current Liabilites	**-**	
TOTAL (A)	**32,337.0**	9,518.7
Current Liabilities		
a) Lease Liability	**166.0**	-
b) Financial Liabilities		
i) Trade Payables *	**3,980.4**	3,566.5
ii) Other Financial Liabilites	**4,323.7**	5,149.7
c) Other Current Liabilities	**6,441.6**	3,696.1
d) Provisions	**1,611.3**	1,951.4
TOTAL (B)	**16,523.0**	14,363.7
TOTAL (A + B)	**48,860.0**	23,882.4

* Includes Rs.17.3 Million (Previous Year : Rs.8.3 Million) towards payable to MSME Vendors (Refer Note : 57)

NOTE "18" : BORROWINGS - CURRENT

(Rupees in Million)

Particulars		As at March 31, 2020	As at March 31, 2019
I	**Loans repayable on demand :**		
	a) from Banks (Secured) #	**74,479.2**	113,992.6
	b) from Banks (Unsecured) #	**163,631.2**	149,039.0
	c) from Other Parties (NSSF) (Unsecured)	**26,360.0**	26,360.0
	TOTAL	**264,470.4**	289,391.6

1. Secured loans repayable on demand from Banks are to the tune of Rs.22,724.3 Million (Previous Year Rs.66,857.9 Million). Details are as under :

(Rupees in Million)

Sr. No.	**Name of the Lender**	**As at March 31, 2020**	As at March 31, 2019
1	Allahabad Bank	**2,250.0**	3,344.0
2	Andhra Bank	**-**	1,005.2
3	Bank of Baroda	**13,140.0**	18,343.3
4	Bank of India	**-**	5,345.5
5	Canara Bank	**2,000.0**	4,853.9
6	Central Bank of India	**-**	2,688.8
7	Corporation Bank	**-**	2,162.0
8	Dena Bank (Now merged with Bank of Baroda)	**-**	381.9
9	HDFC Bank Ltd.	**-**	40.5
10	The Federal Bank Limited	**-**	698.3
11	IDBI Bank Limited	**-**	1,247.9
12	Indian Bank	**-**	1,280.0
13	Indian Overseas Bank	**-**	1,575.0
14	Oriental Bank of Commerce	**-**	2,575.1
15	Punjab National Bank	**-**	3,854.1
16	Punjab & Sind Bank	**-**	2,269.0
17	Standard Chartered Bank	**-**	7,343.3
18	State Bank of India	**2,184.3**	3,807.2
19	Syndicate Bank	**-**	1,845.9
20	UCO Bank	**2,750.0**	1,694.4
21	United Bank of India	**-**	52.6
22	PNB Discounting	**400.0**	450.0
	TOTAL (1)	**22,724.3**	66,857.9

The loans to the tune of Rs.22,724.3 Million (Previous Year : Rs.66,857.9 Million) are secured by Hypothecation of 27 aircraft, 2 engines, 11 immovable properties at market value and all Current Assets (Previous Year : 30 aircraft, 2 engines, 11 immovable properties and all Current Assets). However equitable mortgage for 7 immovable properties with banks are yet to be created.

2. Secured loan repayable on demand from Bank is to the tune of Rs.51,754.9 Million (Previous Year Rs.47,134.7 Million). Details of Secured Loans from Banks are as under :

(Rupees in Million)

Sr. No.	Name of the Lender	As at March 31, 2020	As at March 31, 2019
1	Investec Bank	**35,865.2**	32,779.5
2	First Gulf Bank	**15,889.7**	14,522.5
		51,754.9	47,302.0
	Less : Deferred amount of upfront fees	**-**	167.3
	TOTAL (2)	**51,754.9**	47,134.7
	TOTAL (1 + 2)	**74,479.2**	113,992.6

The loans to the tune of Rs.51,754.9 Million (Previous Year Rs.47,134.7 Million) are secured by Hypothecation of 6 aircrafts at market value (Previous Year : 6 aircrafts).

3. Unsecured loan repayable on demand from Bank of Rs.163,631.2 Million (Previous Year Rs.149,039.0 Million) has been guaranteed by the Government of India to the extent of Rs.143,927.6 Million (Previous Year Rs.129,791.5 Million).

(Rupees in Million)

Sr. No.	Name of the Lender	As at March 31, 2020	As at March 31, 2019
1	Bank of Baroda	**21,750.0**	21,750.0
2	Bank of Baroda	**15,000.0**	15,000.0
3	Bank of Baroda OD NYC *not guaranteed by GOI	**3,770.4**	2,955.6
4	Bank of India	**15,000.0**	15,000.0
5	Indusind Bank	**4,212.8**	10,000.0
6	Punjab national Bank	**22,500.0**	22,500.0
7	Punjab National Bank	**15,000.0**	15,000.0
8	Uco Bank	**10,000.0**	10,000.0
9	Uco Bank	**8,250.0**	8,250.0
10	Andhra Bank	**7,000.0**	-
11	Punjab & Sind Bank	**2,000.0**	-
12	Punjab & Sind Bank	**8,000.0**	-
13	Punjab & Sind Bank	**5,000.0**	-
14	SBI Bill Discounting *not guaranteed by GOI	**2,332.2**	6,159.3
15	SCB/FAB/Meshreq Bridge Loan	**10,214.8**	9,335.9
16	Bank of India	**806.5**	800.0
17	Bank of Baroda	**3,537.2**	3,500.0
18	Bank of Baroda	**3,950.0**	3,941.5
19	Bank of Baroda	**3,805.6**	3,455.4
20	Bank of India	**1,501.7**	1,391.3
	TOTAL	**163,631.2**	149,039.0

Disclosure as regards Bank wise rate of interest and period of default is not made due to complexity of data & confidentiality clause with the banks in case of Air India Ltd.. (Also refer Note 13 & 15)

NOTE "19" : REVENUE FROM OPERATIONS

(Rupees in Million)

Particulars		2019-20	2018-19
i)	**Scheduled Traffic Services**		
	1. Passenger	**275,357.5**	247,283.9
	2. Excess Baggage	**2,218.6**	1,827.8
	3. Mail	**535.7**	576.2
	4. Cargo	**15,817.1**	15,159.2
	(A)	**293,928.9**	264,847.1
ii)	**Non-Scheduled Traffic Services**		
	1. Charter	**16,111.1**	14,526.2
	2. Block Seat Arrangement	**1,048.0**	1,033.7
	3. Subsidy for Operations from Government	**-**	355.0
	(B)	**17,159.1**	15,914.9
iii)	**Other Operating Revenue**		
	1. Handling and Servicing	**1,619.1**	1,435.3
	2. Manufacturers Credit	**1,503.6**	356.7
	3. Incidental ^	**10,186.7**	10,450.4
	(C)	**13,309.4**	12,242.4
	TOTAL (A + B + C)	**324,397.4**	293,004.4

^ Identified income of Rs.72.6 Million transferred to AIAHL (Refer Note 25)

NOTE "20" : OTHER INCOME

(Rupees in Million)

Particulars		2019-20	2018-19
1	Interest Income on :		
	a) Bank Deposits	**489.7**	406.8
	b) Others *	**598.2**	693.4
2	Dividend from Long Term Investments (Trade)	**54.4**	52.5
3	Rental Income	**976.8**	901.1
	Less: Transferred to AIAHL	**975.2**	-
		1.6	901.1
4	Profit / (Loss) on Sale of Assets (Net)	**153.0**	759.7
5	Provisions No Longer Required written back	**2,611.9**	2,293.6
	TOTAL	**3,908.8**	5,107.1

* Interest Income on Others includes interest pertaining to discounting of Security Deposits as per Ind AS amounting to Rs.289.8 Million (Previous Year : Rs.257.6 Million)

NOTE "21" : OTHER OPERATING EXPENSES

(Rupees in Million)

Particulars		2019-20	2018-19
1	Insurance	**2,168.5**	1,079.5
2	Material Consumed - Aircraft	**7,263.7**	5,141.7
3	Outside Repairs - Aircraft	**24,744.6**	20,146.9
4	Navigation, Landing, Housing and Parking	**22,124.3**	21,581.1
5	Hire of Aircraft	**1,291.4**	34,323.5
6	Handling Charges	**15,493.0**	15,119.4
7	Passenger Amenities	**10,300.5**	10,672.2
8	Booking Agency Commission (Net)	**6,288.7**	5,634.8
9	Communication Charges		
	i) Reservation System	**10,732.2**	11,908.2
	ii) Others	**2,176.2**	1,737.4
	TOTAL	**102,583.1**	127,344.7

NOTE "22" : EMPLOYEE BENEFIT EXPENSES

(Rupees in Million)

Particulars		2019-20	2018-19
1	Salaries, Wages and Bonus	**18,533.7**	16,558.3
2	Crew Allowances	**11,874.8**	11,966.5
3	Contribution to Provident and Other Funds	**1,062.0**	1,083.6
4	Staff Welfare Expenses	**730.4**	1,284.5
5	Provision for Gratuity	**759.7**	772.8
6	Provision for Leave Encashment	**1,470.0**	211.8
7	Provision for Retirement Benefit	**1,068.2**	1,005.4
	TOTAL	**35,498.8**	32,882.9

NOTE "23" : FINANCE COST

(Rupees in Million)

Particulars		2019-20	2018-19
1	Interest on :		
	a) Debentures	**12,886.4**	12,890.9
	b) Short Term and Long Term Loans	**27,009.8**	34,799.6
	c) Other Loans	**1,377.5**	-
	d) Fair value of Deposits	**3.5**	-
		41,277.2	47,690.5
	Less: Interest Cost Reimbursement through SPV AIAHL (Refer Note 29(vi))	**15,574.7**	13,000.0
		25,702.5	34,690.5
2	Other Borrowing Costs	**4,476.4**	7,497.0

3	Interest on Right to use Assets	**6,675.0**	-
4	Interest on Delayed Payment other than borrowings	**4,012.9**	6,782.3
5	Finance cost on lease liabilities	**402.9**	-
	TOTAL	**41,269.7**	48,969.8

a) Exchange rate difference in the nature of interest cost has not been reclassified due to complexity of transactions.

NOTE "24" : DEPRECIATION AND AMORTIZATION EXPENSE

(Rupees in Million)

Particulars		**2019-20**	2018-19
1	Depreciation of Tangible Assets	**15,107.8**	18,625.3
2	Depreciation on right of use Asset	**33,186.4**	-
3	Depreciation of Investment Property	**2.0**	59.6
4	Amortization of Intangible Assets	**131.0**	271.7
5	Impairment of Assets	**-**	31.2
	(A)	**48,427.2**	18,987.8
	Less : Recoupment from Capital Reserve (Refer Note 12)	**474.7**	469.5
	(B)	**474.7**	469.5
	TOTAL (A- B)	**47,952.5**	18,518.3

NOTE "25" : OTHER EXPENSES

(Rupees in Million)

Particulars		**2019-20**		2018-19	
1	Travelling Expenses				
	i) Crew		**2,863.3**		3,011.9
	ii) Others		**458.0**		691.1
2	Rent		**1,015.2**		628.4
3	Rates and Taxes *		**429.9**		77.3
4	Repairs to :				
	i) Buildings		**172.1**		200.3
	ii) Others		**1,134.9**		751.6
5	Hire of Transport		**850.9**		918.6
6	Electricity & Heating Charges		**461.5**		499.4
7	Water Charges		**27.6**		7.2
8	Directors' Sitting Fees		**0.5**		0.7
9	Publicity and Sales Promotion		**906.2**		873.0
10	Printing and Stationery		**141.2**		124.6
11	Legal Charges		**212.7**		144.9

Particulars	2019-20		2018-19	
12 Payments to the Auditors' (Refer Note No.58)				
i) Audit Fees		**18.0**		13.2
ii) Other Expenses		**2.3**		2.5
13 Provision for Bad & Doubtful Receivables and Advances		**986.7**		2,109.7
14 Provision of Obsolete Inventory		**163.9**		1,935.8
15 Provision for Diminution in Value for Assets		**94.3**		-
16 Write off Duty Credit Entitlement under SFIS		**-**		388.5
17 Expenses on Block Seat Arrangements		**778.1**		723.0
18 Exchange Variation (Net)**		**34,447.4**		8,421.9
19 Loss on Sale of Investment		**0.5**		-
20 Bank Charges/Credit Card Discounts		**2,919.9**		2,249.2
21 Professional /Consultation Fees & Expenses		**542.1**		412.8
22 Miscellaneous Expenses		**4,327.0**		2,799.0
24 CSR Expense		**11.1**		5.7
23 Identified Income to be Transferred to AIAHL (Refer Note 28 (iii))				
i) Revenue Share	**545.8**		-	
ii) Rental Income	**1,424.8**		-	
	1,970.6		-	
Less : Revenue Share (Refer note 19)	**342.5**		-	
Less : Rental Income (Refer note 20)	**975.2**		-	
	652.9		-	
Less : Identified cost to be recovered from AIAHL ^	**64.6**	**588.3**	-	-
TOTAL		**53,553.6**		**26,990.3**

* Include Rs.221.8 Million (Previous Year : Rs.NIL) settled under Sabka Vishwas (Legacy Dispute Resolution) Scheme 2019 of Govt of India.

** Includes exchange variation on Bridge Loans amounting to Rs.5,654.8 Million (Previous Year : Rs. 3272.4 Million)

Also refer Note 50 for exchange variation relating to Lease Liability

^ **Details of Identified cost to be recovered from AIAHL for the period 1st Oct 2018 to 31st March 2020 included in the following respective heads :**

(Rupees in Million)

Particulars	2019-20	2018-19	Total
Rates & Taxes	**21.5**	10.9	**32.4**
Repairs to Buildings	**7.1**	4.7	**11.8**
Repairs to Others	**10.8**	4.0	**14.8**
Electricity & Heating Charges	**47.8**	24.9	**72.7**
Water Charges	**3.2**	2.3	**5.5**
Incidental (Refer Note 19)	**(47.7)**	(24.9)	**(72.6)**
TOTAL	**42.7**	21.9	**64.6**

NOTE "25.1" : PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS (Refer Note 33(b))

(Rupees in Million)

Particulars	2019-20	2018-19
Revenue from Operations		
i) Scheduled Traffic Services	**7,114.2**	6,919.3
ii) Non-Scheduled Traffic Services	**2,419.7**	1,246.0
iii) Other Operating Revenue	**4,388.7**	4,483.3
Total Revenue from Operations	**13,922.6**	12,648.6
Other Income	**2,507.7**	554.8
Total Revenue	**16,430.3**	13,203.4
Expenses		
1. Aircraft Fuel & Oil	**1,963.3**	2,065.1
2. Other Operating Expenses	**2,733.5**	5,822.5
3. Employee Benefit Expenses	**15,210.6**	15,096.5
4. Finance Costs	**3,008.9**	138.6
5. Depreciation and Amortization	**2,847.1**	666.2
6. Other Expenses	**3,133.4**	4,530.9
Total Expenses	**28,896.8**	28,319.8
Profit/(Loss) Before Tax	**(12,466.5)**	(15,116.4)
Tax Expenses :		
i) Current Tax	**393.7**	600.0
ii) Tax Adjustment relating to earlier year	**(27.1)**	186.6
iii) Deferred Tax	**310.0**	(150.6)
Total Tax Expenses	**676.6**	636.0
Profit/(Loss) after Tax for the year	**(13,143.1)**	(15,752.4)
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	**(425.5)**	(214.1)
ii) Income Tax relating to Re-measurements of Defined Benefit Plans	**2.1**	(18.0)
Total Other Comprehensive Income	**(423.4)**	(232.1)
Total Comprehensive Income for the year	**(13,566.5)**	(15,984.5)

NOTE “25” : OTHER EXPENSES

(Rupees in Million)

	Particulars	2019-20		2018-19	
1	Travelling Expenses				
	i) Crew		**2,863.3**		3,011.9
	ii) Others		**458.0**		691.1
2	Rent		**1,015.2**		628.4
3	Rates and Taxes *		**429.9**		77.3
4	Repairs to :				
	i) Buildings		**172.1**		200.3
	ii) Others		**1,134.9**		751.6
5	Hire of Transport		**850.9**		918.6
6	Electricity & Heating Charges		**461.5**		499.4
7	Water Charges		**27.6**		7.2
8	Directors' Sitting Fees		**0.5**		0.7
9	Publicity and Sales Promotion		**906.2**		873.0
10	Printing and Stationery		**141.2**		124.6
11	Legal Charges		**212.7**		144.9
12	Payments to the Auditors' (Refer Note No.58)				
	i) Audit Fees		**18.0**		13.2
	ii) Other Expenses		**2.3**		2.5
13	Provision for Bad & Doubtful Receivables and Advances		**986.7**		2,109.7
14	Provision of Obsolete Inventory		**163.9**		1,935.8
15	Provision for Diminution in Value for Assets		**94.3**		-
16	Write off Duty Credit Entitlement under SFIS		**-**		388.5
17	Expenses on Block Seat Arrangements		**778.1**		723.0
18	Exchange Variation (Net)**		**34,447.4**		8,421.9
19	Loss on Sale of Investment		**0.5**		-
20	Bank Charges/Credit Card Discounts		**2,919.9**		2,249.2
21	Professional /Consultation Fees & Expenses		**542.1**		412.8
22	Miscellaneous Expenses		**4,327.0**		2,799.0
24	CSR Expense		**11.1**		5.7
23	Identified Income to be Transferred to AIAHL (Refer Note 28 (iii))				
	i) Revenue Share	**545.8**		-	
	ii) Rental Income	**1,424.8**		-	
		1,970.6		-	
	Less : Revenue Share (Refer note 19)	**342.5**		-	
	Less : Rental Income (Refer note 20)	**975.2**		-	
		652.9		-	
	Less : Identified cost to be recovered from AIAHL ^	**64.6**	**588.3**	-	-
	TOTAL		**53,553.6**		26,990.3

* Include Rs.221.8 Million (Previous Year : Rs.NIL) settled under Sabka Vishwas (Legacy Dispute Resolution) Scheme 2019 of Govt of India.

** Includes exchange variation on Bridge Loans amounting to Rs.5,654.8 Million (Previous Year : Rs. 3272.4 Million)

Also refer Note 50 for exchange variation relating to Lease Liability

^ **Details of Identified cost to be recovered from AIAHL for the period 1st Oct 2018 to 31st March 2020 included in the following respective heads :**

(Rupees in Million)

Particulars	**2019-20**	**2018-19**	**Total**
Rates & Taxes	**21.5**	10.9	**32.4**
Repairs to Buildings	**7.1**	**4.7**	**11.8**
Repairs to Others	**10.8**	**4.0**	**14.8**
Electricity & Heating Charges	**47.8**	24.9	**72.7**
Water Charges	**3.2**	**2.3**	**5.5**
Incidental (Refer Note 19)	**(47.7)**	**(24.9)**	**(72.6)**
TOTAL	**42.7**	**21.9**	**64.6**

Notes forming part of the Consolidated Financial Statements of Air India Limited for the year ended 31st March 2020

(Rupees in Million except otherwise stated)

26. Contingent Liabilities & Contingent Assets:

A. Contingent Liabilities (to the extent not provided for):

The group has Contingent Liability as at 31st March, 2020 in respect of:

(i) Claims against Group not acknowledged as debts

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:

			(Rs in million)
No	**Description**	**Balance as on 31st March 2020**	**Balance as on 31st March 2019**
(i)	Pax Claims on account of Misc. Commercial Reasons.	**405.6**	417.3
(ii)	Income Tax Demand Notices received by the Group which are under Appeal	**1,821.2**	1,303.0
(iii)	Customs Duty, Octroi, Entry Tax, Service Tax, VAT and GST demanded by the Tax Authorities	**11,518.0**	10,147.4
(iv)	Property Taxes/House Tax demanded by the Municipal Authorities	**107.7**	135.8
(v)	Claims of Airport Operators/Others (*)	**1,965.1**	2,082.4
(vi)	Other Claims on account of Staff/Civil/Arbitration/ Labour Cases pending in Courts	**1,817.9**	2,294.4
(vii)	Additional Govt Guarantee Fee (**)	**20,769.9**	17,470.4
(viii)	Others	**695.5**	297.8
	Total	**39,100.9**	34,148.4

Note: The above amount includes Contingent Liability in respect of Entities Held for Sale amounting to Rs. 2,329.8 million (PY: Rs 1,448.2 million)

Explanatory Statement in respect of Contingent Liabilities

a) **Claims of Airport Operators/Others** (*): Represents the difference in the reconciliation of balances with respective parties.

b) **Government Guarantee Fee** (**): Air India has taken up the issue of waiver of guarantee fee and related penal charges with the Ministry of Finance through the Ministry of Civil Aviation. As regards the penal charges on the delayed payments of Guarantee Fee, the Company has disclosed a Contingent Liability for the same amounting to Rs 20,769.9 million (PY: Rs.17,470.4 million).

c) **In the case of AIXL,**

i) The Company has provided the guarantee fees payable to the Government at the rate of 0.5% on the amount of respective liabilities as outstanding at the end of every financial year. The said guarantee fees provided by the Company had not been paid in accordance with the terms of the Guarantees, for which the Company is liable to pay penal interest. The Company has since paid the entire amount of guarantee fees on 31st May 2019 and has represented to the Government for waiver of the penal interest amounting to Rs.832.5 Million. Since the Company has not received any claim from the Government of India towards penal interest, no Provision/Contingent Liability for the same has been made in these Financial Statements.

ii) In respect of the above contingent liabilities, interest claims may be payable as and when the outcome of the related claim is determined. Further, future cash flows in respect of the above demands are determinable only on disposal of assessments / appeals / settlement of disputes.

iii) There are certain disputes with the ex-employees of the Company where the Company has initiated legal process to recover dues/damages. The financial impact of the same shall be determined only upon settlement of the disputes.

d) **In case of AAAL**, Interest liability on account of delay in foreign remittance raised by the vendor, amounting to Rs. 70.0 million (PY: Rs. 24.0 million), is considered as debt. Negotiation with the vendor is going on for withdrawal of interest claim.

e) **In the case of AIESL,** the amounts of Other Claims on account of Staff/Civil/Arbitration cases pending in Courts are not ascertainable.

f) **In the case of HCI,** interest on account of outstanding dues payable to AAI, MIAL and DIAL is Rs 684.6 million (PY: Rs. 855.4 million) and are disclosed as Contingent Liability.

B. Contingent Assets

a) During the year 2017-18, the Hon'ble Supreme Court of India has vacated the stay granted by the Hon'ble High Court of Delhi in respect of implementation of tariff fixed by AERA applicable with effect from 01/01/2016. In this regard the tariff fixed for the 2nd control period (i.e. from 1.1.2016), was lower than the tariff fixed for the 1st Control Period (tariff prior to 1.1.2016). In view of this judgment, DGCA issued AIC (Aeronautical Information Circular) for the implementation of 2nd Control period tariff with immediate effect. In the intervening period DIAL has collected from Air India, an excess amount to the tune of Rs 2,298.7 million (PY: Rs 2,298.7 million) (approx.) on account of Landing & Parking Charges. The Company has requested AERA that while fixing the tariff, the airlines who have shouldered the burden of excess amount collected maybe compensated by way of discount in tariff in proportion to the excess amount collected by DIAL from respective airlines.

However, AERA has pointed out that, the realised non- aeronautical revenue in the past few years does not exhibit a clear trend, a true-up will be provided for the non-aeronautical revenues based on the actual realised non-aeronautical revenues, at the time of tariff determination in the third control period. In view of above and since the inflow of economic benefits in respect of such claims cannot be measured due to uncertainties that surround the related events/circumstances, the same has been shown as Contingent Assets.

b) **In case of HCI,** 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 Centaur Hotel Mumbai Airport had to pay an amount of Rs 18.8 million and interest thereon along with legal costs of Rs 4.0million. 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 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.

27. Commitments:

(i) **Capital Commitments**

Estimated amount of contracts remaining to be executed on Capital Account are given hereunder:

Particulars		**(Rs in Million)**
	As on 31st March 2020	**As on 31st March 2019**
Aircraft Related Payments	**5,880.6**	2,195.5
Others	**1,791.3**	1,156.1
Total	**7,671.9**	3,351.6

Note: The above amount includes Capital Commitments in respect of Entities Held for Sale amounting to Rs. 1,073.4 million (PY: Rs 0.3 million).

(ii) **Other Long-Term Commitments**

Corporate Guarantees, Letters of Comfort given by the Company on behalf of its Subsidiary Companies:

Particulars		**(Rs in Million)**
	As on 31stMarch 2020	**As on 31stMarch 2019**
Letters of Comfort	**13,085.2**	12,284.9

Note: The above amount includes Letter of Comfort given by Holding Company AI, in respect of Entities Held for Sale amounting to Rs. 4554.4 million (PY: Rs 4273.0 million).

Against the above Guarantees given by Company, guarantee fee/commission has been charged by the Company at the rate of 0.5%.

28. Disinvestment of Air India Limited

(i) Background to Disinvestment

a) The Government of India (GoI) had given an 'In-Principle' approval for the Strategic Disinvestment of Air India by way of transfer of management control and sale of 100% equity share capital of Air India held by GoI which will include AI's shareholding interest of 100% in AIXL and 50% in AISATS. The GoI has appointed the Transaction Advisor, Legal Advisor and Asset Valuer to guide the GoI and to carry forward the process of Disinvestment.

b) A Special Purpose Vehicle (SPV) was created for warehousing accumulated working capital loans not backed by any asset along-with four subsidiaries AIATSL, AIASL, AIESL, HCI, non-core assets, paintings and artifacts and other non-operational assets. Accordingly, AIAHL, Air India Assets Holding Ltd (AIAHL) was formed.

c) The Preliminary Information Memorandum (PIM) was published in March 2018 to invite the Expression of Interest (EoI) from interested parties to bid for the Disinvestment of the Company. However, no bids were received for this EoI.

d) Pursuant to the fact that no bids were received on the above EoI issued in March 2018, the Air India Specific Alternate Mechanism (AISAM) in its meeting held on 18th June 2018 decided that:

   i) In view of the volatile crude prices and adverse fluctuation in exchange rates, the present environment is not conducive to stimulate interest amongst investors for strategic disinvestment of Air India in the near future.

ii) To undertake near and medium-term efforts to capture operational efficiencies and to improve the performance of Air India.

iii) To monetize non-core land and building assets

iv) To separately decide the contours of the mode of disposal of the subsidiaries viz. AI Engineering Services Ltd (AIESL), AI Airport Services Ltd (AIASL) and Alliance Air Aviation Ltd (AAAL)

v) Once the global economic indicators including oil prices and the forex regime stabilizes, the option of strategic disinvestment of Air India should be brought before AISAM, for deliberating the future course of action.

e) Accordingly, in line with the above decisions conveyed by AISAM, and in view of the deteriorating financial health of Air India Ltd, a Strategic Revival Plan was formulated to take AI back on the path of profitability. The main modalities/directions of this Plan were discussed in the meeting taken by the Hon'ble Finance Minister to discuss the "Plan for Operational & Financial Efficiency in Air India" on 7th September 2018*.*

f) After deliberations in the meeting held on 7th September, 2018 under the chairmanship of Hon'ble Finance Minister the "Plan for Operational & Financial Efficiency in Air India" was approved. In the subject meeting it was decided that Debt amounting to Rs 294,640.0 million to be transferred from Air India Ltd to AIAHL viz Air India Assets Holding Ltd effective 1st October 2018.

g) A Framework Agreement has been executed to give effect to the various transactions relating to AIAHL. The agreement covers the issue of payment of identified loans from the funds to be provided by AIAHL, novation of the NCDs, transfer of the four Subsidiary Companies, the transfer of identified assets/liabilities, transfer of the proceeds of monetization of properties etc to AIAHL.

h) Accordingly, the various decisions of the GoI on the disinvestment of AI, amounts to vesting to AIAHL of debt to the extent of Rs 294,640.0 million against transfer of subsidiaries, non-core assets, paintings and artifacts. The specially formed SPV-AIAHL has therefore accepted liabilities of Air India against the Investments/Assets being transferred. The exact value would be determined only after the actual monetization of properties and sale of subsidiaries is completed.

(ii) Revised Preliminary Information Memorandum (PIM) Issued for the Strategic Disinvestment of Air India Ltd in January 2020

As the overall outlook for aviation sector was stable, the Govt decided to renew the process of disinvestment of AI and accordingly, Department of Investment and Public Assets Management (DIPAM) has issued a fresh PIM on 27th January 2020 for the strategic disinvestment of Air India Ltd including AI's shareholding interest in Air India Express Ltd (AIXL) and AISATS.

The disinvestment exercise of AI has been adversely impacted by the outbreak of COVID-19 pandemic in India starting mid of March 2020. A nationwide lockdown in India was imposed from March 25, 2020, followed by multiple extensions in the lockdown/restrictions imposed by various State Govts. Similar lockdowns were imposed in different parts of the world as well. Considering the prevailing situation arising out of COVID-19, the last date of submission of EoI has been periodically extended and the last date for receipt of EoI is now 14th December 2020.

As per the PIM there is a provision that further debt (to be determined on the basis of the bids received) would be allocated to AIAHL. Similarly, the current & non-current liabilities of AI & AIXL would be reallocated to AIAHL such that the liabilities retained in AI & AIXL would be equal to the current and non-current assets of AI and AIXL.

(iii) Transactions with AIAHL relating to Disinvestment of Air India Ltd

a) In line with the decision of AISAM, a Company by the name of Air India Assets Holding Ltd (AIAHL) has been incorporated with 100% shareholding held by the Government. This entity is an SPV specially formed for the purpose of acquiring from Air India Limited

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

b) Pursuant to the decisions taken in the various AISAM meetings stated above, Air India began the exercise of transfer of identified debt amounting to Rs 294,640.0 million as on 1st October 2018. However, in view of lenders approval for transfer not forthcoming, the debt transfer could not take place and the debt continued to be in the books of Air India Limited. In view of these constraints, the Ministry of Finance approved a refinancing strategy for the identified debt. Based on the meeting held on 30th May, 2019 in the Ministry of Finance, it was decided that AIAHL would raise finances in the following manner to refinance the identified debt of Air India amounting to Rs 294,640.0 million:

i) Non-Convertible Debentures (NCD) of Rs 74,000.0 million to be novated to AIAHL against GoI guarantee

ii) Issue of Govt Fully Serviced Bonds for Rs 70,000.0 million against Letter of Authorization

iii) Issue of Bonds worth Rs 150,640.0 million with full Government Guarantee for the payment of interest and principal thereof,

c) Air India continued to service the interest on the identified loans and the same was reimbursed to AI by AIAHL. Accordingly, a sum of Rs 13,000.0 million in FY 2018-19 and Rs 17,637.4 million in FY 2019-20 was received from AIAHL as reimbursement for the payment of interest/ other costs on transferred loans.

d) Consequent to the issuance of Bonds by AIAHL, AI received from AIAHL Rs 219,850.0 million towards repayment of the Loans.

e) As seen from Paragraph (a) above along with the transfer of debt of Air India to AIAHL, certain assets of Air India are also part of the transfer to AIAHL. Some of these assets which are part of the proposed transfer are earning income including rental income, licensee fee, lease amount, revenue sharing or other revenues. These assets will be monetized and the proceeds received after 1st October 2018 are to be credited to AIAHL through an escrow mechanism for ultimately servicing the transferred debts.

f) Accordingly, Air India had identified 111 such properties as non-core assets for monetization purposes. Out of these properties 22 properties have already been sold and 3 properties have been already surrendered back to the respective allotting authorities. The remaining 86 properties are reflected in 'Assets held for Sale/Transfer/Surrender' and 'Investment Properties' as given hereunder:

Particulars	No of Properties	Net Block Value As on 31.03.2020 (Rs in Million)
Assets Held for Sale	84	70,583.2
Investment Properties (*)	2	4,375.7

(*) Being redeveloped under an agreement prior to monetization

Further, out of the above 84 properties included in Assets Held for Sale, 41 properties having a Net Book Value Rs 3,563.8 million as on 31st March, 2020 have further been identified for surrender to the respective allotting authorities and the proceeds of the same will be transferred to AIAHL.

g) As per the Framework Agreement the beneficial interest in the identified assets remains with Air India until the legal effective date of transfer. Since the properties are still in the name of Air India, the Company i.e. Air India will be disposing off these properties and the sale proceeds of the same will be transferred to the AIAHL through the escrow mechanism as and when received. The Rental Income and the Revenue Sharing arrangements with the Subsidiary Company viz. AIASL is accounted for as income in the books of Air India. However, as per the Framework Agreement AI shall pay AIAHL such identified income (net of cost) on or after 1st October 2018, and hence the same has been adjusted in the Statement of Profit & Loss (refer Note 25).

h) As part of the proposal of transfer of debt to AIAHL, the investments in Subsidiary Companies including investment in Equity Shares and any balance receivable from the Subsidiaries will be transferred to the AIAHL. Accordingly, the investment in Subsidiary Companies along with receivables relating to the Subsidiary Companies which are proposed to be transferred to AIAHL, have been presented as "Assets held for Sale" in the Standalone Financial Statements of the company and therefore, the following Subsidiary Companies balances in the Standalone Financial Statements of the company will be transferred to the AIAHL:

(Rs in Million)

No	Name of Sub Co	Investments		Receivables	
		As on 31.3.2020	As on 31.3.2019	As on 31.3.2020	As on 31.3.2019
a)	Alliance Air Aviation Ltd (AAAL) (Formerly known as Airline Allied Services Ltd (AASL))	4,022.5	4,022.5	17,060.7	16,681.9
b)	AI Airport Service Ltd (AIASL) (Formerly known as Air India Air Transport Services Ltd (AIATSL))	1,384.2	1,384.2	-	-
c)	AI Engineering Services Ltd (AIESL)	1,666.7	1,666.7	14,942.5	17,181.7
d)	Hotel Corporation of India Limited (HCI)	1,106.0	1,106.0	3,433.8	3,052.1
	Total	**8,179.4**	**8,179.4**	**35,437.0**	**36,915.7**

The Net amount payable to AIASL of Rs 1,833.0 million (PY: Rs 606.2 million) has been included in "Trade Payables" as only receivables from subsidiary Company have been classified as "Assets Held for Sale".

i) The Framework Agreement executed between AI and AIAHL lists out the obligations of both the parties. The legal transfer of the Subsidiaries and non-core assets would follow the due process and requires approvals of the relevant authorities. It is agreed by both parties that on completion of all the obligations by AI listed in the Framework Agreement, would be full and adequate consideration for the obligations of AIAHL. As the entire process of transfer of Subsidiaries, Assets and novation of NCDs is not completed in the FY 2019-20, the receipt of funds from SPV and the proceeds of Assets monetized have been credited to a new account "Receipts from AIAHL Towards Restructuring A/c" (RFATR). The balance in this account of Rs 218,434.8 million has been shown as a separate line item between "Equity" and "Liabilities" in the Financial Statements. After the entire transaction is completed the balance in the RFATR A/c will be transferred to "Other Equity".

j) Similarly, the amounts due to/from AIAHL have been shown in the Financial Statements under the head "Liabilities" in the account namely "AIAHL Intermediary Settlement A/c".

k) The two new accounts opened to record the transactions relating to AIAHL namely "Receipts from AIAHL Towards Restructuring (RFATR) A/c" and "AIAHL Intermediary Settlement A/c as on 31st March 2020are summarized below:

No	**Particulars**	**(Rs in Million)**
(I)	**Receipts from AIAHL towards Restructuring (RFATR) A/c**	
	Receipts from AIAHL towards Repayment of Loans	219,850.0
	Add: Amount to be adjusted from monetization proceeds	790.0
	Total amount received towards repayment of identified Loans	**220,640.0**
	Less: Monetization proceeds from the sale of identified properties	2,205.2
	Net Balance in RFATR A/c	**218,434.8**

No	**Particulars**	**(Rs in Million)**	
(II)	**Details of AIAHL Intermediary Settlement A/c**		
	Total amount of identified Loans repaid		2,20,640.0
Less:	Receipts from AIAHL towards Repayment of Loans		2,19,850.0
Less:	Reimbursement received from AIAHL towards Interest/Other Charges		30,637.4
	Balance		**(29,847.4)**
Add:			
a)	Interest due from AIAHL	28,574.7	
b)	Maintenance expenses recoverable from AIAHL	64.6	
c)	Salary etc recoverable from AIAHL	1.6	
d)	Legal Charges recoverable from AIAHL	43.4	**28,684.3**
Less:			
a)	Rent payable to AIAHL	1,424.8	
b)	Revenue Sharing amount payable to AIAHL	545.8	
c)	Monetization proceeds payable to AIAHL (Rs 2205.2 million less Rs 312.7 million directly transferred through Escrow)	1,892.5	**(3,863.1)**
	Net Amount Receivable/(Payable) from/to AIAHL		**(5,026.2)**

l) The above amount due to AIAHL will be reconciled after adjustment of all expenses incurred by Air India towards novation of Bonds of Rs 74000.0 million, maintenance cost of properties, transfer charges, exchange adjustments if any, and impact of receivable/(payables)from/(to)

Subsidiary Companies like AIESL, AAAL, HCI and AIASL as well as any reimbursements received from AIAHL.

m) The effect of all the decisions of various AISAM meetings and decisions of the Government stated above are reflected in the Financial Statements as summarized below:

   i) Out of the identified loans proposed to be transferred to AIAHL, loans amounting to Rs 220,640.0 million have been repaid out of the amount of Rs 219,850.0 million received from AIAHL during the year and the same is reflected in the RFATR A/c.

   ii) Out of the reimbursement of Rs 30,637.4 million from the AIAHL during FY 2018-19 and FY 2019-20 towards interest and other loan related costs paid by Air India on the identified loans, a sum of Rs 13,000.0million has been netted off against Finance cost for the financial year 2018-19 and Rs 15,574.7 million for the financial year 2019-20.

   iii) The Rental Income of Rs 1,424.8 million received from the identified properties and the Revenue Sharing of Rs 545.8 million for the period from 1st October 2018 to 31st March 2020 payable to AIAHL and related cost amounting to Rs 64.6 million recoverable from AIAHL has been adjusted in the Statement of Profit & Loss (refer Note 25).

   iv) As stated above in 28(iii)(f), the book values of the 84 identified properties amounting to Rs 70,583.2 million, are appearing under “Assets held for Sale” and the book values of 2 identified properties amounting to Rs 4,375.7 million are appearing under “Investment Properties”.

   v) The aggregate value of investments in 4 subsidiaries amounting to Rs 8,179.4 million and advances given to the subsidiaries along with interest accrued thereon amounting to Rs 35,437.0million are classified as “Assets held for Sale”.

   vi) Assets held for sale/transfer/surrender identified to be transferred to the AIAHL have also been taken at book value as on 31st March 2020. The gain/loss on assets which have been sold from 1st October 2018 to 31st March 2020 have been accounted for in the Financial Statements of AI.

29. Impact of COVID-19 on Group

The global outbreak of COVID-19 pandemic and the nation-wide lockdown imposed from 25th March 2020 and followed by multiple extensions in lockdown/ restrictions imposed by Central/State Governments had a major impact on the aviation industry. Similar lockdowns were imposed in the different parts of the world as well, leading to a severe dent on the business of the Company. AI had to cease all scheduled domestic and international operations in compliance with the directions issued by the DGCA in the aftermath of the pandemic.

The suspension of all air traffic during this period saw the revenues of the Company plummeting and at the same time, committed and obligated expenditure such as loan repayments, payments to aircraft lessors, salaries etc had to be met during this period leading to a further dent in the already strained financial position of the Company.

Nevertheless, the Company, during this period, on the directions of the Government, conducted some essential air operations to mitigate the hardships brought forward by the unprecedented pandemic times. This included the operation of non-scheduled flights under the Vande Bharat Mission to evacuate stranded fellow citizens throughout the globe. In addition, AI also conducted special charter flights on domestic and some international sectors to facilitate the movement of essential medical and other supplies to various parts of the country and the world. Subsequently, the DGCA also permitted resumption of domestic operations in a calibrated manner with effect from 25th May 2020.

In light of the COVID 19 pandemic, GOI restrictions on domestic and international flights and other prevailing situation, it is very difficult to assess the air passenger and cargo traffic volume for the coming years. This has directly affected the operations and revenues of aviation sector including AI.

However, on its own part, the Group during the COVID period has introduced various measures/ steps to partially offset the adverse financial impact arising out of these difficult times. These include the introduction of salary/allowance cuts across the board for all employees, suspension of all post retirement contractual engagements, introduction of the concept of shorter working week, encouraging the employees to take advantage of the Leave without Pay Scheme etc. The Company also engaged its aircraft lessors in negotiations to secure cuts in lease payments, exercised strict control over vendor payments to ensure best possible use of scarce funds availability.

All airlines including Air India have seen a steep decline in their scale of operations during the first two quarters of FY 2020-21. The estimates of recovery from the impact of COVID-19 have been made by various stakeholders and in most cases, normalcy is projected to return by only around FY 2024 i.e. within 4 to 5 years. Scientific advancements in the fight against COVID-19 and the development of a vaccine to control the pandemic will decide the shape and speed of return to normalcy and which in turn, will determine the nature and traction of global economic recovery from the impact of COVID-19.

The Group has also assessed the impact of COVID-19 on the impairment in the carrying value of its assets, inventories, receivables etc appearing in its financial statements. In developing the assumptions and estimates relating to the future uncertainties in the economic conditions manifested by the pandemic, the Group has relied on various internal and external sources of information. Based on the current indicators of future economic conditions, the management expects to fully recover the carrying value of all its assets. However, given the uncertainties, the final impact on the Group's Financial Statements and Cash Flows cannot be predicted at this time and in future may differ from that estimated as at the date of approval of these financial statements. Further, the impact assessment does not indicate any adverse impact on the ability of the Company to continue as a going concern.

The COVID-19 pandemic is still impacting all economic activities worldwide in varied ways and any current estimates to mitigate its impact need to be continuously monitored and reassessed. The management will continue to closely monitor any material changes based on the future economic conditions.

Additionally, and specifically relating to some of the Subsidiary Companies and JV Companies disclosure of COVID-19 impact is given hereunder:

In the case of HCI, the lockdowns and restrictions imposed on various activities due to COVID – 19 pandemic have posed challenges to the business of the Company. Lockdown guidelines issued by Central/State governments mandated closure of hotel operations and cessation of air traffic and other forms of public transport. This has resulted in low occupancies / shutdowns of our hotels AT Delhi and Srinagar and flight kitchens at Mumbai and Delhi. The Delhi hotel was shut down temporarily during the lockdown phase as the Company was not part of Government denominated essential services. With the lifting of the partial lockdown restrictions, the Company has re-opened the hotels in the non-containment zones, after establishing thorough and well-rehearsed safety protocols. The Company expects the hotels to become fully operational after the lockdown is lifted completely and the confidence of travelers is restored. The Company expects the demand for its services to pick up albeit at a slower pace once lockdown is lifted. The Company has assessed the potential impact of COVID-19 on its capital and financial resources, profitability, liquidity position, and demand for its services. Various steps have been initiated by the Company. The Company does not foresee any disruption in raw material supplies.

In the case of AIASL, the Company had been operating and handling during the COVID period as well by handling various flights carrying essential medical supplies to different parts of India and also providing Ground Handling services, loaning of equipment etc to Charters as well.

In the case of AIXL, the Company to mitigate the impact of COVID 19 outbreak, the Management has taken various steps like operating Cargo flights, availing Working Capital loans under the Emergency Funding Scheme announced by Reserve Bank of India, moratorium on payment of interest on Working Capital loans and aircraft loans, moratorium on payment of aircraft lease rentals, reduction in salary and allowances of employees, allowing employees to work from home, control of payment to various station vendors from the Head Office, operating flights under VBM and air bubble transport agreement, etc. These steps have helped the Company sail through the unprecedented environment created by the Pandemic.

30. Property, Plant and Equipment, ROU and Investment Properties

i) ROU Assets (including Leasehold Land) include certain properties for which title deeds are not available. Details of the same is as under:

						(Rs in Million)
Particulars	**31.03.2020**			**31.03.2019**		
	Area (Sq Mtrs)	**Gross Block**	**Net Block**	**Area (Sq Mts)**	**Gross Block**	**Net Block**
Land Leasehold	**76,874.0**	**180.0**	**180.0**	76,874.0	180.0	180.0

ii) Air India was allotted leasehold land measuring 1,00,021.60 sq.mtrs. by CIDCO at Nerul for Staff Housing Colony. On the above referred land, Air India had constructed 508 flats on a portion of land admeasuring 28,626 sq. mtrs and it has been decided to sell these flats to the employees of Air India and organizations under the control of Ministry of Civil Aviation. In terms of the Orders of Hon'ble High Court at Bombay (the Court), the Company issued allotment letters to 334 allottees out of 508 flats. However, title to the underlying land can only be conveyed by a tripartite conveyance deed between Societies, Air India and CIDCO which is not yet done. Pending conveyance of title of land in favour of the registered societies and completion of all legal formalities necessary adjustments have been made as at the Transition date (1st April 2016). The value of this property is being carried as on 31st March 2020 as given hereunder:

a) Net Value of 334 flats (including cost of land) amounting to Rs.1,483.9 million allotted in earlier years were transferred to Assets held for Sale.

b) Carrying Value of the balance 174 flats and the vacant land amounting to Rs.4,176.2 million being depreciated cost has been shown under Investment Property.

Necessary entries for the sale of the flats will be made on the completion of the legal formalities.

Air India had also paid an advance of Rs. 24.6 million (PY: Rs. 24.6 million) to CIDCO for purchase of another plot of lease hold 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 Air India and no agreement / lease deed has been executed till date. The same has been shown as “Assets held for Sale-Others”.

The monetization proceeds would be credited to AIAHL, through escrow mechanism.

iii) Under disinvestment plan, monetization of the identified properties is in the process, hence fair value of the investment properties could not be disclosed as a confidentiality measure.

iv) The Board of Directors has also decided that the Core Engineering Assets namely MRO at Nagpur, Trivandrum, Hyderabad and Hangars at Delhi, Mumbai, Kolkata and Chennai and all

Engineering facilities including workshop equipment at all airports would be transferred to the Subsidiary AIESL after approval/NOC from the Authorities concerned. At present these assets are appearing in PPE/CWIP Schedule in their respective heads.

v) Disclosure under IND-AS 40 - "Investment Property"

					(Rs in Million)
No	**Particulars**	**2019-20**	**2018-19**		
		Properties Earning Rent	**Properties not Earning Rent**	**Properties Earning Rent**	**Properties not Earning Rent**
A	**Rent Earned**	**26.6**	**-**	-	-
B	**Operating Expenses**				
i)	Security Services	**-**	**3.1**	-	5.2
ii)	Property Taxes	**-**	**2.6**	-	2.6
iii)	Lease Premium	**-**	**24.6**	-	24.6

vi) The removal of charge on the Aircraft taken under finance lease, fully repaid during the year, is under process as lenders have not yet given the NOC for the title transfer due to cross-default clause in other facilities.

vii) **In the case of AAAL**, the company has registered charges of Rs. 2,805.0 million (PY Rs. 2,683.0 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 Companies Act 2013.

31. Assets Held for Sale (AHFS)

Assets held for sale mainly includes:

i) Immovable Properties in respect of which the Board of the Holding Company has accorded its approval for sale/monetization. Hence, these properties have been transferred to "Assets Held for Sale A/c" at lower of their carrying value and fair value less cost to sell. "Assets held for Sale" include certain properties for which title deeds are not available. The details areas under:

						(Rs in Million)
Particulars	**31.03.2020**			**31.03.2019**		
	Area (SqMtrs)	**Gross Block**	**Net Block**	**Area (SqMtrs)**	**Gross Block**	**Net Block**
Land/Buildings Freehold	**18,682.8**	**344.8**	**344.8**	23,904.3	387.1	387.1
Land/Buildings Leasehold	**153,642.7**	**56,475.9**	**56,475.9**	152,413.9	56,403.2	56,403.2
Total	**172,325.5**	**56,820.7**	**56,820.7**	176,318.2	56,790.3	56,790.3

ii) In terms of decision taken, as per the records of the discussions held in the Ministry of Finance on 1st June 2017for the development of assets of AI located at Vasant Vihar Housing Colony, 121410 sqmtrs Rs 51,295.1 million (PY: Rs 51,295.1 million) and Baba Kharag Singh Marg Land 14326.38 sqmtrs Rs 4,770.7 million (PY: Rs 4,770.7 million), these properties have been handed over to the Ministry of Urban Development (MoUD).The MoUD has been entrusted with the overall responsibility of sale of these two properties by the Government and the monetization proceeds will be transferred to AIAHL.

iii) Two B-777-300ER aircraft which have been procured on behalf of Govt of India have been classified as "Assets held for Sale". The entire cost of these aircraft including the cost of modification will be borne by the Govt of India.

iv) During the year, there was diminution in the value of 2 properties under AHFS amounting to Rs 94.3 million, which has been accounted for in the Statement of Profit and Loss.

v) For the purpose of disclosure of non-availability of title deeds in Note No 30 (i) and 31 (i) in respect of Land & Buildings included in AHFS, ROU, Investment Properties and PPE, certain properties for which photocopies are available or for which registration formalities are yet to be completed have not been included. Efforts are being made by the Company to obtain duplicate certified copies of such title deeds and other relevant records of properties in cases where original title deeds are not in possession of the Company. Further, the Company is also in the process of completing registration formalities in respect of such properties.

32. Grants Receivable and Regional Connectivity Scheme of AAAL

i) AAAL is operating following sectors under VGF Arrangements with respective Govt. authorities:

Sr. No	VGF Signed With	Sectors
i	North-East Council	North-East
ii	UT-Lakshadweep	Agatti
iii	UT-Daman & Diu	Diu

ii) MOU executed between the AAAL and Union Territory of Daman & Diu and Dadar Nagar Haveli for providing Air Operation Service on VGF model. The MOU with Union Territory of Daman & Diu and Dadar Nagar Haveli was valid up to 25.10.2017. AAAL is still providing Air operation services and claiming the VGF amount in terms of MOU valid till 25.10.2017. AAAL has already received payments against the services provided till March 2020.AAAL request dated 16.01.2019 for the extension of MOU for the years 2017-18 & 2018-19 to Union Territory of Daman & Diu and Dadar Nagar Haveli is in the process of execution.

iii) Till 31.3.2020 AAAL has been awarded (through bidding process) 95 routes under RCS, out of which 61 are operational. Remaining routes are proposed to be launched in the coming months, which includes 10 routes awarded in second round of allotment, 16 routes awarded in third round of allotment and 08 routes awarded in round 3.1 of allotment, remain non-operational till 31.03.2020, though as per terms of the LOI these are required to be operational during the year 2019-20. Management is of the view that delay in the route to make operational is based on various factors, delay is not on the part of AAAL, therefore AAAL has no liability for the above stated delay in the route making operational. Management is of the view that delay in the route to make operational is based on various factors, delay is not on the part of AAAL, therefore AAAL has no liability for the above stated delay in the route making operational.

33. Compliances and CSR Activities

i) **In the case of AIESL**, as per Companies Act 2013, Sec 149(4), AIESL has not appointed independent director. Consequently, the Audit Committee has no independent director. There is no remuneration committee as per Section 178.

ii) **In respect of AIASL**, CSR activities the Gross amount required to be spent by the Company during the year was Rs. 20.7 million (PY: 19.2 million). However, out of the above, the amount spent was Rs 10.4 million (PY: Rs NIL).

iii) **In case of AIXL**, since, F.Y. 2016-17 and 2017-18, AIXL has been incurring expenditure towards

"Corporate Social Responsibility" (CSR) at the rate of 2% of its "average net profits" computed in accordance with Section 198 of the Companies Act, 2013. Accordingly, Rs. 22.4 million pertaining to earlier years remains to be spent by the Company towards Corporate Social Responsibility for the purpose other than Construction/acquisition of any asset.

iv) **In the case of AIXL**, Debentures listed on Bombay Stock Exchange has been repaid on 26th March 2020. Accordingly, as per regulation 86 (6) of the Listing Obligation and Disclosure requirements (Amendment) Regulations, 2017 (LODR) the Company will be considered as a delisted entity from the date of repayment.

v) **In the case of AIXL**, the company did not file Form 3CEB in respect of Specified Domestic Transactions as required under section 92E of the Income Tax Act, 1961 from F.Y. 2012-13 to F.Y. 2015-16 (both inclusive) as the said matter was pending confirmation by the Holding Company. The Company is unable to ascertain the liability if any due to non-filing of Form 3CEB at this juncture and hence, no provision has been made therefor.

34. Intangible Assets - DGCA License

In the case of AIESL, the company has received DGCA – CAR 145 license dated 1st January, 2015. During the period up to 1st January, 2015 before the business of the Company was set up, expenses of Rs. 2,713.8 million, incurred prior to the date of obtaining the License, were capitalized in FY 2014-15 as Intangible Assets. The same were not amortized till2018-2019.

AIESL has sought opinion from Expert Advisory Committee (EAC) of Institute of Chartered Accountants of India (ICAI) during the year for the accounting treatment of Intangible asset. As per the opinion of ICAI the said expenses has been adjusted with opening Retained Earnings. This restatement has resulted into decrease in retained earnings with corresponding decrease in Asset by Rs. 2,713.8 million.

35. 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 Air India Ltd invoked the Bank Guarantee of Rs. 300.0 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 Arbitral Tribunal. To file an appeal in Delhi High court (Double Bench) against the subject order, Air India Ltd deposited Rs. 220.0 million with Hon'ble High Court as deposit money on 17.11.2015. Against this deposit, as a matter of prudence, a Provision for Doubtful Security Deposit has been made for Rs. 220.0 million, although the matter is sub-judice.

36. Vayudoot

After carrying out all disbursements as per the directions of the Ministry of Civil Aviation pertaining to the merger of Vayudoot with Air India Ltd, a balance amount of Rs 28.2 million (PY: Rs. 28.2 million) remains which has been reflected in the books of accounts of AI as "Liability" under "Vayudoot Settlement Account". However, necessary decision regarding the adjustment of this outstanding amount can be taken only when certain Contingent Liabilities relating to Vayudoot Ltd which continue to be disclosed in the Accounts of the AI are settled. This is mainly because these may lead to future liabilities for AI as they mainly pertain to legal cases pending against Vayudoot.

37. Physical Verification & Reconciliation

i) Fixed Assets:

a) Physical Verification and Reconciliation of major assets viz. Airframes, Aero-engines, APUs and Simulators is carried out at the year end. However, on account of the COVID-19 pandemic and the lockdown imposed in March 2020 onwards throughout the country, the Company could not carry out the physical verification of Airframes, Engines etc. as on 31st March 2020. However, based on certification by Engineering Department the reconciliation of these major assets vis-à-vis financial records was carried out in June 2020 by Internal Audit Department. Further, in the case of land and building (including Investment Properties) reconciliation of number of properties as per fixed assets register vis-à-vis records of holding departments was done. These assets together constitute around 93% of the Gross Block of Assets as on 31st March2020. No major discrepancies were found in the same.

b) The physical verification and reconciliation of assets other than above constituting around 7% of the Gross Block as on 31st March2020, including assets migrated in Fixed Assets Register at block level as one item for which line item identification is under progress. Further, the physical verification of these assets for the biennial period 2018-20 has been completed. However, the necessary action on the Physical Verification Report received is under progress and necessary action on the same will be taken on receipt of approval from the Competent Authority for shortages identified amounting to Rs 111.7 million.

c) **In the case of HCI**, the Company has conducted physical verification of each group of fixed assets in 2019-20. The extent of discrepancies if any, are being ascertained. The resultant impact of the same on the accounts will be dealt with in the year in which finality is reached.

d) **In the case of AIESL and AAAL,** as per the policy, the biennial exercise of physical verification of PPE which was due to be completed in the Biennial year 2018-20 could not be completed due to Global pandemic of COVID-19.

e) **In the case of AIASL,** the physical verification had been conducted by an Independent agency appointed by the AIASL and the Physical verification report dated August 13th,2019, was completed and all accounting impacts of the same were also given in the books of accounts in respect of Assets in excess the company has taken the same in the books @1 for the surplus assets No. of 1427 assets. As regards shortage of 1203 assets of value of Rs. 20.1 million as on 31st March,2019 the same has been depreciated in full to matched with physical balance of assets on hand. However, as per policy of AIASL, the biennial exercise of physical verification of PPE for the period 2018-20 which was due to be completed in the financial year 2019-20 could not be completed due to Global pandemic of COVID-19. The necessary action will be taken in 2020-21.

ii) Inventory:

a) Physical Verification of aircraft/non-aircraft inventory (except inventory lying with third parties) for the biennial period 2018-20 has been completed and shortages of Rs 32.2 million and excesses Rs 15.5 million have been observed. Pending reconciliation/ adjustment at some Regions and approval from the competent authority, a provision amounting to Rs 29.8 million (PY: Rs 23.6 million) for shortages has been made.

b) **In the case of AIESL and AAAL,** as per the policy, exercise of physical verification of inventory which was due to be completed in the Biennial year 2019-20 could not be completed due to Global pandemic of COVID-19.

c) **In the case of AIASL,** due to Covid-19 the Physical Verification of Inventory 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 31st March 2020 and in One location in the month of September, 2020 due to Lockdown. The utilisation of inventories has not been there due reduction in operation. There are certain inventories items pertaining to Engineering and Container spares to the tune of Rs 15.0 million of AI/ AIESL identified by the committee vide report dated June 14th 2019, which will be returned to AI/

AIESL during 2020-2021

38. Effect of changes in Exchange rates (IndAS-21)

i) Transactions relating to Foreign Inventory Procurements and closing balances of certain foreign currency monetary items have not been translated at the date of transaction/in accordance with the provisions of Ind AS due to complexity of transactions. The impact of translation of the same is not ascertained; however, the same is not likely to be material.

ii) The Group has not adopted Appendix B to Ind AS 21 – Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. However, the effect on account of non-adoption of this amendment is not likely to be material.

39. Confirmations/Reconciliations

i) The reconciliation of receivables and payables including, suspense/control ledgers and staff related accounts is under process. Impact, if any, of consequential adjustment arising out of reconciliation will be dealt with in the year of completion of Reconciliation.

ii) The Group has sought the confirmation of balances for major receivables, payables and inventory lying with third parties. However, only some of the parties have responded. Wherever the balances confirmed by the parties are not in agreement with the books, reconciliation of difference is under process.

iii) Tax Deducted at source (TDS) credits in respect of Income Tax and Provident Fund liability in respect of both employees' and employer's contribution are still pending to be reconciled with tax credit statement (Form 26AS) and Employees' Provident Fund Trusts books respectively.

iv) **In case of HCI**

The matter relating to the 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 15thOctober 2004 and all the matters of divergent views were settled.

a) Amount receivable from J & K government in respect of cost sharing arrangements with SKICC is Rs 119.8 million (PY: Rs 112.4 million).

b) The amount payable to J & K government on account of joint construction is Rs. 45.2 million (PY: Rs 45.2 million) and amount receivable on account of joint construction is Rs. 41.8 million (PY: Rs. 41.8 million).

These balances are subject to reconciliation and confirmation. Adjustment, if any will be accounted in the year in which finality is reached.

v) **In the case of AIASL,** 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. 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.

vi) **In the case of AIASL,** the Company has submitted its claims of Rs. 250.2million (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 Rs. 166.1 million has been admitted. However, 100% provision of ECL of the receivables from M/s Jet Airways (India) Ltd has been provided.

40. Bank Accounts Confirmation

(i) The Holding Company has requested for confirmation/Bank Statements/Direct confirmation as on 31st March 2020 to Statutory Auditors. The Company has obtained confirmation/bank statements in respect of bank accounts/fixed deposits/loan accounts except for 17 bank accounts (PY: 2 bank accounts) carrying aggregate balance of Rs. 30.6 million (PY: Rs 0.3 million). However, as per the Statutory Auditors they have not received the confirmations directly in respect of 219 bank accounts (PY: 168 Bank Accounts) carrying aggregate balance of Rs 2,892.2 million (PY: 1,589.5 million), Fixed Deposit accounts carrying aggregate balance of Rs 1,280.1 million (PY: Rs 803.9 million) and Loans taken from a foreign bank carrying balance amounting to Rs 3,662.0 million (PY: Rs 9,059.3 million) as on 31st March 2020.

(ii) As on 31st March 2020, the Holding Company has inoperative Bank accounts carrying a total balance of Rs 5.8 million (PY: Rs 5.0 million).

41. Internal Control

The Group and Subsidiary Companies transferred to Discontinued Operation and Held for Sale are in the process of strengthening the internal audit process so as to ensure the coverage of all the areas as envisaged in the Minimum Audit Program and ensure effective internal controls at stations, regional offices, user departments and Central Accounts Office. To comply with the same, Independent Chartered Accountants firms have been appointed by the Group and Subsidiary Companies transferred to Discontinued Operation and Held for Sale. System for uniform and timely accounting in SAP as well as other software, including interface with each other, is under process of being strengthened.

42. Inventories

i) The Work Order Suspense account includes items of Rs. 1,367.5 million (PY: Rs 2,371.3 million) out of which provision has been made for Rs 1,065.6 (PY: Rs 2,233.9 million) for all the items irrespective of work completion status upto September 2019, items in completed status upto March 2020, heavy checks upto December 2019 and in-transit checks/express checks upto March 2020.

ii) Pending reconciliation/rectification, provision of Rs. 147.6 million (PY: Rs 246.1 million) has been made towards the inventory balances lying under various intermediary /suspense accounts under RAMCO system for which consumption / issue / scrappage has not been updated until 31st March2020. The amount lying in such accounts as at 31st March2020 is Rs 472.7million (PY: Rs. 448.9 million).

iii) The accounting of FDI (Freight, Duty and Incidentals) in RAMCO is done on block level instead of at transaction level. At the year end, FDI is expensed out on the basis of ratio of the inventory consumed during the year to the total inventory. The total of FDI expensed out during the year amounts to Rs 959.9 million (PY: Rs1,031.0million). This practice has been followed consistently in view of bulk and consolidated movement of spares, and difficulty in identifying and allocating item wise FDI.

iv) **In the case of AIXL,**

a) AIXL appointed a firm of Chartered Accountants to carry out physical verification of the Inventories and match the same with the RAMCO System. On account of lockdown due to COVID-19, AIXL has conducted physical verification of only part of the inventory at the Mumbai location subsequent to the year end and at Trivandrum location during the year 2019-20. On the basis of their report, AIXL made further adjustments to the Inventories by reducing the value thereof and adjusting the material consumption by Rs.62.66 Million (net)

(Previous year Rs.15.61 Million). With respect to the balance part of inventories at Mumbai and Trivandrum location and all the inventories at other locations (including inventory lying with third parties), discrepancies, if any, which may have remained undetected & unadjusted will be adjusted in subsequent financial year.

b) On the basis of information provided by MMD department and verified / accepted relation to non-moving items of stores & spares inventories, the provision for inventory obsolescence as on 31st March, 2020 to Rs.91.01 Million (Previous year Rs.197.42 Million)

c) The Inventories of aircraft spares have been valued “at cost” thereof since the cost is lower than the “Catalogue Price” or the prices to the extent available in “Public Domain”. The Other Consumables have been valued at cost, it being lower than the available comparable market values.

d) Inventory balances lying in various intermediary / suspense heads under RAMCO system for which consumption / issue / scrapping is pending update until 31st March, 2020 aggregating to Rs Rs.690.20 Million (Previous year Rs. 1,329.72 Million). Pending reconciliation / rectification, provision of Rs.293.84 Million (Previous Year Rs.56.28 Million) is made towards the inventory balances.

e) Further, Inventory issued for repairs but not consumed until the year end is valued at weighted average cost at which these were issued from the main stores based on specific identification method.

v) **In the case of AAAL**, due to changes carried out by RAMCO during the year to reconfigure the system, there are some differences in values appearing in RAMCO system viz-a-viz SAP amounting to Rs 122.6 million out of which Rs. 62.8 million has been adjusted in 2020-21. Balance of Rs. 59.8 million are to be adjusted either against advance or in stock with no impact in profit & loss account.

43. Status of Reconciliation with Airport Operators

i) In respect of the Holding Company AI, the reconciliation with various Airport Operators has been carried out during the year and the status of the same as on 31st March 2020 is given hereunder:

(Rupees in Million)

No	Name of Airport Operator	Balance Payable as per Air India Ltd as on 31.03.2020	Balance Receivable as per Airport Operators as on 31.03.2020	Difference
1	Airport Authority of India (AAI)	15,920.0	22,381.7	(6,461.7)
2	Mumbai International Airport Ltd (MIAL)	1,637.0	1,646.9	(9.9)
3	Delhi International Airport Ltd (DIAL)	1,828.3	1,827.1	1.2
4	Cochin International Airport Ltd (CIAL)	223.9	205.9	18.0
5	Greater Hyderabad International Airport Ltd (GHIAL)	310.9	361.9	(51.0)
6	Bangalore International Airport Limited (BIAL)	137.3	147.4	(10.1)
7	MIHAN Nagpur	7.2	48.4	(41.2)

ii) The major reasons for the difference are due to payments/credits given by AI up to 31st March

2020 for which accounting effect by the Airport Operators is yet to be given and the difference due to disputes in rates applied for landing and parking charges, ground handling, royalty, space rentals, etc. which are not as per terms of the Agreements. In the case of some Airport Operators, wherever un-reconciled difference is there, the same has been disclosed as Contingent Liability.

iii) The balances in respect of AAI are in the process of reconciliation. The differences are mainly on account of effect of, 'Umbrella Agreement' signed between AI and AAI in FY 2018-19, MoU relating to revenue sharing of Cargo Complex Mumbai and TDS credits not considered by AAI. The process of reconciliation and adjustment in regard to these issues is going on at all Regions with AAI and necessary effect for the same will be given on the completion of the reconciliation of all balances with AAI. However, the un-reconciled difference of Rs 780.7 million has been disclosed as Contingent Liability.

iv) **In the case of AAAL**,

a) The accounts with BIAL, DIAL, HIAL and MIAL have been reconciled upto 31st March, 2020.

b) No interest claim has been received on overdue amount from any private airport operators. During the current year, the Air India management has engaged the services of an outside professional firm for deciding the interest rate of the private operator based on the actual finance cost incurred by them on this account and necessary action will be taken only on reconciliation and confirmation from the private operator. AAAL will follow the decision taken by Air India in this regard. On acceptance, the claim on account of interest on overdue amount by Air India, AAAL will also accept the same in books in line with Air India.

c) The reconciliation of dues with Airport Authority of India (AAI) is in progress for finalization. However, during the year 2019-20 the reconciliation with AAI has been completed for FY 2018-19 and FY 2019-20. Similar process of reconciliation for the previous years prior to FY 2018-19 is also in progress. As per the books of AAAL, an amount of Rs 434.5 million (PY: Rs 429.5 million) was payable to AAI as on 31st March 2020.

d) AAAL has started operating on Shirdi Airport from October 2017. Shirdi Airport is a small Airport under the control of Maharashtra Airport Development Company Ltd. (Govt. of Maharashtra undertaking). The Agreement with the airport operator is under process. The bills received for space/electricity and PSF/ASF have been booked, however the payments will be initiated once the agreement is finalized.

v) **In the case of AIASL**, the Royalties recovered from clients and payable to Airport Authority of India and MIAL are under reconciliation. 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.

vi) **In the case of HCI,** as per the Agreement between Airports Authority of India (AAI) and HCI the lease period for the land on which Centaur Hotel Delhi and Chefair Delhi is located, is valid till 31.3.2031. However, AAI had served notice dated 8th 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 had been granted. Thus, HCI was required to give vacant possession of land by 30.11.2019 and surrender the said leasehold land to AAI by 31st 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 decided that the land is not required by AAI for aeronautical purpose then full permission may be given to HCI for commercial utilization 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 31.03.2031 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.

vii) **In the case of AIXL**, e Company is in the process of ascertaining the reason for unreconciled Airport Tax Payable of Rs. 176.9 Million and the same will be adjusted in the year in which the said process is completed.

44. Entitlement of "Service Export from India Scheme" (SEIS)

i) **In the case of AIXL,** the company has accounted for applicable credit under the "Service Export from India Scheme" (SEIS), an amount of Rs.829.28 Million at the estimated net releasable value as on 31st March 2020 (Previous Year Rs.552.47 Million). The application has not been submitted as the DGFT e-commerce portal has not yet opened for acceptance of applications for FY 2019-20.

ii) **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), AIASL is in the process of submitting of claim for the FY 2018-19 and 2019-20. Pending submission of claim no export entitlement has been recognized for such financial years in the current year. During the current year, AIASL has been granted scrips of FY 2016-17 and FY 2017-18 by DGFT, accordingly an amount of Rs.25.3 million has been recognized as other income.

Further, AIASL has operated the account of Provision no longer required is Rs.101.0 million of which the major portion of Rs 97.0 million is in respect of SEIS provision of FY 2016-17 made earlier now reversed as scripts relating to the FY 2016-17 were allotted to the Company during the FY 2019-20.

45. In the case of AIXL and HCI, the Current Assets and Loans and Advances and Liabilities are approximately of the value stated if realized in the ordinary course of business. The provision for depreciation and for all known liabilities is adequate and not in excess of the amount reasonably necessary.

46. Segment Reporting:

i) The Group has a number of entities which are managed as individual operating companies including Airline and platform functions. The platform functions of the business primarily support the airline operations. These activities are not considered to be reportable operating segments as they earn revenues incidental to the activities of the Group. Accordingly, the airline related business is the only reportable segment. The details of geographical area wise revenue earned (derived by allocating revenue to the area in which the sales were made) are given hereunder:

			(Rs in Million)
	Particulars	**2019-20**	**2018-19**
a)	USA/Canada	32,171.1	31,177.6
b)	UK/Europe	25,902.7	23,338.4
c)	Asia (excluding India), Africa and Australia	54,820.7	53,266.3
d)	India	211,502.9	185,222.1
	Total	**324,397.4**	**293,004.4**

Note: The above amount includes Segment Reporting in respect of Entities Held for Sale amounting to Rs. 22.2 million (PY: Nil) in respect of Asia (excluding India) Africa and Australia and Rs 30,753.4 million (PY: Rs 27,340.9 million) in respect of India.

ii) Major revenue-earning asset of the Group is the aircraft fleet, which is flexibly deployed across its worldwide route network. Other non-current assets (other than financial instruments) located outside India are not material, hence, not disclosed.

iii) There are no customers having revenue exceeding 10% of total revenues in current year as well as previous year.

47. Related Party Transactions:

Disclosure of the names and relationship of the Related Parties as required under IND AS-24are as under:

A. Key Management Personnel &Relatives:

I. **Transactions with Key Managerial Personnel**

a) There are no transactions with key managerial personnel other than Remuneration and Perquisites to Chairman & Managing Director, Functional Directors and Sitting fees to Independent Directors.

b) No loans or credit transactions were outstanding with Directors or officers of the Company or their Relatives as at 31st March, 2020 (PY: Rs Nil).

II. **List of Key Management Personnel & Relatives of Air India Limited (AIL)**

	Name	**Particulars**
(A)	**Whole-Time Directors**	
1	Shri Pradeep Singh Kharola	Chairman & Managing Director (Ceased to be CMD effective 14thFebruary 2019)
	Shri Ashwani Lohani	Chairman & Managing Director (Ceased to be CMD effective 14thFebruary 2020)
	Shri Rajiv Bansal	Chairman & Managing Director (Appointed as CMD effective 14thFebruary 2020)
2	Shri Vinod Hejmadi	Director – Finance
3	Ms. Amrita Sharan	Director-Personnel (Appointed on the Board effective 14thJuly 2020)
4	Ms. Meenakshi Mallik	Director-Commercial (Appointed on the Board effective 14thJuly 2020)

5	Capt. Rajwinder Singh Sandhu	Director Operations (Appointed on the Board effective 24th July 2020)
6	Shri Pankaj Srivastava	Director Commercial (Ceased to be Director upon superannuation w.e.f. 01.05.2018)
7	Shri Arvind Kathpalia	Director Operations (Ceased to be Director on 13.11.2018))
(B)	**Government Nominee Directors**	
8	Shri Vimalendra Anand Patwardhan	Additional Secretary & Financial Advisor, Ministry of Civil Aviation. (Appointed on the Board effective 18th February 2020)
	Shri Praveen Garg	Additional Secretary & Financial Advisor, Ministry of Civil Aviation. (Appointed on the Board effective 30th August, 2019 and ceased to be on the Board effective 18th February 2020)
	Ms Gargi Kaul	Additional Secretary & Financial Advisor, Ministry of Civil Aviation. (Ceased to be on the Board effective 24th January 2019)
	Shri Arun Kumar	Additional Secretary & Financial Advisor, Ministry of Civil Aviation. (Ceased to be on the Board effective 10th July 2019)
9	Shri Satyendra Kumar Mishra	Joint Secretary, Ministry of Civil Aviation.
(C)	**Independent Directors**	
10	(Dr.) Shri Ravinder Kumar Tyagi	Ceased to be on the Board effective 31st May 2020
11	(Dr.) Shri Syed Zafar Islam	Ceased to be on the Board effective 31st May 2020
12	Shri Y.C. Deveshwar	Ceased to be on the Board effective 11th May 2019
13	Shri Kumar Mangalam Birla	
14	Smt. Purandeswari Daggubati	

III. **List of Key Management Personnel & Relatives of Air India Express Limited (AIXL)**

Sr No	Name	Particulars
1	Shri. Rajiv Bansal	Chairman (Appointed on the Board effective 14th February, 2020)
	Shri. Ashwani Lohani	Chairman (Ceased to be on the Board effective 14th February, 2020)
2	Shri. Pranjol Chandra	Director
3	Smt. Kusum Lata Sharma	Director (Appointed on the Board effective 20th January, 2020)

	Shri. Angshumali Rastogi	Director (Ceased to be on the Board effective 20th January, 2020)
4	Shri. Vinod Shanker Hejmadi	Director

IV. **List of Board of Directors of Hotel Corporation of India Limited (HCI)**

Sr. No	**Name**	**Designation**
1	Shri Rajiv Bansal	Part-time Chairman (Appointed on the Board w.e.f. 14th February, 2020)
	Shri Ashwani Lohani	Part-time Chairman (Ceased to be on the Board w.e.f. 14th February, 2020)
2	Shri Vinod Hejmadi	Nominee Director of Air India (Ceased to be on the Board w.e.f. 11th September, 2020)
3	Ms Amrita Sharan	Nominee Director of Air India (Appointed on the Board w.e.f. 11th September, 2020)
4	Shri Arun Kumar	Government Nominee Director (Appointed on the Board w.e.f. 10th July, 2019)
	Shri Praveen Garg	Government Nominee Director Additional Secretary & Financial Advisor, Ministry of Civil Aviation. (Ceased to be on the Board w.e.f. 18th February, 2020)
	Shri Vimalendra Anand Patwardhan	Government Nominee Director Additional Secretary & Financial Advisor, Ministry of Civil Aviation. (Appointed on the Board w.e.f. 20th March, 2020)
5	Shri Satyendra Kumar Mishra	Government Nominee Director
6	Shri Pankaj Kumar	Managing Director (Ceased to be on the Board w.e.f. 1st May, 2019)

V. **List of Board of Directors of AI Engineering Services Limited (AIESL)**

Sr. No	**Name**	**Designation**
1	Shri Rajiv Bansal	Part-time Chairman (Appointed on the Board w.e.f. 14th February, 2020)
	Shri Ashwani Lohani	Part-time Chairman (Cease on the Board w.e.f. 14th February, 2020)
2	Shri Arun Kumar	Government Nominee Director (Ceased to be on the Board w.e.f. 10th July, 2019)

	Shri Praveen Garg	Government Nominee Director Additional Secretary & Financial Advisor, Ministry of Civil Aviation. (Ceased to be on the Board w.e.f. 18th February, 2020)
	Shri Vimalendra Anand Patwardhan	Government Nominee Director Additional Secretary & Financial Advisor, Ministry of Civil Aviation. (Appointed on the Board w.e.f. 20th March, 2020)
3	Shri Satyendra Kumar Mishra	Government Nominee Director Joint Secretary, Ministry of Civil Aviation
4	Shri Vinod Hejmadi	Nominee Director of Air India (Ceased to be on the Board w.e.f. 11th September, 2020)
5	Ms Meenakshi Malik	Director Commercial of Air India, Air India Nominee Director and Women Director (Appointed on the Board w.e.f. 11th September, 2020)

VI. **List of Board of Directors of Alliance Air Aviation Limited (AAAL)**

Sr. No	Name	Designation
1	Shri Rajiv Bansal	Part-time Chairman (Appointed on the Board w.e.f. 14th February, 2020)
	Shri Ashwani Lohani	Part-time Chairman (Cease on the Board w.e.f. 14th February, 2020)
2	Shri Vinod Hejmadi	Director Finance of Air India Limited
3	Shri Pankaj Kumar	Regional Director (NR) Air India Limited (Ceased to be on the Board w.e.f. 1st May, 2019)
4	Shri Prem Singh Negi	Regional Director (NR) Air India Limited (Appointed on the Board w.e.f. 7th October, 2019)
5	Shri Angshumali Rastogi	Director Finance, Ministry of Civil Aviation (Ceased to be on the Board w.e.f. 20th January, 2020)
	Shri Pranjol Chandra	Director, Ministry of Civil Aviation.
6	Smt Kusum Lata Sharma	Director, Ministry of Civil Aviation. (Appointed on the Board w.e.f. 20th January, 2020)

VII. **List of Board of Directors of AI Airport Services Limited (AIASL)**

Sr. No	Name	Designation
1	Shri Rajiv Bansal	Part-time Chairman (Appointed on the Board w.e.f. 14th February, 2020)

	Shri Ashwani Lohani	Part-time Chairman (Cease on the Board w.e.f. 14th February, 2020)
2	Shri Arun Kumar	Government Nominee Director (Ceased to be on the Board w.e.f. 10th July, 2019)
	Shri Praveen Garg	Government Nominee Director Additional Secretary & Financial Advisor, Ministry of Civil Aviation. (Ceased to be on the Board w.e.f. 18th February, 2020)
	Shri Vimalendra Anand Patwardhan	Government Nominee Director Additional Secretary & Financial Advisor, Ministry of Civil Aviation. (Appointed on the Board w.e.f. 20th March, 2020)
3	Shri Satyendra Kumar Mishra	Government Nominee Director Joint Secretary, Ministry of Civil Aviation
4	Shri Vinod Hejmadi	Nominee Director of Air India (Ceased to be on the Board w.e.f. 11th September, 2020)
5	Ms Meenakshi Malik	Director Commercial of Air India, Air India Nominee Director and Women Director (Appointed on the Board w.e.f. 11th September, 2020)

VIII. **List of Board of Directors of Air India SATS Airport Services Pvt Limited (AI-SATS)**

Sr. No	**Name**	**Designation**
1	Shri Pradeep Singh Kharola	Chairman (Ceased to be on the Board w.e.f. 14th February, 2019)
2	Shri Ashwani Lohani	Chairman (Ceased to be on the Board w.e.f. 14th February, 2020)
3	Shri Rajiv Bansal	Chairman (Appointed on the Board w.e.f. 14th February, 2020)
4	Mr Yacooob Bin Ahmed Piperdi	Director
5	Mr Denis Marie	Director (Appointed w.e.f 7th March 2019)
6	Mr Vinod Hejmadi	Director
7	Mr Ramanathan Rajamani	Director
8	Ms Meenakshi Malik	Director

i) **Key Managerial Remuneration**

(a) Salary and Allowances (In respect of Holding Company, AIL)

No	Particulars	(Rs in Million)	
		2019-20	2018-19
(a)	***Chairman & Managing Director***		
	Salaries & Allowances (including value of perquisites 2019-20: Rs 0.03 million (PY: Rs Nil million)	**1.7**	3.1
(b)	***Functional Directors***		
i)	Salaries & Allowances (including value of perquisites 2019-20: Rs 0.04 million (PY: Rs 0.06 million)	**3.0**	15.7
ii)	Contribution to Provident Fund	**0.2**	0.6
(c)	***Independent Directors***		
	Sitting Fees paid to Independent Directors	**0.5**	0.7

Note: Transactions such as providing airline related services in the normal course of business are not included above.

(b) Employee Benefits Obligations (In respect of Holding Company, AIL)

			(Rs in Million)
No	**Particulars**	**2019-20**	**2018-19**
i)	Gratuity Provision	**1.7**	3.4
ii)	Leave Encashment Provision	**2.7**	4.5
iii)	Salary Outstanding at year end	**0.3**	1.7

B. Transactions and Balances with Air India SATS Airport Services Pvt Ltd (AI-SATS)

i) **Entities and Nature of Transactions**

			(Rs in Million)
No	**Transactions**	**2019-20**	2018-19
1	**AI-SATS**		
a)	***Expenditure***		
i)	Handling Charges	**2,893.8**	2,734.0
b)	***Revenue***		
i)	Asset Usage Charges	**42.6**	-
ii)	Others	**429.8**	729.5
iii)	Dividend	**12.1**	20.2
c)	***Payable as per AI books***	**1,344.7**	859.1
d)	***Transactions of JV with Subsidiary Cos***		
i)	AAAL	**114.3**	108.8
ii)	AIESL	**155.2**	255.0
iii)	AIXL	**172.6**	177.0

iv)	AIASL	**-**	2.6
v)	HCI	**-**	-
	Total	**442.1**	543.3
e)	***Closing Balances of JV with Subsidiary Companies***		
i)	AAAL	**300.2**	185.9
ii)	AIESL	**737.8**	558.8
iii)	AIXL	**47.5**	77.0
iv)	AIASL	**2.6**	2.6
v)	HCI	**-**	-
	Total	**1,088.1**	824.3

ii) The holding company has entered into Joint Venture (JV) agreement with SATS, Singapore in the equity ratio of 50:50 to provide ground handling services to airlines at certain airports this was in pursuance of GOI notification on the ground handling policy.

iii) As per the books of AI, the net balance payable to AI-SATS as on 31st March 2020 is Rs 1,344.7 million (PY: Rs.859.1 Million) and as per the books of AI-SATS the net balance receivable from AI is Rs 1,357.3 million (PY: Rs 892.6 million). The difference of Rs 12.6 million (PY: Rs 33.5 million) is on account of TDS deducted but not remitted by Air India Ltd as on 31.3.2020.

C. Transactions with Provident Fund Trusts

				(Rs in Million)
Particulars	**2019-20**		**2018-19**	
	PF Contribution during the Year	**Outstanding as on 31.03.2020**	**PF Contribution during the Year**	**Outstanding as on 31.03.2019**
Trust created by Group				
PF Trusts Dues	951.1	2,541.8	742.9	382.9
Trust created by Companies held for Sale and Discontinued Operations				
AASL PF Trust	12.1	8.5	10.4	-

Note: The above amount includes total PF amounts in respect of Entities Held for Sale amounting to Rs. 12.1 million (PY: Rs 10.4 million) towards PF contribution during the year and Rs 8.5 million (PY: Nil) towards outstanding as on 31.03.2020.

D. Major Transactions with Govt/Govt Related Entities

S. No	Name	Relationship
1	Airport Authority of India	Central PSU
2	Indian Oil Co Ltd	Central PSU
3	Hindustan Petroleum Co Ltd	Central PSU
4	Bharat Petroleum Co Ltd	Central PSU
5	Air India Assets Holding Co Ltd	Central PSU
6	National Small Savings Fund (NSSF)	Govt Department
7	Govt of India	Promoter

The details of the major transactions of Revenue and Expenditure of the Group with Govt Related Entities are given hereunder:

(Rs in Million)

No	Name of Entity	Nature of Transactions	2019-20		2018-19	
			Balance as on 31st Mar'2020	Amount of Transactions during the year	Balance as on 31st Mar'2019	Amount of Transactions during the year
1	Airport Authority of India	Airport Usage Charges	**15,920.0**	**4,652.1**	14,374.7	4,959.6
2	Indian Oil Co Ltd	Fuel and ATF Purchases	**23,447.0**	**42,498.7**	18,369.2	45582.5
		Interest on delayed payments	**1,466.8**	**1,466.8**	1,688.6	1,688.6
3	Hindustan Petroleum Co Ltd	Fuel and ATF Purchases	**7,576.0**	**10,243.0**	6,302.0	12177.1
		Interest on delayed payments	**491.1**	**491.1**	649.1	649.1
4	Bharat Petroleum Co Ltd	Fuel and ATF Purchases	**8,610.6**	**8,519.5**	6,244.4	9247.7
		Interest on delayed payments	**569.8**	**569.8**	545.5	545.5
5	Govt of India - Various Ministries and Departments	SESF Flights Revenue	**6,478.6**	**9,082.0**	6,467.9	8,824.2
		Charter Revenue – Others	**926.7**	**2733.1**	1,226.6	2492.4
		Mail Revenue	**204.8**	**594.2**	611.1	592.5
		Loan from National Small Savings Fund (NSSF)	**26,360.0**	**-**	26,360.0	26,360.0
		Interest on Loan from NSSF	**2,240.6**	**2,240.6**	847.7	847.7
		Ground Handling Revenue from IAF/ BSF/Navy	**0**	**46.2**	0	41.2
6	Air India Assets Holding Co Ltd	Reimbursement of Interest on AI Loans carved out to AIAHL	**-**	**17,637.4**	-	13,000.0

		Rental Income and Revenue Sharing net off related cost to be transferred to AIAHL	-	**1,906.0**	-	-
		Monetization Proceeds to be transferred to AIAHL	-	**2,205.2**	-	-
		Other Misc. Transactions	-	**45.0**	-	-
		Funds received from AIAHL for repayment of identified Loans	-	**219,850.0**	-	-
		Balance in AIAHL Intermediary Settlement A/c	**5,026.2**	-	-	-
		Advance for expenditure	-	-	0.45	0.45
7	Govt of India	Equity Infusion from Govt	**326,652.1**	-	326,652.1	39,750.0
		Share Application money pending allotment	-	**0.01**	-	-
		Advance received for 2 SESF Aircraft	**37,398.6**	**2,723.5**	34,675.2	4,675.2
		Subsidy for Operation from Government	-	**2388.9**	-	1225.4
		Guarantee Fee	**18,275.0**	**3,428.5**	14,970.6	6,579.1

<u>Note</u>: (a)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.

(b) The above amounts include Transactions with Government related entities in respect of Entities Held For Sale amounting to Rs 4,754.4 million (PY: 3,806.1 million). However, the year end balances given above are in respect of Air India only.

48. Interest in Joint Venture Air India SATS Airport Services Pvt Ltd

i) **Disclosure relating to AI-SATS**

			(Rs in Million)
No	**Transactions**	**2019-20**	**2018-19**
a)	**Expenditure**		
i)	Handling Charges	**2,893.8**	2,734.0
b)	**Revenue**		
i)	Asset Usage Charges	**42.6**	-
ii)	Dividend	**12.1**	20.2
iii)	Others	**429.8**	729.5
c)	**Payable as per AI Books**	**1,344.7**	859.1

The Company has entered into Joint Venture (JV) agreement with SATS, Singapore in the equity ratio of 50:50 to provide ground handling services to airlines at certain airports and this was in pursuance of GOI notification on the ground handling policy.

ii) **Capital Commitments and Contingent Liabilities in respect of Company share in AI-SATS Joint Venture**

(**Rs in million)**

No	**Particulars**	**31st March, 2020**	**31st March, 2019**
1.	*Estimated amount of contracts remaining to be executed in respect of PPE and Other Intangible Assets*	27.9	-
2.	*Company's exposure in respect of performance bank guarantee issued to various parties*	244.6	229.0
3.	*Claims against the Company not acknowledged as debts.*		-
4.	*Taxation matters:*		
(i)	Income Tax Appeals being contested by the JV	210.4	161.2
	Less: Payment under protest in respect of these Appeals	(75.4)	(65.6)
(ii)	Other Income Tax Matters	109.5	109.5
5.	*Other than Taxation matters*		
(i)	Demand against the ESIC	11.4	2.7
	Less: Payment under protest in respect of these Demands	(1.7)	(2.7)

49. 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 29th, 2016 with HAL to provide the expertise of the Company for Ground Handling Services at HAL 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 AIASL. Accordingly, 50% share of net profit of HAL for the current year amounting to Rs 9.1 Million has been accounted for as Other Income.

(Rs in Million)

Name of the Joint Working Group	AIJWG	
	As at March 31st, 2020	As at March 31st, 2019
Share of Company / Ownership Interest	**50%**	50%
Income - Company's Share	**22.2**	24.7
Expenditure - Company's Share	**4.0**	6.0
Profit / (Loss) - Company's Share	**18.2**	18.8
Share of income from Joint Working Groups of the Company with HAL	**9.1**	9.3
Contingent Liability	**-**	-

50. Ind AS 116 Leases

(I) Transition to Ind AS 116

Ind AS 116 supersedes Ind AS 17 Leases including its appendices. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet.

The Group has applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognized on the date of initial application (i.e. 1stApril 2019). Accordingly, the Group has not restated comparative information; instead, the cumulative effect of initially applying this standard has been recognized as an adjustment to the opening balance of Retained Earnings as on 1stApril 2019.

The Group has applied following other practical expedients on transition to Ind AS 116 on initial application:

a) The Group applied practical expedient to "Grandfather Approach" for the assessment as to which transactions are to be categorized as leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

b) Use of a single average discounting rate to portfolio of leases of similar assets in similar economic environment with similar conditions for end dates. Accordingly, a single incremental borrowing rate as on 1st April 2019 has been applied for discounting the future lease payments. The lease liability is initially measured at amortized cost at the present value of the future lease payments. \

c) 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.

d) The Group has used hindsight in determining the lease term where the contract contains options to extend or terminate the lease. Further, the Group has relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review. There were no onerous contracts as on 1st April 2019.

e) The Group has excluded initial direct costs for the measurement of the ROU Assets at the date of initial application.

The Group as a Lessee at the time of commencement of the lease, has recognized Right-of-Use (ROU)Assets representing the underlying assets and lease liabilities as its obligation to make the lease payments. The lease arrangements for a term of more than 12 months have been treated as ROU Assets. The Right to Use Assets are recognized at the present value of the lease liability and the estimated amount payable at the time of redelivery of the Aircraft as on 1st April 2019, depreciated on straight line method over the complete term of the lease.

In respect of other leases for various residential/commercial premises/vehicles/office equipment etc. (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, the management is in the process of collating the necessary information for evaluating the applicability of the Lease standard. Pending evaluation these have not been considered as ROU under Ind AS 116 and rent of the same has been charged systematically to the Statement of Profit &Loss within the lease period. The management is of the view that the impact of this is not expected to be material.

(II) **Disclosures under Ind AS 116**

a) **In the case of Air India Limited:**

(i) Cumulative effect of initial application on Lease Liabilities

Particulars	**(Rs in Million)**
Lease commitments as at 31st March 2019	43,832.5
Add: Recognition of ROU Assets	226,573.1
Lease Liabilities as on 1st April 2019	270,405.6

(ii) The impact on the Financial Statements on account of the transition to Ind AS 116 is as follows:

	(Rs in Million)
Particulars	**As at 1st April, 2019**
Decrease in Property, Plant and Equipment (PPE)	116,266.9
Add: Increase in Lease Liability	226,573.1
Less: Increase in Right of Use (ROU) Assets	344,744.6
Adjustments due to change in Discount rate for Redelivery Provisions	(318.)
Adjustment to Opening Retained Earnings	
(Net impact of Depreciation and Interest of Rs 1,877.0 million and adjustment of Borrowing rate on Redelivery of Rs 346.0 million respectively)	(2,223.0)

(iii) Maturity Analysis of Lease Liabilities in respect of Aircraft on Lease

		(Rs in Million)
Maturity Analysis of Contractual Undiscounted Cash Flows (Principle Portion)	**As at 31st March, 2020**	**As at 31st March, 2019**
Less than one year	34,454.4	54,261.5
One to Five years	129,191.3	138,576.2
More than Five years	75,462.6	93,368.8

(iv) Amounts recognized in Statement of Profit and Loss and Net Impact of Ind AS 116

	(Rs in Million)
Particulars	**2019-20**
Interest on Lease Liabilities in Finance Costs (*)	6,675.0
Depreciation on ROU Assets	29,919.4
Foreign Exchange Loss on account of year-end revaluation	20,014.8
(on Lease Liability including Redelivery)	
Total amount recognized in Statement of Profit and Loss for FY 2019-20	56,609.2

(*) this includes the net impact of Rs 556.8 million towards the difference between floating interest rate and incremental borrowing rate applied for discounting which has also been recognized as interest on Lease Liability

(v) Amounts recognized in Statement of Cash Flows

	(Rs in Million)
Particulars	**For FY 2019-20**
Total Cash Outflows for Leases	32,423.2

(vi) Impact on the adoption of Ind AS 116 on the Statement of Profit & Loss

	(Rs in Million)
Particulars	**For FY 2019-20**
Net Increase in current year Loss due to adoption of Ind AS 116.	20,130.5

(III) **Movement in Right of Use (ROU) Assets during the year**

			(Rs in Million)
Particulars	**Aircraft**	**Land Leasehold**	**Total**
(A) Gross Carrying Amount			
As at 31st March,2019	-	-	-
Add: Transfer from Property, Plant& Equipment due to adoption of Ind AS 116	1,96,995.5	180.0	197,175.5
Add: On adoption of Ind AS 116	228,477.7	-	228,477.7
As at 1st April,2019	**425,473.2**	**180.0**	**425,653.2**
Additions	811.6	-	811.6
Disposal/Adjustments/Transfer to PPE	(197,807.2)	-	(197,807.2)
As at 31st March,2020	**228,477.6**	**180.0**	**228,657.6**
(B) Accumulated Depreciation			
As at 31st March,2019	**-**	-	**-**
Add: Transfer from Property, Plant& Equipment due to adoption of Ind AS 116	**(80,908.6)**	-	**(80,908.6)**
As at 1st April,2019	**(80,908.6)**	-	**(80,908.6)**

(Rs in Million)			
Particulars	**Aircraft**	**Land Leasehold**	**Total**
Depreciation charge for the year	(29,919.4)	-	(29,919.4)
Impairment	-	-	-
Disposal/Adjustments/Transfer to PPE	85,075.8	-	85,075.8
As at 31st March,2020	**(25,752.2)**	-	**(25,752.2)**
(C) Net Book Value			
As at 31st March,2020	**202,725.4**	**180.0**	**202,905.4**
As at 1st April,2019	**344,564.7**	**180.0**	**344,744.7**

b) **In the case of Air India Express Limited:**

The major impact of adopting Ind AS 116 on the Statement of Profit and Loss for the year ended 31st March 2020 is as follows:

		(Rupees in Million)
Sr. No.	**Impact on accounts head**	
(a)	**Profit & Loss for the F.Y. 2019-20**	
i	Depreciation	2,205.35
ii	Finance cost	402.85
iii	Lease Rent	(2,544.70)
iv	Exchange Gain/Loss due to re-instatement of lease liability	1,153.98
v	**Net Impact on P & L**	**1,217.48**
(b)	**Impact on the Balance Sheet as on 01-04-2019**	
i	Right to use Asset	13,086.11
ii	Retained Earnings	(270.97)
iii	Lease Liability	13,380.22

In respect of Previous Year 2018-19

i) **Finance Leases**

Certain Aircraft obtained by the Company were classified as finance lease under INDAS 17 till 31st March, 2019, the obligation for these Aircraft will be contractually settled in USD. The legal title of these Aircraft vests with the lessors. The lease term for Aircraft is 12 years and year of maturity ranges between March 2018 to October 2021 with quarterly payments begin from the quarter subsequent to the commencement of the lease. The total future minimum lease payment as on 31st march, 2019 are as follows: -

	(Rupees in Million)
Particulars	**As at March 31, 2019**
Outstanding balance of minimum lease payments including interest there on:	

(Rupees in Million)	
Particulars	**As at March 31, 2019**
Not later than one year	2,135.35
Later than 1 year but not later than 5 years.	1,797.34
Later than 5 years	-
TOTAL A	**3,932.69**
Present Value of (A) above	
Not later than 1 year	2,094.72
Later than 1 year but not later than 5 years	1,778.00
Later than 5 years.	-
TOTAL B	**3,872.72**
Finance Charges (A-B)	**59.97**

ii) **Operating Leases**

The future minimum lease rental payables under non-cancellable leases as on 31st March 2019 are as follows: -

(Rs in Million)	
Details	**FY 2018-19**
Payable within 1 year	2,497.90
Payable later than 1 year but not later than 5 years	9,966.13
Later than 5 years	2149.85
TOTAL	**14,613.88**

c) **In the case of Alliance Air Aviation Limited (AAAL)**

The major impact of adopting Ind AS 116 on the Standalone Statement of Profit and Loss for the year ended 31 March 2020 is as follows:

S No.	**Impact on accounts head**	**(Rs. in million)**
A.	**Profit & Loss for 2019-20**	
i.	Depreciation is higher by	**2,266.6**
ii.	Finance cost is higher by	**737.1**
iii.	Lease Rent is lower by	**2,599.7**
iv.	Exchange Gain/Loss due to re-instatement of lease liability	**1,977.0**
v.	***Net Impact on P & L***	***2,381.0***
B.	**Impact on Balance Sheet as on 01-04-2019**	
i.	Right to use Asset is higher by	**21,320.0**
ii.	Retained Earnings is lower by	**593.7**
iii.	Lease Liability is higher by	**219.1**

Leases classified under Ind AS 116

Lease liabilities of Rs. 21,669.5 million have been recognized, being the present value of the remaining lease payments, using the incremental borrowing rate applicable to the Company at the date of initial application. Right of use assets of Rs.21,320.0million have been recognized and corresponding lease liabilities of Rs. 21,669.5 million with the cumulative effect of applying the standard by adjusting retained earnings amounting to Rs. 593.7 million.

Particulars	(Rs. in million)
Less than one year	2,943.4
One to five years	11,773.7
More than five years	10,165.5
Total undiscounted lease liabilities at 31 March 2020	**24,882.5**
Lease liabilities included in the statement of financial position at 31 March 2020	**21,727.6**

Particulars	(Rs. in million)
Depreciation expense on ROU Asset	2266.6
Interest on lease liabilities	722.7
Variable lease payments not included in the measurement of lease liabilities	0
Income from sub-leasing right-of-use assets	0
Expenses relating to short-term leases*	75.6
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	0
Total Cash Outflow for Leases	2,599.7

d) **In the case of AIASL,**

Right of Use Assets and Lease Liabilities as at March 31, 2020		
		(Rs in Million)
Particulars	**Buses**	**Total**
Gross Block	**-**	**-**
Accumulated Depreciation	-	-
Additions during the year	252.74	252.74
Balance at the end of the year	**252.74**	**252.74**
Right-of-use assets on initial recognition as on 1 April 2019		
Additions	252.74	252.74
Deductions	-	-
Depreciation expense	92.37	92.37
Net carrying value as at 31 March 2020	**160.37**	**160.37**

LEASE LIABILITIES

Particulars	March 31, 2020	March 31, 2019
Lease liabilities on initial recognition as on 1 April 2019		
Additions	252.74	-
Interest accrued	13.88	-

Particulars	March 31, 2020	March 31, 2019
Lease principal payments	86.50	-
Lease interest payments	13.88	-
Reversal	100.38	-
At 31 March 2020		
Current	131.46	-
Non-current	34.78	-

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2020 on an undiscounted basis:

Particulars	Amount
Less than 1 year	140.60
1- 5 Years	35.15
More than 5	-
At 31 March 2020	**175.76**

e) **In the case of HCI,**

On transition, the adoption of the new standard resulted in recognition of 'Right-of-use assets' of Rs 333.0 million and a "lease liability" of Rs.358.5 million. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payment. Consequent to the application of this standard, lease cost for the year was lower by Rs. 27.6 million, depreciation and interest is higher by Rs. 53.1 million to Right-of-Use assets

51. Re-Delivery Charges

Provision for re-delivery charges is made to meet the contractual maintenance and return conditions on aircraft held under operating leases. Such provisions are made based on management estimate of number of hours or cycles each engine will have flown at the return date, the cost of performing the required restoration work at that future date and discount rates commensurate with the expected obligation maturity schedules. Judgment is exercised by management given the long-term nature of assumptions that go into the determination of the provision. The assumptions made in relation to the current year are consistent with those in the previous year. Expected timing of resulting outflow of economic benefit is FY2020 to 2030.

The movement in provision made is as given below:

		(Rs in Million)
Particulars	**FY 2019-20**	FY 2018-19
Opening Balance	**7,793.7**	5,602.8
Add: Additional Provisions during the year	**5,383.7**	2,076.5
Add: Interest accretion on Provisions	**434.0**	610.7
Add/(less) Foreign Exchange Impact	**1,323.1**	(202.1)
Less: Amount used during the Year	**-**	(294.2)
Closing balance	**14,934.4**	7,793.7

<u>Note:</u> The above amount includes Re-Delivery Charges in respect of Entities Held for Sale amounting to Rs.507.4million (PY: Rs 164.9 million).

52. Reconciliation of Maintenance Reserve and Treatment of Product Support Credits (AAAL)

i) In the case of AAAL, as per the Original Lease Agreement entered with the vendors during the year 2014-15 the value of MR was based on Fixed Flying Hrs. irrespective of Actual Hrs. of Flying, Hence, accounting of MR was being made on the basis of fixed flying Hrs. on year to year basis. Due to the liquidity problem the management of the company decided to renegotiate the terms of agreement including provision of SBLC at the beginning of each year with the lessor. As per Modified Agreement entered with the vendors in 2019-20 MR is payable based on Actual Flying Hrs. and the reduction in MR have been made effective retrospectively w.e.f. 2014-15, Henceforth MR amount will be paid in cash on the basis of monthly bills raised by the lessors. Based on the revised agreement as referred to above, excess provision made in earlier years amounting to Rs 1801.0million has been taken in the books as Current Year's Income as" Provision no longer required "under Misc. Income based on independent opinion taken from an independent firm of chartered accountants.

ii) In the case of AAAL, Product Support Credits are made available by the lessors on the basis of terms and conditions as defined in the lease agreement and subsequent modified agreements. The company has modified its lease agreements with the lessor in respect of Customer Support Credits, according to which such credits can be used against unpaid invoices of the lessee for lease rent. During the year the company has received Rs. 336.0million as Product Support credits which has been accounted as Income in the current year.

53. Payments to and Provisions for Employees:

i) Liability for wage arrears includes Rs2,076.3 million (Net), (PY Rs. 2,076.3 million Net) arrived on ad-hoc basis towards wage settlement up to period 31st December 2006 pending finalization of actual liability.

ii) In view of Department of Public Enterprises (DPE) guidelines applicable to PSUs no wage revision can be granted to the employees of loss-making PSUs. The Company has been making losses since 1st January 2007 hence no provision has been made towards wage revision/settlement.

iii) Revised Basic Pay on the basis of Justice Dharamadhikari Committee Report

Based on Justice Dharamadhikari Committee (JDC) recommendations, the Revised Basic Pay (RBP)had been implemented for all the categories of the employees from different dates. The total provision towards the balances payable to the employees on account of the implementation of the JDC recommendations as on 31st March 2020 is Rs 13,319.1 million (PY: Rs 13,319.1 million). In the opinion of the Company, this provision will substantially cover all liabilities arising on the implementation of the JDC recommendations. Air India has made an adhoc payment in previous years of Rs 173.4 million to employees against the referred provision

iv) A total amount of Rs 391.3 million (PY: Rs 400.4 million) is recoverable from Pilots on account of Pilots Training Cost. The same is recoverable in installments as per each individual Pilot's terms of employment. The same is being reconciled and reviewed for any non- recovery. However, in a few cases due to pending litigation in High Court, the training cost recovery has been kept in abeyance as per Stay Order received.

v) In the case of HCI

a) The earlier Wage Agreements with workmen had expired on 31.12.2006. The Unions submitted their Charter 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 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. In view of the above, the total estimated provision for Wage Revision was made in the books of accounts in 2018-19 totaling to Rs 96.4 million. 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 finalized.

b) The Wage Revision relating to the Officers Cadre which was due on 01.01.2007 for a period of 10 years which is still pending. However, in view of the financial position of the company the wage revision has been deferred. The Management had announced an adhoc Rs 5000/- per month per employee for Officers effective 01.01.2017 which continues and has been accounted for upto 31st March 2020.

54. Employee Benefits

i) General description of Defined Benefit Plan

a) **<u>Gratuity</u>**: 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.

b) **<u>Post-Retirement Medical Benefits</u>**: The Company has a Post-Retirement Medical Benefit Scheme under which medical benefits are provided to retired employees and their spouse.

ii) **Defined Contribution Plan**

<u>Employees Provident Fund</u>: The Company has Employees Provident Fund Trusts under the Provident Fund Act 1925, which governs the Provident Fund Plans for eligible employees. The Company as well as the employees contributes 10% of the PF Pay to the Fund out of which Provident Fund is paid to the employees.

In the case of AIASL, the Company also subscribes to EPFO under Employees' Provident Fund Scheme, 1952 which governs the Provident Fund Plans in respect on employees on contract. Further, 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. The Company will continue to assess any further developments in this matter for the implications on financial statements, if any.

iii) **Other Long-Term Employee Benefits**

a) **<u>Privilege Leave Encashment</u>**: Privilege Leave Encashment is payable to all eligible employees at the time of retirement upto a maximum of 300 days.

b) **<u>Sick Leave Encashment</u>**: Sick Leave encashment is payable to all eligible employees at the time of retirement upto a maximum of 120 days subject to the condition that the employee should have at least 60 days of Sick Leave to his credit. However, the Company had decided to freeze the encashment of sick leave standing to the credit of all existing employees as on 01.07.2012. Accordingly, provision for sick leave has also been computed at these frozen sick leave numbers.

iv) **Defined Benefit Plans – Gratuity & Post-Retirement Medical Benefits (Unfunded)**

a) **Disclosure as per Ind AS-19**

					(Rs in Millions)
	Particulars	**Gratuity**		**Post-Retirement Medical Benefits**	
		As at 31.03.20	**As at 31.03.19**	**As at 31.03.20**	**As at 31.03.19**
(a)	**Table for Change in Benefit Obligation:**				
	Liability at the beginning of the year	**11,630.6**	**11,713.4**	**15,666.3**	**14,709.0**
	Less: Liability transferred out/ disinvestment	**-**	**-**	**-**	**-**
	Net Liability at the beginning of the year	**11,630.6**	**11,713.4**	**15,666.3**	**14,709.0**
	Interest Cost	**888.9**	**898.2**	**1,218.9**	**1,141.5**
	Current service cost	**384.1**	**367.9**	**163.8**	**157.5**
	Past Service Cost (Vested Benefit)	**-**	**(155.2)**	**-**	**-**
	Benefit paid	**(1662.9)**	**(1,821.7)**	**(1,216.6)**	**(818.3)**
	Actuarial (gain)/loss on obligations	**166.5**	**50.7**	**1,285.6**	**(25.1)**
	Actuarial (gain)/loss on obligations- Due to Change in Demographic Assumption	**411.9**	**447.8**	**92.9**	**388.5**
	Actuarial (gain)/loss on obligations- Due to Change in Financial Assumption	**168.1**	**13.1**	**413.9**	**(8.3)**
	Actuarial (gain)/loss on obligations- Due to Experience	**142.3**	**116.1**	**(296.1)**	**121.8**
	Liability at the end of the year	**12,129.5**	**11,630.6**	**17,328.7**	**15,666.6**
(b)	**Table for Fair Value of Plan Assets:**	**-**	**-**	**-**	**-**
	Value of Plan Assets at beginning of the year	**-**	**-**	**-**	**-**
	Expected return on Plan Assets	**-**	**-**	**-**	**-**
	Contributions	**-**	**-**	**-**	**-**
	Benefit paid	**-**	**-**	**-**	**-**
	Actuarial (gain)/loss on Plan Assets	**-**	**-**	**-**	**-**
(c)	**Amount Recognized in the Balance Sheet:**	**-**	**-**	**-**	**-**
	Liability at the end of the year	**12,129.5**	**(11,630.6)**	**17,328.7**	**(15,666.6)**
	Fair value of Plan Assets at the end of the year	**-**	**-**		
	Amount Recognized in the Balance Sheet	**12,129.5**	**(11,630.6)**	**17,328.7**	**(15,666.6)**

(d)	**Expense recognized in the P & L Account:**				
	Current service cost	**384.1**	**367.9**	**163.8**	**157.5**
	Interest cost	**888.8**	**897.6**	**1,218.9**	**1,140.4**
	Past Service Cost	**-**	**(155.2)**	**-**	
	Adjustment to AAAL for earlier period	**(8.6)**		**-**	
	Gains/Loss on curtailment and settlements Net Effect of changes in Foreign Exchange Rate	**-**	**-**	**-**	
	Expense recognized in the P & L Account	**1264.3**	**1,110.3**	**1,382.7**	**1,297.9**
(e)	**Expense recognized in the Other Comprehensive Income (OCI) for Current Period**	**-**	**-**	**-**	**-**
	Actuarial (Gains)/Losses on obligation for the period	**888.9**	**627.8**	**1,495.9**	**476.8**
	Return on Plan Assets, Excluding Interest Income	**-**			
	Change in Asset Ceiling	**-**			
	NET (Income /Expense For the period recognized in OCI	**888.9**	**627.8**	**1,495.9**	**476.8**
(f)	**Balance Sheet Reconciliation:**				
	Opening Net Liability	**11,630.6**	**11,713.4**	**15,666.3**	**14,709.0**
	Expense Recognized in Statement of Profit or Loss	**1,264.3**	**1,110.3**	**1,382.7**	**1,297.9**
	Expense Recognized in OCI	**888.9**	**627.8**	**1496.3**	**476.8**
	Benefit Paid	**(1,654.3)**	**(1,820.9)**	**(1,216.6)**	**(817.1)**
	***Net Liability/(Asset) Recognized in Balance Sheet**	**12,129.5**	**11,630.6**	**17,328.7**	**15,666.6**

[Note:

1. **The above amount includes Rs.4,616.1 million for Gratuity Liability and Rs. 3,926.1 million of Post-Retirement Medical Benefits Liability in respect of Entities Held for Sale. Further, the expense recognized in Statement of Profit or Loss in respect of these entities is Rs. 504.6 million for Gratuity and Rs. 314.5 million for Post-Retirement Medical Benefits and the expense recognized in Other Comprehensive Income in respect of these entities (Net of Tax) is Rs. 310.2 million for Gratuity and Rs. 117.4 million for Post-Retirement Medical Benefits.**
2. **Assumptions considered for the calculations of Retirement Benefit Plans have not been disclosed since these are not identical for all the subsidiaries.]**

b) Risk Table

These plans typically expose the Company to actuarial risks such as: Investment Risk, Interest Rate Risk, Longevity Risk and Salary Risk.

Investment Risk	As the defined benefit plans are not funded, the Company is not exposed to any investment risk.
Interest Risk	A decrease in the Government Securities bond interest rate will increase the plan liability.
Longevity Risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

55. DEFERRED TAX ASSETS / (LIABILITY)

i) Deferred Tax Assets/Liabilities

			(Rs in Million)
S. No	**Particulars**	**As at 31st March 2020**	**As at 31st March 2019**
(A)	**Deferred Tax Liability**		
(i)	Related to Fixed Assets	62,994.7	79,656.0
(ii)	Related to Foreign Currency Monetary Items (FCMI)	81.1	860.8
	Sub-Total (A)	**63,075.8**	**80,516.8**
(B)	**Deferred Tax Assets**		
(i)	Unabsorbed Depreciation	91,501.0	108,942.0
	Sub-Total (B)	**91,501.0**	**108,942.0**
	Net Deferred Tax Asset/(Liability)	**28,425.2**	**28,425.2**

In the case of Air India, the Company is in the process of evaluating adoption of the concessional tax regime but as a matter of prudence has re-computed Deferred Tax Assets/ Liabilities in consonance with the new concessional tax regime and accordingly computed the above figures at the net tax rate of 25.168%.

In the case of AIXL and AIASL, the Company has decided to opt for concessional income tax rate of 22 percent as per section 115 BAA of the Income Tax Act, 1961 effective from Assessment Year 2020-21.

In the case of AIESL, HCI and AAAL, these companies had losses since inception (except AIESL which in the current financial year i.e. 2019-20 had profits) and 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 unused tax losses is strong evidence that future taxable profit may not be available. Hence, based on the same Deferred Tax assets / Liabilities has not been created.

In the case of AIASL, AIASL has Net Deferred Tax Assets of Rs 769.8 million as on 31st March, 2020. AIASL has computed Opening cumulative effect (i.e. April 1st, 2018) due to this error amounting to Rs. 939.4 Million which pertains to one or more prior periods. It is impracticable to determine the period-specific effects of this error on comparative financial information for reported prior period and hence, the company has given cumulative effect of the error prospectively by restating the opening balances of assets and other equity as at April 01, 2018 and hence, reported financial information of the previous year is strictly not comparable.

ii) **Details of the Total DTA not recognized as on 31st March 2020:**

The Total DTA available against Depreciation/Business/Other Disallowances Losses as on 31st March 2020areRs 209,046.0 million (PY: Rs 258,377.3 million). Out of this available DTA amount, the Group has only recognized DTA amounting to Rs 91,501.0 million (PY: 108,942.0 million) (Gross) as detailed above against Depreciation Losses only. Accordingly, as at 31st March 2020 the Group still has got total unrecognized DTA amount of Rs 117,545.0 million (PY: Rs 149,435.3 million), which as a matter of prudence has not been recognized in the books. The details of the unrecognized DTA balances are given below:

		(Rs in Million)
Particulars	**As at 31st March, 2020**	**As at 31st March, 2019**
Unabsorbed Depreciation	9,338.9	16,883.9
Brought Forward Business Losses	89,833.1	115,484.8
Other Temporary Differences	18,373.1	17,066.6
TOTAL	**117,545.1**	**149,435.3**

The unused tax losses and unabsorbed depreciation considered above are based on the tax records and returns of the Group and does not consider the potential effect of matters under dispute/litigation with the tax authorities which are currently sub-judice at various levels.

The Govt of India approved the Revival Plan of the Company through which a series of measures were introduced to improve the operational and financial efficiencies as detailed in Note 28 and 53. Further, the Group is under the disinvestment process as approved by the Govt of India. The Group is therefore hopeful of showing improved performance in the future and accordingly, has reasonable certainty that the deferred tax assets recognized will be realized against future taxable profits. Further, the Deferred Tax Assets have been created against carry forward Depreciation only which are available to the Group indefinitely as per the provisions of the Income Tax Act.

iii) **Reconciliation of Effective Tax Rate**

Reconciliation of tax expense and the accounting profit / (loss) multiplied by India's domestic tax rate for the year ended 31stMarch 2020 and 31stMarch 2019:

a) **Continuing Operations:**

				(Rs in Million)
Particulars	**For the year ended 31st March 2020**		For the year ended 31st March 2019	
	Rate (%)	**Amount**	Rate (%)	Amount
Profit/(Loss) Before Tax	**-**	**(61,129.1)**	-	(71,929.6)
Effective Tax Rate	**31.20**	**19,072.3**	31.20	22,442.1
Deferred Tax asset not recognized on above	**-**	**19,072.3**	-	(22,400.1)
Tax expense for the year	**-**	**-**	-	42.0

Note: In the case of AIXL, the Company has decided to opt for concessional income tax rate of 22 percent as per section 115 BAA of the Income Tax Act, 1961 effective from Assessment Year 2020 – 21.

b) **Discontinued Operations:**

				(Rs in Million)
Particulars	**For the year ended 31st March 2020**		For the year ended 31st March 2019	
	Rate (%)	**Amount**	Rate (%)	Amount
Profit/(Loss) Before Tax	**-**	**(12,466.5)**	-	(15,116.4)
Effective Tax Rate	**25.168**	**3,137.6**	31.20	4,716.3
Inadmissible expenses		**80.6**		132.5
Short provision for tax of earlier years		**(27.2)**		186.6
Tax Rate Difference		**-**		47.7
Deferred Tax asset not recognized on above		**2,367.10**		(4,469.3)
Others		**40.6**		22.2
Tax expense for the year		**676.6**		636.0

iv) The Group has not recognized Deferred Tax Liability associated with undistributed earnings of its Subsidiaries as it cannot control the timing of the reversal of these temporary differences and it is probable that such differences will not reverse in the foreseeable future. The taxable temporary differences relating to the Group share of investment in Subsidiaries with respect to undistributed earnings for which Deferred Tax Liability has not been created:

(Rs in million)

Particulars	**31st March, 2020**	31st March, 2019
Undistributed Earnings of AIATSL	**2,647.5**	1780.3
Unrecognized Deferred Tax Liability relating to the above	**826.0**	365.9

v) Deferred Tax Assets in respect of Entities Held for Sale amounting to Rs. 769.8 million (PY: Rs. 1,077.7 million) which is in case of Subsidiary company AIASL.

56. Earnings Per Share

(a) Earnings Per Share from Continuing Operations:

Particulars	**As at 31.03.2020**	As at 31.03.2019
Profit/(Loss) After Tax for the year (Rs in Million)	**(61,169.3)**	(71,971.6)
Weighted Average No. of Equity Shares	**32,665,210,000**	29,238,360,685
EPS (Rs. per Share)	**(1.87)**	(2.46)

(b) Earnings Per Share from Discontinuing Operations:

Particulars	**As at 31.03.2020**	As at 31.03.2019
Profit/(Loss) After Tax for the year (Rs in Million)	**(13,143.1)**	(15,752.4)
Weighted Average No. of Equity Shares	**32,665,210,000**	29,238,360,685
EPS (Rs. per Share)	**(0.40)**	(0.54)

(c) Earnings Per Share from Continuing and Discontinuing Operations:

Particulars	**As at 31.03.2020**	As at 31.03.2019
Profit/(Loss) After Tax for the year (Rs in Million)	**(74,312.4)**	(87,724.0)

Particulars	As at 31.03.2020	As at 31.03.2019
Weighted Average No. of Equity Shares	**32,665,210,000**	29,238,360,685
EPS (Rs. per Share)	**(2.27)**	(3.00)

57. The Micro and Small Enterprises Development Act

Information as required to be furnished as per Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Group.

Amount remaining unpaid to supplier covered under MSMED Act at the end of the year.

(Rs in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Principal	**287.3**	174.4
Interest	**0.2**	-
Total	**287.5**	174.4
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 day during each accounting year.	**0.2**	-
The 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 MSMED Act.	**0.2**	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	**0.2**	-
The 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 enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	**0.0**	-

Note: **(a) There have been delays in making payments to some of these enterprises, however, in the opinion of the management the interest is not expected to be material.**

(b) The above amount includes MSME due amounts in respect of Entities Held for Sale amounting to Principal Rs. 17.1 million (PY: Rs 8.3 million) and interest Rs 0.02 million (PY: Nil). (Refer Note No: 14 & 17.1)

58. Remuneration to Auditors

The details of the audit fees and expenses of the Auditors: -

		(Rs in Million)
Particulars	**2019-20**	**2018-19**
Audit Fee for the year	20.1*	14.6*
Other Expenses	2.5	2.8
Total	**22.6**	**17.4**

Note: (a).* includes FY 2018-19 arrears of Rs 3.1 million (FY 2017-18: Rs.1.5 million)

(b) The above amount includes Audit Fee in respect of Entities Held for Sale amounting to Rs. 2.2 million (PY: Rs 1.6 million) and Other Expenses Rs 0.1 million (PY: Rs 0.1 million).

59. Going Concern for Group and Subsidiaries treated as Discontinued Operations and Assets held for Sale

i) Air India Limited

The Company has received continuous support from the Government of India (GoI) initially through the introduction of the Turnaround Plan (TAP)/Financial Restructuring Plan (FRP) approved in 2012 and then under the Strategic Revival Plan in FY 2018-19 which has helped the Company to improve its operating and financial parameters.

The objective of the Strategic Revival Plan was to establish a strong competitive and self-sustaining airline which can be strategically divested or listed in the next few years. Focus on increasing the operational efficiencies whereby substantial increase in revenue or cost saving can be achieved. The Revival Plan contained the following major components:

a) Organizational Reforms

b) Financial Package

c) Disinvestment of Subsidiaries

d) Sale of non-core Assets

e) Improving Internal Efficiencies

f) Tapping the human resource potential to the fullest

The details of the financial package under the Revival Plan broadly included the following:

A total debt amounting to Rs 294,640.0millionto be transferred from Air India Ltd to AIAHL viz Air India Assets Holding Co Ltd with effect from 1st October 2018

- Cash Support of Rs 39,750.0million to Air India
- Provide a Govt Guarantee of Rs 76,000.0million,
- In addition, the GoI also approved that AIAHL was to fund the interest liability on the carved-out debt of Rs 294,640.0 million proposed to be transferred to AIAHL effective 1st October 2018.

The above support has been duly extended to AI by the Govt of India. Also refer to Note 28.

The Company has regularly received Equity Infusion from the GoI. Hence it is evident that the GoI is committed to pursue the path of disinvestment and through various steps taken above is aiding the Company in clearing its balance sheet and as mentioned in the PIM for disinvestment there may be further re-allocation of debts and liabilities of the Company. Further steps taken by the Company as also the GoI in light of the process of disinvestment have been discussed in detail in Note28. All these steps are aimed at creating a positive environment.

In view of the above and the financial support from the Govt of India and various measures taken by the Company to improve its operational efficiencies, various revenue enhancing measures, cost control measures undertaken etc. the Company expects improvement in its Operational and Financial Performance, in the near future and hence, the Financial Statements of the Company have been prepared on the 'Going Concern' basis.

The Four Subsidiary Companies of the Air India Ltd (excluding AIASL) namely AAAL, AIXL, AIESL and HCI are having accumulated losses and the net worth of these companies has eroded as on 31st March 2020. The Company wise position of these subsidiaries is given hereunder:

ii) Air India Express Ltd (AIXL)

The Financial Statement for the year has been prepared on a Going Concern basis, though the Net worth of the Company is negative, due to following factors / reasons

- The Company has recorded a net profit (including OCI) of Rs. 4,127.7 million during the FY 2019-20. The Company had achieved a net profit (including OCI) of Rs. 1,615.88 million during the previous year FY 2018-19.
- With the finalization of Accounts for FY 2019-20, the Company has recorded Cash profit of Rs. 9,212.69 Million and Operating profit of Rs. 7,405.23 Million during the year. The Company has consistently earned profit for 5 years in a row through continuous improvement in efficiency and productivity of manpower and resources
- As a result of the much-improved financial performance over the past five years, the Company's Net worth is fast approaching to positive figure. The Company should have achieved 'positive net worth' by the close FY21, but for the dramatic down turn in the air travel industry attributable to the COVID 19 pandemic. As the recovery of operations / traffic is expected to take about 12-18 months at the least, it is now projected that the Company would become net worth positive by the end of FY 2023-24.
- The Company has initiated several cost-cutting measures to cope with the drastically reduced opportunities to operate scheduled services on account of travel bans implemented by most countries especially those in which the Airline has significant on-line presence.
- Commencing from 7th May 20, the Airline has progressively increased the operation of repatriation flights aimed at bringing distressed Indian nationals back to their homes under the Vande Bharat Mission (VBM).
- The Company has been constrained to temporarily place on hold the Medium to Long term fleet and network plan that had been developed on account of the pandemic situation and the on-going disinvestment exercise.
- The Company has also surpassed the Operating Revenue by 25.12% compared to the previous year. The Company has achieved Pan-India footprint by launching operations on many new routes in FY 2019-20 from Kannur & Surat. The results achieved on these routes have been promising.
- The Company had also successfully renewed the IOSA Registration which serves as measure of the Airline's adherence to Assurances and Quality of Services.
- The Company has paid the dues towards the Aircraft loan for 3 aircrafts during the fiscal 19-20 and out of the balance 7 aircrafts, 2 aircrafts have been cleared of debt during the financial year 2020-21. It is projected that all the 16 Aircrafts would be free from debt in FY 2021-22.
- As fuel rates have declined sharply, the Company is examining the opportunity to recommence services to Malaysia and Sri Lanka as and when scheduled international operations become feasible.
- Air India Express was awarded the following awards:
  - "Management Excellence Award" for the Turnaround Performance 2019 at 12th International Civil Aviation Conference organized by ASSOCHAM in New Delhi.
  - "CSR Impact Award" for successful implementation of the CSR project at Edakkad village of Kozhikode in association with Mathrubhumi at India CSR Summit 2019, New Delhi

- "Top Cargo Handling Airline of Cochin International Airport for the year 2019"

iii) 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. At present, in India, major checks of every commercial wide body aircraft of Indian Operators is done by AIESL. 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 4-5 years for consolidation of operations.

However, AIESL has taken various initiatives to improve its overall revenues such as signing of activity-based SLA with 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.

Further to the above, Government of India under its recent initiatives under its 'Make in India' program, has reduced the GST rate from 18% to 5% w.e.f. 1st April, 2020, which is likely to boost up the revenue from MRO Services in coming days.

During the Financial Year 2019-20 the MRO Revenue from outside parties (i.e. other than revenue from group companies) has increased from 1,064.3 million in 2018-19 to Rs. 1,831.4 million in 2019-20, resulting an increase of 72.07% as compared to previous year.

AIESL has posted a Net Profit (including OCI) of Rs 758.6 million in FY 2019-20, as compared to the Net Loss (including OCI) of Rs 2,049.4 million in FY 2018-19. Hence, 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 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 earn enhanced revenues and be profitable in the near future.

iv) 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 Alliance Air is likely to emerge as a largest player with its ATR 72-600 fleet suitable for serving these smaller airports.

During the year 2019-20, the company has posted improved Financial/Operating Performance as detailed below:

a) The financials of AAAL for the year 2019-20 shows an Operating Profit of Rs 650.9 million as against an Operating Loss of Rs. 1,473.5millionduring the year 2018-19.

b) The Revenue as posted in 2019-20 is Rs.11,811.5 million as against Rs 8,362.8 million in 2018-19, which shows and 41.24 % increase over last year.

c) The total passenger carried in 2019-20 is1,639,757no as against 1,597,382 no in 2018-19 resulted an 2.65% increase over last year.

d) The block hours of flight are 53,476 in 2019-20 as compared with 51,758 hours in 2018-19 resulted an increase of 3.31%.

The Company has continued to operate to the North Eastern 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. The Company was operating 29 UDAN routes as on 31stMarch 2019, which at present has risen to 61 routes as on 31stMarch 2020. Alliance Air is operating around 58% UDAN routes at a growth of 10% from the FY2019-20. Alliance Air by deploying more resources on UDAN sectors. The Company has actively participated in UDAN-4 and awaiting final allotment. The total UDAN route won by the Company now stands at 95. Alliance Air by deploying more resources on UDAN sectors is moving towards profitability.

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 2020-21 and thereafter further consolidate the gains.

v) 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 severe liquidity crunch and its financial and operating performance has been affected in recent years due to a number of external and internal factors.

The Company faces significant uncertainties due to COVID-19 which have impacted the operations of the Company adversely starting from the month of March 2020. Management has assessed the impact of existing and anticipated effects of COVID -19

However, in spite of the negative Net Worth of the Company as at 31st March 2020, considering the continuous support of the Holding Company and the Government, the Company is and will continue to be able to meet its financial obligations as they fall due. 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 of the Company which are given hereunder:

a) Due to the renovation of 80 guest rooms and other allied works at Centaur Delhi and in view of the equity infusion of Rs 270.0 million by Government of India over the last few years. The Revenues of the Company increased to Rs. 676.2 million during FY 2019-20. Due to this the Net Loss (including OCI) of the Company also registered a decline from Rs 712.0 million in FY 2018-19 to Rs 655.5 million in FY 2019-20.

b) The Holding Company, Air India Limited (AIL)and Government of India is continuously supporting the Company by way of financial assistance in the form of equity infusion and providing financial assistance as and when required by HCI and are also committed

c) AIL has been continuously supporting the Company by giving business which contributes to the operational revenue of the Company - nearly 80% of the revenue earned by the Company is from AIL and this would continue in the future also.

d) Presently the Company is in the process of inviting consultants to assist the Company to hand over Delhi properties on Management Contract upto 31.3.2031 i.e. upto the lease period of land leased from AAI. This would result in savings of fixed and variable costs at Delhi units and also the Company would earn management contract fees. Any surplus after paying off its liabilities would be transferred to Air India towards loan repayment.

e) Also, in the process of disinvestment of AIL, HCI is one of the subsidiaries of AIL which would not be divested and would be transferred to AIAHL. Accordingly, upon disinvestment of AIL, the Company would be administered by AIAHL.

60. Impairment of Assets

The Group has carried out an assessment of the impairment of its non-financial assets as on the Balance Sheet date in accordance with Ind AS 36. For the purpose of such impairment testing, all assets of the Group have been considered as a single Cash Generating Unit (CGU) and the value in use has been determined based on the future projections/forecast having regard to the Revival Plan for Operational & Financial Efficiency as described in detail in Note 28 & 29. Based on such assessment, there is no impairment in the carrying value of the assets to be recognized at this stage.

Further, the Group has also assessed the impact of COVID on the impairment in the carrying value of its assets, inventories, receivables etc appearing in its financial statements. In developing the assumptions and estimates relating to the future uncertainties in the economic conditions manifested by the pandemic, the Company has relied on various internal and external sources of information. Based on these estimates, the Company as of now expects to recover the carrying value of all its assets.

61. Insurance Claim Receivable

In the case of AIXL, the Company has adopted the stated Accounting policy during the financial year 2019-20 for accounting of claims receivable on the acceptance of claim by the insurance company.

During the previous year 2018-19, there were two incidents of accident to the Company's aircrafts viz VT AYD and VT AXI and there was one incident of damage to the engine CFM56-ESN 894732 (engine) during the repair work on the test bench.

In respect of VT AYD, the Company has incurred an expenditure of Rs. 249.4 Million towards repair against which the amount of Rs.197.5 Million net of deductibles is recoverable from the Insurance Company. An amount of Rs.126.3 Million was received during the financial year 2019-20 and balance amount was recovered during the financial year 2020-21.

In respect of Engine, the Company has a recoverable amount of Rs. 274.5 Million as on 01.04.2019. An amount of Rs. 274.4 Million net of deductible, was recovered during the financial year 2019-20.

In respect of VT AXI, the Company has a recoverable amount of Rs. 47.9 Million as on 01.04.2019, out of which an amount of Rs. 41.6 Million was recovered after deducting Rs. 4.1 Million during the financial year 2019-20. The balance amount was recovered during the financial year 2020-2021.

In respect of VT AYB, the Company had a net recoverable amount of Rs.226.2 Million as on 01.04.2019. Out of this, the amount of Rs. 196.0 Million has been written off in current year on account of rejection of the claim by the insurance agency and balance receivable of Rs. 30.2 Million is reversed as at 31.03.2020 as the same is not yet confirmed by the insurance agency.

Further, during the year, an additional charge of Rs.345.8 Million towards insurance cost has been allocated by the Holding Company on account of an increase in insurance premium for FY 2019-20 attributable to Company's high claim ratio for the damages. The basis of allocation has been agreed upon mutually and approved by the respective companies.

62. Capital Management:

The objective of the Group 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 31st March 2020, no significant changes were made in the objectives, policies or processes relating to the management of the Group's capital structure.

Debt-Equity Ratio:

		(Rs in Million)
Particulars	**As at 31st March 2020**	**As at 31st March 2019**
Long term Borrowings	55,118.4	82,999.6
Short term borrowings	264,470.4	276,303.4
Current maturity of Long-term Borrowings	77,676.1	199,716.7
Current maturities of Finance Lease Obligations	-	23,539.2
Total Debt (A)	**397,264.9**	**582,558.9**
Equity Share Capital	326,652.1	326,652.1
Other Equity	(764,613.8)	(621,315.7)
Share Application money pending Allotment	0.1	-
Total Equity (B)	**(437,961.6)**	**(294,663.6)**
Debt Equity Ratio (A/B)	**(0.9)**	**(2.0)**

Note: The Group is highly leveraged due to negative Net Worth and the nature of the business due to which the Debt Equity Ratio is negative.

Pursuant to adoption of Ind AS 116, Finance Lease Obligations has been reclassified from borrowings and presented as a part of lease liabilities which are not considered as debt during the current year.

63. Fair Value Measurement and Financial Instruments

i) **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.

a) **As on 31st March 2020**

(Rs in Million)

Particulars	**Note**	**Carrying Value**				**Fair value measurement using**		
		FVTPL	**FVTOCI**	**Amortized Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial Assets								
Non-Current								
a) Investments	2		866.8	-	866.8	346.0		520.8
b) Loans	4			4,039.9	4,039.9			4,039.9
c) Other Financial Assets	5			580.9	580.9			580.9

Particulars	Note	Carrying Value				Fair value measurement using		
		FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
d) Trade Receivables	3			-	-			-
Current								
a) Trade Receivables*	3			13,803.1	13,803.1			13,803.1
b) Cash and Cash Equivalents*	9			6,813.0	6,813.0			6,813.0
c) Bank Balance other than (b) above*	10			7,075.6	7,075.6			7,075.6
d) Loans *	4			175.5	175.5			175.5
e) Others Financial Assets	5			2,976.5	2,976.5			2,976.5
Total			**866.8**	**35,464.5**	**36,331.3**	**346.0**		**35,985.3**
Financial liabilities								
Non-Current								
i) Borrowings#	13			55,118.4	55,118.4			55,118.4
ii) Lease Liabilities				194,841.3	194,841.3			194,841.3
iii) Others*	15			43.9	43.9			43.9
Current								
i) Borrowings#	18			264,470.4	264,470.4			264,470.4
ii) Lease Liabilities				31,505.6	31,505.6			31,505.6
iii) Trade Payables*	14			104,540.8	104,540.8			104,540.8
iv) AIAHL Intermediary Settlement Account				5,026.2	5,026.2			5,026.2
iv) Others*	15			144,717.8	144,717.8			144,717.8
Total				**800,264.4**	**800,264.4**			**800,264.4**

Note: The above disclosures do not include balance in RFATR A/c of Rs 218,434.8 million, refer note no 28(iii).

b) **As on 31st March 2019**

(Rs in Million)

Particulars	Note	Carrying Value				Fair value measurement using		
		FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial Assets								
Non-Current								
a) Investments	2		1,094.5	-	1,094.5	422.8		671.7
b) Loans	4			3,477.3	3,477.3			3,477.3
c) Other Financial Assets	5			256.5	256.5			256.5
d) Trade Receivables	3			-	-			-
Current								
a) Trade Receivables*	3			20,629.3	20,629.3			20,629.3
b) Cash and Cash Equivalents*	9			2,735.8	2,735.8			2,735.8
c) Bank Balance other than (b) above*	10			7,023.3	7,023.3			7,023.3
d) Loans *	4			145.8	145.8			145.8
e) Others Financial Assets	5			3,431.7	3,431.7			3,431.7
Total			**1,094.5**	**37,699.7**	**38,794.2**	**422.8**		**38,371.4**
Financial liabilities								
Non-Current								
i) Borrowings#	13			84,777.6	84,777.6			84,777.6
ii) Others*	15			53.1	53.1			53.1
Current								
i) Borrowings#	18			289,391.6	289,391.6			289,391.6
ii) Trade Payables*	14			90,327.7	90,327.7			90,327.7
iii) Others*	15			288,448.4	288,448.4			288,448.4
Total				**752,998.4**	**752,998.4**			**752,998.4**

Notes:

(#) The Groups' borrowings 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 amount of trade receivables, trade payables, cash and cash equivalents, bank balance other than cash and cash equivalents and other financial assets and liabilities approximates the fair values, due to their short-term nature.

- The fair values for loan were calculated based on discounted cash flow using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable.
- There have been no transfers between level 1, level 2 and level 3 for the year ended 31st March 2020 and 31st March 2019.

ii) **Valuation Technique used to determine Fair Value:**

The specific valuation techniques used to value financial instruments include:

- For unquoted Equity Shares, Net Assets Value (NAV) from the latest available Financial Statements of the entity.
- The Fair Value of remaining financial instruments is determined using Discounted Cash Flow method.

64. Financial Risk Management Objective and Policies

The Group has exposure to following risks arising from its business and financial instruments:

i) Credit Risk

ii) Liquidity Risk

iii) Market Risk – (a) Foreign Currency and (b) Interest Rate

The Group operates to various international destinations in multi-currency, dynamic and challenging environment The Group's principal financial liabilities comprise of loans and borrowings, trade and other payables. The Long term borrowing for the aircraft purchase is mainly US Dollar related. A part of the borrowings for the working capital are US Dollar denominated. Nearly 70% of the Company's expenses are related to the US Dollar. The main purpose of these financial liabilities is to finance aircraft acquisition, receivable, and cash and cash equivalents that derive directly from its operations.

The Group is exposed to credit risk, liquidity risk, market risk and Commodity risk. The respective Company's senior management oversees the management of these risks. The respective Company's senior management is supported by a treasury team. The Treasury Team provides assurance to the respective Company's senior management that the respective Company's financial risk activities are governed by appropriate policies and procedure and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objective.

i) **Credit Risk**

Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligation.

The Group 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 mostly from travel agents including IATA Agents and General Sales Agents, Government Parties and Credit Card Companies which are typically unsecured as no coverage is held by the Group and are derived from revenue earned from customers. General Sales/Cargo Agents dues are secured by Bank Guarantees by Airline and/or IATA. The Group does monitor the economic environment in which it operates. The Group manages its credit risk through credit approvals, establishing credit limits and continuously monitoring credit worthiness of agents to which the Group brands credit terms in the normal course of the business.

The Group sells majority of its passenger/cargo services against credit worthiness and financial guarantees made by agents (customers) to IATA though individual guarantees are also taken in certain cases. The Group also extends credit to the Government on flights operated and which are realized over a period of time depending on budgetary provisions made by the Govt to the respective departments

The Group uses expected credit loss model to assess the impairment on financial Instruments. The Group uses a provision matrix to compute the expected credit loss allowance for trade receivable. The provision matrix considers available internal credit risk factors such as the Group's historical experience for customers. Based on the business environment in which the Group operates, management considers that the trade receivable is in default (credit impaired) if the payments are more than 36 months past due (in case of IATA dues more than 6 months past dues)

The Group's exposure to credit risk for Trade Receivables is as follows:

				(Rs in Million)
Particulars	**As at 31/03/2020**		**As at 31/03/2019**	
	Gross Carrying Amount	**Loss Allowance**	**Gross Carrying Amount**	**Loss Allowance**
Debts not due	**1,937.8**	**-**	24,655.7	-
Debts overdue	**27,522.6(*)**	**12,416.6(**)**	11,569.3	11,569.3

Note: (*) The above amount includes Rs 4,244.8 million (PY: Rs 4,352.4 million) in respect of Entities Held for Sale.

(**) The above amount includes Rs 1,004.1 million (PY: Rs 780.0 million) in respect of Entities Held for Sale.

Movement in the allowance for impairment in respect of Trade Receivables:

		(Rs in Million)
Particulars	**As at 31st March 2020**	**As at 31st March 2019**
Balance at the beginning of the Year	**(11,569.3)**	(10,435.1)
Movement during the year (*)	**(847.3)**	(1,134.2)
Balance at the end of the Year (**)	**(12,416.6)**	(11,569.3)

Note: (*) The above amount includes Rs 224.1 million (Rs 768.5 million) in respect of Entities Held for Sale.

(**) The above amount includes Rs 1,004.1 million (Rs 780.0 million) in respect of Entities Held for Sale.

In the case of AIASL, 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, 2020 applying simplified approach for trade and other contractual receivables from the parties other than the group companies amounting to Rs.521.93 million. The Company has considered Rs. Nil towards expected credit loss in respect of receivable from the group companies.

The Company is in the process of evaluating recoverability of receivables considering COVID-19 pandemic. Pending such analysis, impact of COVID-19 on the Company's financial statements cannot be determinable as at the date of approval of these financial statements.

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 Assets.

The Group'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 Group's reputation.

The Group has been experiencing liquidity problems due to delayed equity infusion by the Govt and the high debt burden

The Group believes that its liquidity position, including total cash and cash equivalent and bank balances of Rs. 13,888.6 million (PY: Rs. 9,759.1 million) anticipated future internally generated funds from operations, and its fully available, revolving undrawn credit facility will enable it to meet its future known obligation in the ordinary course of business provided there is equity infusion and assistance from the Government. 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 or leasing options to maximize liquidity and supplement cash requirement as necessary. However, the Group relies on Government support to conserve its liquidity position.

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

a) Day to day funding, managed by monitoring future cash flows to ensure that requirement can be met.

b) Maintaining rolling forecast of the Group's liquidity position on the basis of expected cash flows.

c) Maintaining diversified credit lines.

Exposure to Liquidity Risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The contractual cash flow amount is gross and undiscounted (except Lease Liabilities), and includes interest accrued

As at 31st March 2020	Carrying Amount as per Balance Sheet	Contractual Cash Out Flows (Rs in Millions)							
		Upto 1 year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	More than 5 years	Total	Discontinued Operations
Borrowings									
a) Non-Convertible Debentures (Note - 13)	1,29,000.0	74,000.0	-	-	-	-	55,000.0	1,29,000.0	-
b) Long Term Borrowings (Note - 13)									

- From Banks (Unsecured)	3,662.2	3,662.2	-	-	-	-	-	3,662.2	-
- From Other Parties	132.3	14.0	9.0	8.0	8.0	7.0	86.3	132.3	-
c) Short Term Borrowings (Note - 18)									
- From Banks (Secured)	74,479.2	74,479.2	-	-	-	-	-	74,479.2	-
- From Banks (Unsecured)	1,63,631.2	1,63,631.2	-	-	-	-	-	1,63,631.2	-
- From Other Parties (Unsecured)	26,360.0	26,360.0	-	-	-	-	-	26,360.0	-
d) Long Term Maturities of Long-Term Debts (Note - 13)	77,676.1	77,676.1	-	-	-	-	-	77,676.1	-
e) Lease Liabilities	2,26,346.9	31,505.4	32,284.9	32,458.6	30,321.6	28,051.3	71,725.1	2,26,346.9	22,210.4
Trade Payables (Note - 14)									
a) Trade Payables	1,04,540.8	1,04,540.8	-	-	-	-	-	1,04,540.8	3,980.4
Other Financial Liabilities (Note - 15)									
a) Interest Accrued but not due on borrowings	5,462.1	5,462.1	-	-	-	-	-	5,462.1	-
b) Interest Accrued and due on borrowings	7,751.0	7,751.0	-	-	-	-	-	7,751.0	-
c) Other Liabilities	53,872.0	53,828.1	-	-	-	-	43.9	53,872.0	4,344.6
d) Bank Overdraft	0.6	0.6	-	-	-	-	-	0.6	-
Totals	**872,914.4**	**622,910.7**	**32,293.9**	**32,466.6**	**30,329.6**	**28,058.3**	**126,855.3**	**872,914.4**	**30,535.4**

As at 31st March 2020	Carrying Amount as per Balance Sheet	Contractual Cash Out Flows (Rs in Millions)							
		Upto 1 year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	More than 5 years	Total	Discontinued Operations
Borrowings									
a) Non-Convertible Debentures (Note - 13)	136,950.0	81,950.0	-	-	-	-	55,000.0	136,950.0	

b) Long Term Borrowings (Note - 13)									
- From Banks (Unsecured)	109,952.5	109,952.5	-	-	-	-	-	109,952.5	
- From Other Parties	16,349.4	8,751.5	2,822.5	4,775.4	-	-	-	16,349.4	
c) Short Term Borrowings (Note - 18)	121.0	12.7	10.0	10.0	10.0	10.0	68.3	121.0	
- From Banks (Secured)									
- From Banks (Unsecured)	113,992.6	113,992.6	-	-	-	-	-	113,992.6	
- From Other Parties (Unsecured)	149,039.0	149,039.0	-	-	-	-	-	149,039.0	
d) Long Term Maturities of Long-Term Debts (Note - 13)	26,360.0	26,360.0	-	-	-	-	-	26,360.0	
e) Lease Liabilities	47,705.3	25,633.9	16,552.0	5,519.4		-	-	47,705.3	
Trade Payables (Note - 14)									
a) Trade Payables	90,327.7	90,327.7	-	-	-	-	-	90,327.7	3,566.5
Other Financial Liabilities (Note - 15)									
a) Interest Accrued but not due on borrowings	6,579.6	6,579.6	-	-	-	-	-	6,579.6	
b) Interest Accrued and due on borrowings	1,981.1	1,981.1	-	-	-	-	-	1,981.1	
c) Other Liabilities	53,640.2	53,587.1	-	-	-	-	53.1	53,640.2	5,160.6
d) Bank Overdraft	-	-	-	-	-	-	-	-	
Totals	**752,998.4**	**668,167.7**	**19,384.5**	**10,304.8**	**10.0**	**10.0**	**55,121.4**	**752,998.4**	**8,727.1**

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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings with floating interest rates.

The Group's interest rate risk arises majorly from the foreign currency term loan and finance lease carrying floating rate of interest which is linked to LIBOR. These obligations expose the Group to cash flow interest rate risk. The exposure of the Group's borrowings to interest rate changes as reported to the management at the end of the reporting period are as follows:

		(Rs in Million)
Particulars	**As at 31st March 2020**	**As at 31st March 2019**
Variable-rate instruments		
Long Term Borrowings from Bank (Secured & Unsecured, including current maturities)	-	20,378.3
Short term borrowings	81,673.3	65,585.5
Finance lease obligation (including current maturities)	1,945.4	45,410.9
Total Variable Rate Instruments	**83,618.7**	**1,31,374.7**

Interest Rate Sensitivity Analysis

A reasonably possible change of 0.50 % in interest rates at the reporting date would have affected the profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remains constant.

		(Rs in Million)
Increase / (decrease) in the interest on foreign currency term loans-from others and on finance lease obligation.	**Statement of Profit and losses**	
	Increase by 0.50 %	**Decrease by 0.50 %**
- For the year ended 31st March 2020	418.1	(418.1)
- For the year ended 31st March 2019	656.9	(656.9)

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 Group is exposed to multi currencies on its operations and hence 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 Group's operating, investing and financing activities.

Exposure to Foreign Currency Risk

The summary of quantitative data about the Group's exposure to currency risk, as expressed in Indian Rupees, as at 31stMarch 2020, 31stMarch 2019are as below:

As at 31st March 2020

										(Rs in Million)
Particulars	**USD**	**EUR**	**GBP**	**AED**	**OMR**	**SGD**	**THB**	**CHF**	**QAR**	**AUD**	**OTHERS**
Financial Assets											
Trade Receivables	11,828.6	936.4	35.1	289.4	87.0	55.0	43.2	27.4	10.1	42.9	1,093.3
Cash and Cash equivalents	438.9	794.0	337.5	9.5	31.5	19.2	11.6	3.0	-	99.4	588.1
Bank Balances other than above	872.6	-	-	-	-	-	-	-	-	45.9	63.1
Loans	3,552.2	64.0	1.6	12.4	-	4.3	1.2	0.1	0.4	0.1	76.1
Other Financial Assets	3,865.9	26.1	21.3	4.2	1.0	5.0	0.1	-	-	15.5	30.5
Total Financial Assets	**20,558.2**	**1,820.5**	**395.5**	**315.5**	**119.5**	**83.5**	**56.1**	**30.5**	**10.5**	**203.8**	**1,851.1**
Financial Liabilities											
Borrowings	69,531.7	-	-	-	-	-	-	-	-	-	-
Other Financial Liabilities	2,276.8	34.8	67.0	16.7	3.4	2.7	0.9	-	1.1	9.5	93.8
Trade Payables	10,291.8	(10.8)	567.5	263.8	(64.0)	82.9	(240.6)	(5.5)	4.2	214.1	433.3
Total Financial Liabilities	**82,100.3**	**24.0**	**634.5**	**280.5**	**(60.6)**	**85.6**	**(239.7)**	**(5.5)**	**5.3**	**223.6**	**527.1**

Note: The figures in the above table are with respect to Air India and AIASL only.

As at 31st March 2019

											(Rs in Million)
Particulars	**USD**	**EUR**	**GBP**	**AED**	**OMR**	**SGD**	**THB**	**CHF**	**QAR**	**AUD**	**OTHERS**
Financial Assets											
Trade Receivables	7,179.3	1,086	1096	616.7	259.1	64.9	64.1	29.5	105.6	160.6	**2335.6**
Cash and Cash equivalents	568.9	563.6	34.1	9.5	0.04	36.2	48.8	1.02	0	32.3	**538.7**
Bank Balances other than above	786.1	0	0	0	0	0	0	0	0	51.9	**420.6**
Loans	5,856.2	58.3	3.4	13.9	0	6.5	1.1	0.1	0.4	0.2	**45.3**
Other Financial Assets	3,652.1	20.1	11.2	9.6	0.8	3.2	0.9	1.5	0	14.2	**34.5**
Total Financial Assets	**18,042.6**	**1,727.9**	**1,144.7**	**649.7**	**260**	**110.8**	**114.9**	**32.1**	**106**	**259.2**	**3374.7**
Financial Liabilities											
Borrowings	147,007.2	0	0	0	0	0	0	0	0	0	0
Other Financial Liabilities	2,290.6	45.4	72.8	16.8	3.1	3.3	0.9	0	1.03	9.9	13.9
Trade Payables	11,010.4	465.3	661.3	573.5	39.8	256.5	124.7	0	3.5	264.8	975.7
Total Financial Liabilities	**160,308.3**	**510.7**	**734.1**	**590.3**	**42.9**	**259.8**	**125.6**	**0**	**4.5**	**274.7**	**989.7**

Foreign Currency Sensitivity Analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against below currencies at 31stMarch 2020 and 31stMarch 2019 would have affected the measurement of financial instruments denominated in foreign currency and affected Statement of Profit and Loss by the amounts shown below. This analysis is performed on foreign currency denominated monetary financial assets and financial liabilities outstanding as at the year end. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(Rs in Million)				
0.5% Depreciation / Appreciation in Indian Rupees against following foreign currencies:	Statement of Profit and Loss for the year ended 31st March 2020		Statement of Profit and Loss for the year ended 31st March 2019	
	Gain/ (loss) on Appreciation	Gain/ (loss) on Depreciation	Gain/ (loss) on Appreciation	Gain/ (loss) on Depreciation
USD	307.7	(307.7)	718.7	(718.7)
EUR	(9.0)	9.0	(6.1)	6.1
GBP	1.2	(1.2)	(20.5)	20.5
AED	(0.2)	0.2	(0.3)	0.3
OMR	(0.9)	0.9	(1.1)	1.1
SGD	0.0	(0.0)	0.7	(0.7)
THB	(1.5)	1.5	0.1	(0.1)
CHF	(0.2)	0.2	(0.2)	0.2
QAR	(0.0)	0.0	(0.5)	0.5
AUD	0.1	(0.1)	0.1	(0.1)
Other	(6.6)	6.6	(11.9)	11.9

Note: USD: United States Dollar, GBP: Great British Pound, AED: Arab Emirates Dirhams, OMR: Omani Riyal, THB: Thai Baht, CHF: Swiss Franc, SGD: Singapore Dollar, EUR: Euro, AUD: Australian Dollar, QAR: Qatari Riyal.

65. Frequent Flyer Programme (FFP)

The Group has a Frequent Flyer Programme under which members who travel on revenue tickets earn miles per travel as per Frequent Flyer Program (FFP). Such miles can be redeemed either on Air India or Star Alliance carriers as per the redemption chart. As per FFP program, the life of these miles is 3 years, and if a Member does not use these miles within 3 years such miles get lapsed. The unredeemed miles which has not lapsed, at the end of the Financial Year are provided for.

During FY 2018-19, the Liability for unexpired FFP miles was made on the basis of average % of miles lapsed during the last two years which amounted to Rs 828.7 million. However, for FY 2019-20, it was decided to carry out Actuarial Valuation for unredeemed miles of Flying Returns as on 31st March 2020. As per Actuarial valuation Report, FFP Liability is Rs 1,236.0 million and accordingly incremental provision of Rs 407.3 million during the year is made towards difference between existing provision and the actuarial valuation.

(Rs in Million)		
Details of FFP Provision	As at 31st March, 2020	As at 31st March, 2019
Opening Balance	**828.7**	636.9
Add: Additions during the year	**407.3**	191.8
Closing Balance	**1,236.0**	828.7

66. IND AS 115: Performance Obligations and remaining Performance Obligations

i) **In the case of Air India,** the remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Remaining performance obligation estimates are subject to change and are affected by the several factors, including terminations of contract, changes in scope of contracts etc.

The aggregate value of performance obligations that are completely or partially unsatisfied as at 31st March, 2020, is Rs 23,326.6 million (PY: Rs 25,306.1 million) and forward sales of which performance obligation are completely unsatisfied as at the end of reporting period is Rs 22,090.6 million (PY: Rs 24,477.4 million) which has been classified as "Forward Sale under Current Liabilities", as detailed in table given below:

		(Rs in Million)
	As at 31st March, 2020	**As at 31st March, 2019**
Contractual Liabilities Forward Sales		
Opening Balance	**24,690.1**	22,445.3
Add: Additions	**232,769.2**	225,309.7
Less: Revenue Recognized	**(235,368.7)**	(223,277.6)
Balance towards Forward Sales (A)	**22,090.6**	24,477.4
Add: Adjustment due to re-grouping	**0.0**	212.8
Closing Balance	**22,090.6**	24,690.1
Add: Provision for FFP (Refer Note 58) (B)	**1,236.0**	828.7
Aggregate value of Performance Obligations (A+B)	**23,326.6**	25,306.1

Note: Opening Balance of Rs 24,477.4 million have been restated at Rs 24,690.1 million, due to change in grouping by Rs 212.7 million.

ii) **In the case of AIESL**, the remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of reporting period and an explanation as to when the company expects to recognize these amounts in revenue. Remaining performance obligation estimates are subject to change and are affected by the several factors, including terminations of contract, changes in scope of contracts etc.

The aggregate value of performance obligations that are completely or partially unsatisfied as at 31stMarch, 2020, is Rs. Nil (PY: Rs. Nil). The Company expects to recognize the revenue for the same within next one year**.**

iii) **In the case of AIASL,**

		(Rs in million)
Particulars	**For the year ended 31st March 2020**	**For the year ended 31st March 2019**
Revenue from contracts with customer	6,221.3	6,607.6
Other operating revenue	-	-
Total revenue from operations	6,221.3	6,607.6
Timing of revenue recognition		
At a point in time	6,221.3	6,607.6

Total revenue from operations	6,221.3	6,607.6

		(Rs in million)
Particulars	**As at 31st March 2020**	**As at 31st March 2019**
Trade Receivables (refer note 8)	5,714.0	3,987.1
Contract liabilities		
Advance from customers		
Opening	0.4	0.1
Revenue Recognized During the Year		
Additions during the Year	0.1	0.3
Closing Balance (Refer Note no.16 and 18)	0.6	0.4

67. The Accounting Policies of the Holding Company and the Subsidiary Companies (including subsidiary companies transferred as Discontinued operations and held for sale) are identical in all respects except for the matters given below:

a) **In the case of AIESL**, depreciation on addition to assets is provided for the full year in the year of acquisition, however no depreciation is provided in the year of disposal.

b) **In the case of AIASL**, Assets of small value not exceeding Rs. 5,000 are being fully provided and charged off instead of providing depreciation as per schedule II of the Companies Act, 2013. However, since the value of such items is negligible, the impact of such difference in treatment is not material.

c) **In case of AIXL,** Under Ind AS 8, “Accounting Policy -Changes in Accounting Estimates and Errors” the Company has adopted the threshold level for retrospective re-statement of Prior Period items in line with the criteria followed by the Holding Company. Consequently, Prior Period Expenses (Net) of Rs 117.7 million pertaining to FY 2018-19 and Prior Period Expenses (Net) of Rs 83.7 million pertaining to periods prior to FY 2018-19 are accounted for in the current year.

d) Under Ind AS 8, “Accounting Policy -Changes in Accounting Estimates and Errors”, has been corrected by retrospective restatement of Prior Period Income (Net) amounting to Rs. 42.4 million (Net) **in the case of AAAL** and Prior Period Expenses (Net) Rs 113.3 million (Net) **in the case of AIASL**, which is recognized in the year 2019-20 has been restated as at 01st April 2019.This restatement has resulted into decrease in Retained Earnings with a corresponding increase in Asset/Liability by Rs.70.9 million.

Since the impact of the above is not material, no effect has been given in the Consolidated Financial Statements.

68. Additional Information:

a) An instance of fraud involving payment to a third party was reported in New York office of the Holding Company amounting to USD 300,250 (Rs 19.4 million) during 2017-18. The matter is under investigation. However, as a matter of prudence full provision has been made towards the same.

b) In January 2020, discrepancies in Petty Cash and short banking of Sales collection was reported by the City Booking Office, Guwahati Station of the Holding Company. On preliminary investigation by Finance Department, total cash loss of Rs 0.1 million was reported. Recovery action is pending.

69. 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 Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

70. Recent Accounting Pronouncements

a) Changes in Accounting Standards Issued after 31st March 2020, however effective from 1st April 2019

- Ind AS 116 Leases – Clarification on whether rent concessions as a direct consequence of COVID- 19 pandemic can be accounted as lease modification or not.

b) Changes in Accounting Standards that may affect the Company after 31st March 2020

The following Accounting Standards have been modified on miscellaneous issues with effect from 24th July 2020. Such changes include clarification/guidance on:

- Ind AS 1 Presentation of Financial Statements – Substitution of the definition of term 'Material'
- Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors – In order to maintain consistency with Ind AS 1, the respective changes have been made to Ind AS 8 also.
- Ind AS 10 Events after the Reporting Period – Clarification on the disclosures requirements to be made in case of a material non- adjusting event.
- Ind AS 34 Interim Financial Reporting – In order to maintain consistency with the amendments made in other Ind AS, respective changes have been made to Ind AS 34.
- Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets – Clarification on the accounting treatment for restructuring plans.
- Ind AS 103 Business Combination – Detailed guidance on term 'Business' and 'Business Combination' along with providing an Optional test to identify concentration of Fair Value.
- Ind AS 107 Financial Instruments: Disclosures – Clarification on certain disclosures to be made in respect of uncertainty arising from interest rate benchmark reforms.
- Ind AS 109 Financial Instruments – Clarification on temporary exceptions from applying specific hedge accounting requirements along with providing guidance on transition for hedge accounting.

The Company does not expect any significant impact of these amendment on its financial statements.

71. Events occurring after the Balance Sheet date

In the case of AIXL, a ground incident involving a Boeing 737-800 Aircraft, VT-AXW occurred on 6th June 2020 at the NEC hanger, Mumbai. The incident occurred due to high wind leading to Aircraft movement to the right hitting a Ground Power Unit parked near the Aircraft. The structure repair was carried out by Air India Engineering Service Ltd. (AIESL) as per the recommendation of M/s Boeing. AIESL our AMO (Aircraft Maintenance Organization) is accountable / responsible for the maintenance and safety of Aircraft as per the MOU/SLA between AIESL and Air India Express. The repair work was completed on 24th July 2020. The Aircraft was subsequently operated on Repatriation flight on 27th July 2020. Expenditure incurred on repairs to the aircraft will be charged to AIESL.

During the year 2000-2021 Air India Express VT-AXH from Dubai to Calicut was involved in an accident on 7th August 2020. The aircraft skidded off the end of the table top runway and fell down the slope, killing 19 passengers and both the pilots. The four cabin crew members and 165 passengers were injured in the accident. The Company has settled the interim compensation in respect of all the deceased / injured passengers including the crew. As the entire third-party legal liability claims arising from the accident are fully covered under the insurance policy, no provision is required to be made in the books on this account. The Company has received the claim from insurance company towards the loss of the aircraft.

72. In view of Accounting Policy followed by the Holding Company for restatement of the Consolidated Financial Statements, no effect has been given in comparative Consolidated Financial Statements of the Group in respect of restatements of previous year Financial Statements (including retained earnings) by two Subsidiary Companies namely AI Airport Services Limited (Formerly known as Air India Air Transport Services Limited) and Alliance Air Aviation Limited (Formerly known as Airline Allied Services Limited). Due to this the net expenditure of Rs 70.9 million has been considered as current year expenditure in the Consolidated Statement of Profit & Loss (Refer Note 67 (d).

73. Additional Information as required under Schedule III of the Companies Act 2013 of enterprises consolidated as Subsidiary Companies/Associates/Joint Ventures.

74. During the year, the Holding Company has recognized Revenue aggregating to Rs.188.3 million receivables from Subsidiary Companies in Standalone Statement of Profit & Loss towards pilot training revenue and interest income under the head 'Other Income' which was not accounted as Expenditure by concerned Subsidiary Companies (AIASL and AAAL). However, for the purpose Consolidated Financial Statements, the Company has eliminated the said revenues in its Consolidated Statement of Profit & Loss by debiting 'Other Income' and crediting Receivables from the said Subsidiary Companies. Further, these are being accounted by the Subsidiary Companies in next Financial Year i.e. 2020-21.

75. Previous Year's figures have been re-casted/regrouped/re-arranged, wherever necessary.

Signatures to the Schedules forming part of the Consolidated Financial Statements and to the above notes.

For and on behalf of the Board

For and on Behalf of **Khandelwal Jain & Co.** **Chartered Accountants** **FRN: 105049W**	For and on Behalf of **Jagdish Chand & Co.** **Chartered Accountants** **FRN: 00129N**	For and on Behalf of **PKF Sridhar & Santhanam LLP** **Chartered Accountants** **FRN: 003990S/S200018**
Narendra Jain Partner **M No. 048725** UDIN: 21048725AAAAAL3608	Praveen Kumar Jain Partner **M No. 085629** UDIN: 21085629AAAAAG2332	V. Kothandaraman Partner **M No. 025973** UDIN: 21025973AAAAAI7620

Place : New Delhi
Date : 27-01-2021

Statement of Salient Features of the Financial Statement of Subsidiaries.

JVs and Associates (Form AOC-I)

Part A: Subsidiaries

(Rupees in Million)

Sr. No	Name of subsidiary	AAAL	AIASL	AIXL	AIESL	HCI
1	Reporting Currency	INR	INR	INR	INR	INR
2	Exchange Rate					
3	Closing as on 31.03.2020					
4	Average Rate 2019-20					
5	Share Capital	4,022.5	1,384.2	7,800.0	1,666.7	1,376.0
6	Reserve & Surplus	(26,589.0)	2,647.5	(12,444.6)	(23,453.3)	(5,705.9)
7	Liabilities	48,238.5	6,904.0	50,303.7	51,310.1	5,881.9
8	Total Liabilities	25,672.0	10,935.7	45,659.1	29,523.5	1,552.0
9	Total Assets	25,672.0	10,935.7	45,659.1	29,523.5	1,552.0
10	Investements					
11	Turnover	11,811.5	7,088.0	52,306.0	14,275.8	676.3
12	Profit Before Taxation	(2,006.3)	1,338.6	4,181.9	1,071.9	(555.5)
13	Provision for Taxation		676.5	40.2		
14	Other Comprehensive Income	(3.7)	(6.5)	(14.0)	(313.3)	(100.0)
15	Profit After Taxation	(2,010.0)	655.6	4,127.7	758.6	(655.5)
16	Proposed Dividend					
17	Percentage of shareholding	100%	100%	100%	100%	80.38%

Sd/-
(Rajiv Bansal)
Chairman & Managing Director
DI No.00245460

Sd/-
(V.S. Hejmadi)
Director-Finance
DI No.07346490

Sd/-
(Kalpana Rao)
Company Secretary
M.No.ACS8194

Place : New Delhi
Date : 27.01.2021

Part B: Statement of Sailent Features of the Financial Statement of Jointly Controlled Entities and Associates (Form AOC-I)

(Rs in Million)

Sr. No	Name of Associates and Joint Ventures	AI-SATS
1	Reporting Currency	INR
2	Latest Audited Balane Sheet Date	3/31/2020
3	Share of Associates/Joint ventures held by the company on the year end	
i)	Nos	40,424,975
ii)	Amount of Investment in Associates/Joint Venture	436.2
iii)	Extent of Holding %	50%
4	Description of how there is significant influence	Joint Control
5	Reason why the associate/joint venture in not consolidated	Consolidated
6	Networth attributable to Shareholding as per latest audited Balance Sheet	4,921.8
	Profit/(Loss) for the year	583.2
i)	Considered in Consolidtion	291.6
ii)	Not Considered in Consolidation	-

Sd/-
(Rajiv Bansal)
Chairman & Managing Director
DI No.00245460

Sd/-
(V.S. Hejmadi)
Director-Finance
DI No.07346490

Sd/-
(Kalpana Rao)
Company Secretary
M.No.ACS8194

Place : New Delhi
Date : 27.01.2021

AI AIRPORT SERVICES LIMITED

CONTENTS

BOARD OF DIRECTORS (AS ON 29TH DECEMBER 2020)

Shri Rajiv Bansal	Chairman
Smt. Amrita Sharan	
Shri Vimlendra Anand Patwardhan	
Shri Satyendra Kumar Mishra	

Chief Executive Officer

Capt A. K. Sharma

Chief Financial Officer

Shri. Janaswamy Venkata Ravi Kumar

Company Secretary

Smt. Shashi Bhadoola

Auditors

M/s Shah Gupta & Co.,
Chartered Accountants, Mumbai

Bankers

HDFC Bank Limited Axis Bank

Registered Office

2nd Floor, GSD Building,
Air India Complex, Terminal-2, IGI Airport, New Delhi-110037

CHAIRMAN'S SPEECH

Dear Shareholders

It gives me great pleasure to present to you the 17th Annual Report of the Company for the year 2019-20. AI Airport Services Limited (Formerly Known as Air India Air Transport Services Limited) ("The Company") is a leading ground handling service provider and is operational PAN India.

The Company was operationalised in February 2013 and commenced its autonomous operationalisation from F.Y 2014-15, the Company since its stand-alone operationalisation has been a profitable company. During 2019-20 also, AI Airport Services Limited has earned Net Profit of Rs.662.13 million. This is a very positive and encouraging trend.

The Government of India announced National Civil Aviation Policy in June 2016 and it was expected that this would have an impact on the size and structure of India's ground handling sector which will be dramatically transformed - significantly increasing the size of the contestable market for third party handlers almost overnight. This is the first time that India has had a single document vision for the aviation sector and that is a welcome development.

PERFORMANCE OF THE COMPANY

During 2019-20, total revenue of the Company was Rs. 7088.01 million as against total restated revenue of Rs.7050.08 million during 2018-19. The total expenses were Rs 5749.44 .million as against restated expenses of Rs.5889.19 million during 2018-19. Profit Before Tax during the year ended 31st March, 2020 was Rs. 1338.58 million against restated figure of Rs.1160.89 million during 2018-19. The Net Profit earned during the period was Rs. 662.13 million as against the restated Net Profit of Rs.Rs.524.82million during 2018-19.

Fourth quarter of the financial year 2019-20 witnessed the pandemic due to COVID-19 which affected the overall economic growth. AI Airport Services Limited which is operational at 81 Airports in India rendered and continues to render selfless service and has a very major contribution to the success of Mission Lifeline Udan of the Ministry of Civil Aviation, Government of India.

AI Airport Services Limited provided and continues to provide ground handling to Special passenger charter flights for repatriation of foreign nationals from India as well as arrival flights with Indian Nationals from various foreign countries into India. AI Airport Services Limited also provided ground handling services to cargo flights carrying medicines and relief materials during the nationwide lockdown since 25th March, 2020 catering not only for flights under "LIFELINE UDAN" but also of various Foreign carriers.

The above flights have been handled by the COVID -19 WARRIORS of AI Airport Services Limited Operational at 81 Airports in India providing Ground Handling Support by MAINTAINING SOCIAL DISTANCING for "LIFELINE UDAN " and VANDE BHARAT FLIGHTS during the WAR AGAINST Corona.

AI Airport Services Limited received appreciations from various foreign carriers such as Malaysian, Emirates, Saudia Airlines etc. whose flights were simultaneously handled. Even the Indian Air Force appreciated the exemplary services provided by AI Airport Services Limited during such testing times and more so because ground handling services were rendered at an extremely short notice.

The most encouraging moment for AI Airport Services Limited is the tweet of Ministry of Civil Aviation dated 11th April, 2020 in its Twitter handle **"AN EXAMPLE OF EXEMPLARY TEAMWORK**", which sums up the performance of AI Airport Services Limited.

AI Airport Services Limited also arranged COVID -19 disaster Management programmes in coordination with

National Disaster Management Authority, Government of India at major airports all across the India in which various ground handling agencies actively participated.

AI Airport Services Limited is not only profitable since 2014-15 but so far the Company is a debt free company as well.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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 positive contribution to the society through high impact, sustainable programmes. Considering the profitability of the Company, an amount of Rs. 20.74 million was required to be spent during 2019-20. It has been decided to spend the said amount for promotion of education and skill development. A detailed report on the CSR activities forms part of the Directors' Report and is annexed at Annexure I.

ACKNOWLEDGEMENT

I take this opportunity to thank Air India Limited and 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 course on a growth trajectory, taking AI Airport Services Limited 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 AI Airport Services Limited for exemplary efforts to show the world the strength and resilience of our team spirit in pursuit of excellence. I want to thank each one of our employees for their contribution, who have always upheld the image of AI Airport Services Limited.

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

Sd/-
Rajiv Bansal
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 upgradation and modernisation of ramp equipment

-People

- To Maintain an energetic, qualified and highly motivated professional team
- Maintain high degree of work ethics

DIRECTORS' REPORT

The Directors take pleasure in presenting the Seventeenth Annual Report of the Company, together with the Audited Accounts, Auditors' Report and Comments by the Comptroller and Auditor General of India, for the year ended 31st March, 2020.

FINANCIAL PERFORMANCE

(Rupees in Millions)

Particulars	**2019-20**	**2018-19(Restated)**
Total Revenue	**7088.01**	**7050.08**
Total Expenses	**5749.44**	**5889.19**
Profit(Loss) before Exceptional Items and Tax	**1338.58**	**1160.89**
Profit(Loss) before Tax	**1338.58**	**1160.89**
Current Tax	**393.60**	**600.00**
Short Provision of Tax	**(27.16)**	**186.62**
Deferred Tax Asset	**310.01**	**(150.55)**
Net Profit(Loss) after Tax	**662.13**	**524.82**

During 2019-20, total revenue of the Company was Rs. 7088.01 million as against total restated revenue of Rs.7050.08 million during 2018-19. The total expenses were Rs 5749.44 .million as against restated expenses of Rs.5889.19 million during 2018-19. Profit Before Tax during the year ended 31st March, 2020 was Rs. 1338.58 million against restated figure of Rs.1160.89 million during 2018-19. The Net Profit earned during the period was Rs. 662.13 million as against the restated Net Profit of Rs.Rs.524.82 million during 2018-19.

OTHER FINANCIAL INFORMATION

Share Capital:

The Authorised Share Capital of the Company is Rs.1000,00,00,000/- (Rupees One Thousand Crores). The Paid-up Share Capital of the Company amounting to Rs.138,42,42,000/- (13,84,24,200 Equity Shares of Rs.10/- each) has been subscribed and paid-up by Air India Limited.

CHANGES IN SHARE CAPITAL, IF ANY

There was no change in the Authorised and Paid-up Share Capital of the Company.

STAFF STRENGTH

Based on the requirements for handling of Air India, Air India Express, Customer airline flights at various Indian stations, the number of staff inducted under various categories as on 31st March, 2020 is given below:

Chief Executive Officer	01
Company Secretary	01
Dy.Terminal Manager/Asst.Terminal Manager/Terminal Manager/Duty Manager/Duty Officer/ Temp Chief Security Officer/Account Asst./Aircraft Technician/Dy.RamMgr/Executive	67
Officer Comm./Officer HR/Officer Accounts/Officer B&D/Asst Officer Comm/officer admin	26

Mgr. - Costing/Mgr. Finance	2
Jr. Executive - Technical	90
Jr. Executive - Pax Handling/Jr. Executive - Customer Services/JEHR	130
Customer Agent	2871
Jr. Customer Agent	592
Sr. Customer Agent	105
RSA/RSA-I/RSA(LG)	577
Sr. RSA/Sr.RSA-I/Sup RSA	128
Security Agent	1507
Sr. Security Agent/Sup.SA	880
Temp FFP Staff/Sup.FFP	13
Utility Agent	23
Utility Agent Cum Ramp Driver	831
HandyMan/SafaiKamgar	5362
Utility Service Agent (Absorbed as per MoU)	39
Total	**13245**

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 2020

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
13245	2756	20.81	574	4.33	3056	23.07

ACTIVITIES OF AI AIRPORT SERVICES LIMITED

As per MOCA's direction that outsourcing will not be permitted at airports due to security reasons effective 31 December 2016, AI Airport Services Limited takes pride in implementing Government's decision at all the 81 Airports in India where Ground Handling Services are provided by AI Airport Services Limited. There is NIL outsourcing of manpower as of date in AI Airport Services Limited.

IMPLEMENTATION OF OFFICIAL LANGUAGE

The Company is taking effective steps for implementation of the provisions of the Official Language Act and Rules framed under the Act.

SEXUAL HARASSMENT

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. All employees (permanent, contractual, temporary, trainees) are covered under this Policy.

6 complaints of sexual harassment were received during the year 2019-20. Out of 6 complaints 3 complaints

were resolved and reports & findings of rest 3 complaints were submitted for final action to appropriate authority.

COMPLIANCE WITH THE RTI ACT, 2005

AI Airport Services Limited has successfully ensured compliance with the provisions of Right to Information Act for providing information to the citizens.

AI Airport Services Limited has decentralized its structure to deal with the applications / appeals received under RTI Act with effect from 18 February 2014. 8 Assistant Public Information Officers (APIOs), 5 Public Information Officers (PIOs) and an Appellate Authority have been appointed for speedy disposal of applications / appeals.

During 2019-20, 77 Requests / 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

With a view to expand the business operations of the Company, no dividend is recommended by the Board of Directors.

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 Directors have decided / proposed to carry Rs 655.69. million for the year 2019-20 to Reserves.

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, 2020 and the date of the Board's Report affecting the financial position of the Company.

MEETINGS OF THE BOARD OF DIRECTORS

Three Meetings of the Board of Directors of the Company were held during the Financial Year 2019-20 as detailed below. However, the meeting for the last quarter was supposed to be held on 27th March, 2020 and the notice of which had been circulated to all directors on 19th March, 2020, although it couldn't convened consequent upon effects of COVID-19 outbreak and official announcement of lockdown by Government of India.

Sr. No.	Date of Meeting	Board Strength	No.of Directors Present
1	20th June, 2019	4	4
2	6th September 2019	4	4
3	3rd December, 2019	4	4

Sr. No.	Date of Meeting	Board Strength	No.of Directors Present
4	27th March, 2020 (cancelled consequent upon effects of COVID-19)		

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

1. that in the preparation of the Annual Accounts, the applicable Ind AS have been followed and there has been no material departure;

2. that the selected accounting policies were applied consistently and the Directors made judgements 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 2020 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 per the provisions of Section 177 of the Companies Act, 2013, Audit Committee comprising of the following Directors was constituted in November 2014. Presently, the Audit Committee comprises of

Name of the Director	Position Held in the Committee	Category of the Director
Jt. Secretary & Financial Advisor, MOCA	Chairperson	Government Nominee Director
Jt Secretary, MOCA	Member	Government Nominee Director
Chairman & Managing Director, Air India Limited	Member	Chairman (Nominee Director)
Air India Nominee Director	Member	Nominee Director

The Board has accepted the recommendations of the Audit Committee.

AUDITORS

M/s Shah Gupta & Co., Chartered Accountants, Mumbai, were appointed as Statutory Auditors for the year 2019-20 by the Comptroller & Auditor General of India.

Management clarifications / explanations to the observations / qualifications or adverse remarks in the Auditor's Report is attached. The Notes on financial statements are self-explanatory and need no further explanation.

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.

SECRETARIAL AUDIT REPORT

The Board has appointed M/s Hussain Wagh & Co., Company Secretaries, Mumbai to conduct the Secretarial Audit for Financial Year 2019-20. The Secretarial Audit Report for the Financial Year ended 31st March, 2020 is annexed at Annexure IV to this Report.

The Managements' Comments on Secretarial Auditors' observations are as under:

Secretarial Auditor's Observation	Management's Reply
The Notice convening the 76th Meeting of the Board of Director was sent to the entire Director on 19th March, 2020 but the said meeting could not be held due to lock down imposed by the Government to India with effect from 25th March, 2020. Consequently only 3 Board Meeting were held during the Audit Period.	Best possible efforts were made for holding a Board meeting in the month of March, for which notice was also issued on 19th March, 2020. However, due to nationwide lockdown implemented across the country consequent upon COVID-19 and further due to lethal effects of the pandemic the same could not be held. The Company ensures to comply with the provisions of Companies Act in this regard, in future.
The Company has not appointed Woman Director as required under the second proviso to Section 149(1) read with Rule 3 of the Companies (Appointment and Qualification of directors) Rules,2014.	This is a statement of fact. The Matter was taken up with Ministry of Civil Aviation for necessary action in the matter and accordingly Smt. Amrita Sharan Women Director, AI nominee has been appointed on the Board of company w.e.f 11.09.2020.

COST AUDIT

During the financial year 2019-20, the Cost Audit Report has been filed with the Ministry of Corporate Affairs on 13 May 2019. This Cost Audit Report pertains to the year 2017-18 and the Cost Auditors were M/s Meena Gupta & Associates, Cost Accountants, and Mumbai. The same Cost Auditors were appointed for the Financial Year 2018-19 and 2019-20.

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 future.

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

(A) **Conservation of Energy and Technology Absorbtion**

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 installed Roof Top Grid Tied Solar Power System of 50kw power capacity in Delhi and Chennai, which can yield around 220kwh electric energy per day on an average and it, is performing well.

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

The foreign exchange earnings and outgo during the year under review was as under:

	USD in Millions
Earnings	USD 20.42
Outgo	USD 3.98

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has constituted Corporate Social Responsibility (CSR) Committee as under, 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 on 31st March, 2020, the CSR Committee comprises of

Shri Rajiv Bansal	Chairman
Shri Vimlendra Anand Patwardhan	Member
Shri Satyendra Kumar Mishra	Member
Shri Vinod Shanker Hejmadi	Member

Shri Rajiv Bansal has been appointed as Chairman of the Company with effect from 14th February, 2020 *vice* Shri Ashwani Lohani and accordingly, Shri Rajiv Bansal replaced Shri Ashwani Lohani on the CSR Committee effective that date.

The Board in its Meeting held on 23 May 2016 approved the CSR Policy and further revised the CSR Policy in its meeting held on 11th June, 2020. The Board has also approved an expenditure of Rs.20.74 (million) towards CSR activities during the financial year 2019-20 after considering the profitability of the Company.

It has been decided that with the said amount, the company will make contribution toward promotion of education and skill development.

CORPORATE GOVERNANCE

The Company has complied with the requirements of Corporate Governance. The detailed Corporate Governance Report forms part of this Annual Report separately.

EXTRACT OF ANNUAL REPORT

In compliance with the provisions of Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of Annual Return is annexed at Annexure III and Form MGT-7, Annual Return shall be displayed on Company's website at www.aiatsl.com.

PARTICULARS OF EMPLOYEES

As per 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, 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 the 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.

AI Airport Services 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 for determining qualifications and other matters.

DEPOSITS

The Company has not accepted any deposits during the year under review.

ANNUAL EVALUATION

Vide Notification No.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

AI Airport Services Limited is a wholly owned Subsidiary of Air India Limited. As per the provisions of Article 98 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 Air India Limited, who in turn can do so subject to the directions of the Government of India.

AI Airport Services Limited is an unlisted Public company and a wholly owned subsidiary of Air India Limited and as per Ministry of Corporate Affairs Circular dated 5th July 2017, exemption has been given to unlisted wholly owned subsidiary companies from appointing Independent Director.

NOMINATION & REMUNERATION COMMITTEE

The constitution of 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. AI Airport Services Limited being an unlisted wholly owned subsidiary company of Air India 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.

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 approach adopted by the Company for Risk Management
- Define the Organisational 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 co-ordinated manner with minimum disruption and cost, to protect and preserve Company’s human, physical and financial assets.

DIRECTORS

During the Financial Year 2019-20, the following changes have occurred in the constitution of Directors of the Company:

Sr. No.	Name	Designation	Date of Appointment	Date of Cessation	Mode of Cessation
1	Shri Arun Kumar	Nominee Director	24.01.2019	10.07.2019	Ceased to be Nominee Director
2	Shri Praveen Garg	Nominee Director	21.08.2019	18.02.2020	Ceased to be Nominee Director
3	Shri Ashwani Lohani	Chairman	14.02.2019	14.02.2020	Ceased to be Chairman
4.	Shri Rajiv Bansal	Chairman	14.02.2020		
5	Shri Vimlendra Anand Patwardhan	Nominee Director	20.03.2020		

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 74th Meeting held on 6th September 2019 to enter into contracts / arrangements with Air India Limited and its subsidiary companies (Government Companies) for an estimated amount of approximately Rs.490 Crores during 2019-20.

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 2020 will be annexed to this Report.

ACKNOWLEDGEMENTS

The Board gratefully acknowledges the support and guidance received from Air India Limited, the Ministry of Civil Aviation, Airport Authority of India, 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/-
Rajiv Bansal
Chairman

Place : New Delhi

Date : 18.12.2020

MANAGEMENT DISCUSSION & ANALYSIS REPORT

1. ANALYSIS OF FINANCIAL PERFORMANCE

Revenue

- Total revenue earned during the year was Rs. 7088.01 million as against restated Rs. 7050.08 million during 2019-20.

Expenditure

- The total expenditure incurred during the year was Rs. 5749.44 million as compared to the restated previous year's figure of Rs.5889.19 million.

2. FUTURE OUTLOOK

AI Airport Services Limited, a wholly owned subsidiary of Air India Limited was operationalised on 1st February, 2013 and started its independent operations effective April 2014. Presently, it provides ground handling services at 81 Airports in India. Apart from handling the flights of Air India and its Subsidiary Companies, ground handling is also provided to 36 Foreign Scheduled Airlines, 3 Domestic Scheduled Airlines, 3 Regional Airlines, 9 Seasonal Charter Airlines, 23 Foreign Airlines availing Perishable Cargo handling. Additionally AI Airport Services Limited also provides cabin cleaning & cabin dressing services besides undertaking repairs of aircraft Unit Load Device (ULD) and meal carts. Ground Handling was provided for 1,33,668 flights (Air India and Subsidiaries) and 25,020 flights of scheduled and non-scheduled customer airlines during 2019-20.

AI Airport Services Limited operations along with financials will continue to achieve higher trajectory growth in the coming years. The major earnings are from handling international flights thereby the foreign exchange inflow will be available towards foreign procurement as well as possibly deriving foreign exchange gains in revenue earnings to the Company. AI Airport Services Limited with Pan India presence is to be the market leader in the country and with its capability should be able to venture into few of the foreign countries wherever Air India is operating.

During the ongoing strategic sale process, entire equity stake in AI Airport Services Limited is proposed to be sold by Air India Limited. The strong profitability track record of AI Airport Services Limited should be able to attract more investors in the current aviation scenario in India.

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 662.13 million during 2019-20.

With the National Civil Aviation Policy-2016 coming into effect, India’s ground handling sector has been dramatically transformed.

The Ground Handling market in India is poised to grow on account of preferential travelling by air, increasing population, government UDAAN scheme and various initiatives taken by airport operators. In such stimulated industrial environment, there would be significantly larger market opportunity for Ground Handling as hence for AI Airport Services Limited .

4. HUMAN RESOURCES

Staff Strength

The number of staff inducted on Contract under various categories as on 31 March 2020 was 13245. The number of employees deputed and transferred from Air India to AI Airport Services Limited was 14 and 1190 respectively.

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 Kakaria & Associates, Chartered Accountants, Mumbai have been appointed as Internal Auditors to review the business processes and controls to assess the adequacy of internal control system, to ensure compliance with all applicable laws and regulations and facilitate in optimum utilisation of resources and protect the Company's assets.

REPORT ON CORPORATE GOVERNANCE

Board of Directors

As per Articles of Association of the Company, the number of Directors shall not be less than three and not more than fifteen.

BOARD OF DIRECTORS AS ON 31 MARCH 2020

Shri Rajiv Bansal, Chairman	Chairman & Managing Director Air India Limited
Shri Vinod Shanker Hejmadi Director(Finance), Air India Limited	Air India, Nominee Director
Shri Vimlendra Anand Patwardhan Jt. Secretary & Financial Advisor Ministry of Civil Aviation	Government Nominee Director
Shri Satyendra Kumar Mishra Joint Secretary Ministry of Civil Aviation	Government Nominee Director

Shri Ashwani Lohani, who was appointed as Chairman effective 14th February, 2019 *vice* Shri Pradeep Singh Kharola, ceased to be Chairman Effective 14th February, 2020 and Shri Rajiv Bansal was appointed Chairman of the Company effective that date.

The Board places on record its appreciation of the valuable services rendered by Shri Ashwani Lohani as Chairman of the Company.

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

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

Board Meetings

Three Board Meetings were held during the financial year on the following dates :

20th June, 2019 (73rd Meeting)

06th September, 2019 (74th Meeting)

03rd December, 2019 (75th Meeting)

27th March, 2020 (76th Meeting cancelled consequent upon nationwide Lockdown)

Three Meetings of the Board of Directors of the Company were held during the Financial Year 2019-20 as detailed above. However, the meeting for the last quarter was supposed to be held on 27th March, 2020 and the notice of which had been circulated to all directors on 19th March, 2020, although it couldn't convened due to nationwide lockdown implemented by Government of India consequent upon COVID-19 outbreak.

Particulars of Directors including their attendance at the Board / Shareholders' Meetings during the financial year 2019-20:

Name of the Director	Academic Qualifications	Attendance out of 3 Board Meetings held during the year	Details of Directorships held in other Companies	Memberships held in Committees
Shri Ashwani Lohani Chairman (from 14th February, 2019 to 14th February, 2020)	Mechanical Engineer & Fellow of Chartered Institute of Logistic & Transport	3	Chairman Air India Limited, Air India Express Limited, AI Airport Services Limited, AI Engineering Services Limited, Alliance Air Aviation Limited, Hotel Corporation of India Limited, Air India Asset Holding Limited Director Air India SATS Airport Services Pvt Ltd, Air Mauritius Ltd, Air Mauritius Holdings Ltd	Chairman Corporate Social Responsibility Committee-AI Airport Services Limited Member Nomination & Remuneration Committee-Air India Limited; Audit Committee - Hotel Corporation of India Limited and AI Airport Services Limited Permanent Invitee Audit Committee-Air India Limited, Alliance Air Aviation Limited and AI Engineering Services Limited
Shri Rajiv Bansal Chairman (from 14th February, 2020)	Civil Engineer from IIT Delhi, Diploma in Finance, ICFAI, Hyderabad Exe Masters in International Business, IIFT, Delhi	0	Chairman Air India Limited, Air India Express Limited, AI Airport Services Limited , AI Engineering Services Limited, Alliance Air Aviation Limited, Hotel Corporation of India Limited, Air India Asset Holding Limited, Air India SATS Airport.	Chairman Corporate Social Responsibility Committee-AI Airport Services Limited Member Nomination & Remuneration Committee- Air India Limited; Audit Committee-Hotel Corporation of India Limited and AI Airport Services Limited

Name of the Director	Academic Qualifications	Attendance out of 3 Board Meetings held during the year	Details of Directorships held in other Companies	Memberships held in Committees
			Director Air Mauritius Ltd, Air Mauritius Holdings Ltd, Bharat Yantra Nigam Limited	Permanent Invitee Audit Committee-Air India Limited, AI Engineering Services Limited ,Alliance Air Aviation Limited
Shri Arun Kumar Addl Secretary & Financial Advisor, Ministry of Civil Aviation-Government Nominee Director (From 24th January, 2019 to 10th July, 2019)	B.A.(Hons.)	1	Director Air India Limited, AI Airport Services Limited, AI Engineering Services Limited, Hotel Corporation of India Limited, Pawan Hans Ltd., Indian Renewable Energy Development Agency Limited (IREDA), Solar Energy Corporation of India Ltd. (SECI), Air India Assets Holding Limited	Chairman Audit Committee- AI Airport Services Limited and Hotel Corporation of India Limited; AI Engineering Services Limited. Share Allotment Committee- Air India Limited Member Audit Committee-Air India Limited CSR Committee-AI Airport Services Limited
Shri Satyendra Kumar Mishra Jt. Secretary, Ministry of Civil Aviation -Government Nominee Director (From 2nd February, 2017)	M.Tech (Applied Geology) M.A. (Public Policy)	3	Director Air India Limited, AI Airport Services Limited, AI Engineering Services Limited, Hotel Corporation of India Ltd, Air India Assets Holding Limited	Member Nomination & Remuneration Committee- Air India Limited; HR Committee- Air India Limited; Audit Committee-AI Airport Services Limited, AI Engineering Services Limited and Hotel Corporation of India Limited; Air India Asset Holding Limited

Name of the Director	Academic Qualifications	Attendance out of 3 Board Meetings held during the year	Details of Directorships held in other Companies	Memberships held in Committees
				CSR Committee- AI Airport Services Limited, Air India Limited. Strategic Committee-Air India Limited.
Shri Vinod Shanker Hejmadi Air India Nominee Director (From 7th December, 2015)	B.Com., ACA	3	Director Air India Ltd, Air India Express Ltd, AI Airport Services Limited, AI Engineering Services Limited, Hotel Corporation of India Ltd, Alliance Air Aviation Limited ,Air India SATS Airport Services Pvt Ltd, Air India Assets Holding Limited	Chairman HR Committee- Air India Limited; Corporate Social Responsibility Committee- Air India Express Limited Member Nomination & Remuneration Committee- Air India Limited; Corporate Social Responsibility & Sustainability Development Committee- Air India Limited; Corporate Social Responsibility Committee- AI Airport Services Limited, Share Allotment Committee- Air India Limited; Audit Committee- Hotel Corporation of India Limited, AI Airport Services Limited, Air India Express Limited, AI Engineering Services Limited and Alliance Air Aviation Limited. Finance Committee- Air India Limited. Special Invitee: Audit Committee-Air India Limited.

Name of the Director	Academic Qualifications	Attendance out of 3 Board Meetings held during the year	Details of Directorships held in other Companies	Memberships held in Committees
				Co-Opted Member Strategic Committee-Air India Limited
Shri Praveen Garg Addl Secretary & Financial Advisor, Ministry of Civil Aviation-Government Nominee Director (From 21st August, 2019 to 18th February, 2020)	Chartered Accountant	2	Director Air India Limited, AI Airport Services Limited, AI Engineering Services Limited, Hotel Corporation of India Limited, Pawan Hans Ltd., Indian Renewable Energy Development Agency Limited (IREDA), Solar Energy Corporation of India Ltd. (SECI),	Chairman Audit Committee- AI Airport Services Limited and Hotel Corporation of India Limited; Member Audit Committee-Air India Limited CSR Committee-AI Airport Services Limited
Shri Vimlendra Anand Patwardhan, Joint Secretary & Financial Advisor, Ministry of Civil Aviation-Government Nominee Director (From 20th March, 2020)	B.Com	0	Director Air India Limited, AI Airport Services Limited, AI Engineering Services Limited, Hotel Corporation of India Limited, Air India Asset Holding Limited, Pawan Hans Ltd., Indian Renewable Energy Development Agency Limited (IREDA), Solar Energy Corporation of India Ltd. (SECI).	Chairman Audit Committee- AI Airport Services Limited and Hotel Corporation of India Limited; AI Engineering Services Limited, Share Allotment Committee- Air India Limited Member Audit Committee-Air India Limited, , Solar Energy Corporation of India Ltd (SECI) CSR Committee- AI Airport Services Limited Remuneration Committee-, Solar Energy Corporation of India Ltd

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 in November 2014.

As on 31 March 2020, the following were the Members of the Audit Committee:

Joint Secretary & Financial Advisor, MOCA	Chairman
Joint Secretary, MOCA	Member
Chairman & Managing Director, Air India Ltd	Member
Air India Nominee Director	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.

Annual General Meetings (AGM) during the last three years :

AGM Number	Date and time of the Meeting	Venue	Special Resolution
14th	7th December 2017 at 1745hrs	Airlines House,113 Gurudwara Rakabganj Road, New Delhi 110 001	NIL
14th (Adjourned)	20th February, 2018 at 1100hrs	Airlines House,113 Gurudwara Rakabganj Road, New Delhi 110 001	NIL

AGM Number	Date and time of the Meeting	Venue	Special Resolution
15th	26th December, 2018 at 1600hrs	Airlines House,113 Gurudwara Rakabganj Road, New Delhi 110 001	NIL
15th (Adjourned)	3rd January 2019 at 1200hrs	Airlines House,113 Gurudwara Rakabganj Road, New Delhi 110 001	NIL
16th	26th December, 2019 at 1130hrs	2nd Floor, GSD Building, Air India Complex, Terminal-2, IGI Airport, New Delhi-110037	Yes

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 31 March 2020.

Sd/-
(Ashvini Sharma)
CEO

AI Airport Services Limited
(Formerly Known as Air India Air Transport Services Limited)

Place : Delhi

Date : 18.12.2020

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. CSR Budget / CSR Spend

(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. Monitoring Mechanism

(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 third party impact 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)
Project Report on CSR Activities
Financial Year 2019-20

Sr No.	Particulars
1	**A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the weblink to the CSR Policy and projects or programs** ▪ 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 contribution to the 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 marginalised 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 Planning Commission and where there was a strategic connect for the Company. ▪ The CSR projects / programmes / activities would be implemented through implementing partners / specialized agencies, the selection of whom would be based on the laid down criteria.
2	**The Composition of the CSR Committee** We have a Board Committee (CSR Committee) that inter alia formulates the CSR Policy, recommends CSR Budget for approval of the Board, approves CSR projects with a monetary value of Rs.50 lakhs and above and monitor CSR Policy to ensure that the CSR objectives are met. The CSR Committee comprises of Shri Rajiv Bansal — Chairman Shri Vimlendra Anand Patwardhan — Member Shri Satyendra Kumar Mishra — Member Shri Vinod Shanker Hejmadi — Member
3	**Average Net Profit of the Company for last three financial years** Rs.1,037,440,680/- (Rupees One Hundred and Three Crores Seventy Four Lakhs Forty Thousand Six Hundred & Eighty Only.)

4	**Prescribed CSR Expenditure (Two Per Cent of the amount as in Item 3 above)** Rs.2,07,48, 814/- (Rupees Two Crore Seven Lakhs Forty Eight Thousand Eight Hundred and Fourteen Only). However, as during previous years, an amount of Rs.4,35,08,569 /- remained unspent out of which Rs. 5,00,000/- and Rs. 98,67,000 has already been contributed in Bee Hive Junior School/Bee Hive Educational Society and Prayas-Juvenile Aid Centre respectively in Financial Year 2019-20. Hence, the amount of Rs. 3,31,41,569/- remained unspent, it was proposed to spend Rs.5,38,90,383/- (Rupees Five Crores Thirty Eight Lakhs Ninety Thousand Three Hundred and Eighty Three Only) during 2019-20.
5	**Details of CSR spent during the Financial Year** **(a) Total amount to be spent for the Financial Year** Rs.5,38,90,383/- (Rupees Five Crores Thirty Eight Lakhs Ninety Thousand Three Hundred and Eighty Three Only) (Rs.2,07,48, 814/- of 2019-20 and Rs. 3,31,41,569/- unspent from last few years) **(b) Amount unspent, if any** Rs.5,38,90,383/- (Rupees Five Crores Thirty Eight Lakhs Ninety Thousand Three Hundred and Eighty Three Only) **(c) Manner in which the amount spent during the Financial Year** See Annexure attached
6	**In case Company has failed to spend the Two Per Cent of the average Net Profit of the last three Financial Years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report** The company was required to spend Rs.5,38,90,383/- on CSR activities during Financial Year 2019-20 (Rs.2,07,48, 814/- of 2019-20 and Rs. 3,31,41,569/- unspent from last few years) . The Company has contributed during 2019-20 Rs. 5,00,000 in Bee Hive Junior School/Bee Hive Educational Society and Rs.98,67,000/- Prayas-Juvine aid Centre. However considering that the desired level of CSR spending could not be carried out. The matter was placed before the board along with CSR budget approval for FY 2019-20 in a meeting dated 03rd December 2019. Management now has decided to carry forward the entire unspent amount in F.Y 2020-21.
7	**A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR Objectives and Policy of the Company** We hereby affirm that the CSR Policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of the CSR project sand activities in compliance with our CSR Objectives.

For AI Airport Services Limited

(Formerly Known as Air India Air Transport Services Limited)

Sd/-	**Sd/-**
Rajiv Bansal	**Ashvini Sharma**
Chairman of CSR Committee	**Chief Executive Officer**

ANNEXURE

Sr No. (1)	CSR Project or activity (2)	Sector in which the Project is covered (3)	Location of the Project or Programme (4)	Amount Outlay (Budget) (5)	Amount spent on the Projects or Programs (6)
(i) Expenditure on Projects / Programs					
(a)	Summer Camp organized by Bee Hive Junior School, 2019 for differently abled children and slum children.	School/ Education	Delhi	Rs. 2,07,48,814/- (2019-20) plus Rs. 3,31,41,569 /- (Unspent from last few years) Total - Rs.5,38,90,383/-	Rs. 5,00,000/-
(b)	Integrated Programme on education and skills building for school drop outs, out of school children and for vulnerable youth for livelihood empowerment in the project of Prayas JAC Society	School/ Education			Rs. 98,67000/-
(ii) Overhead					
-					

For AI Airport Services Limited

(Formerly Known as Air India Air Transport Services Limited)

Sd/-
Rajiv Bansal
Chairman of CSR Committee

Sd/-
Ashvini Sharma
Chief Executive Officer

Annexure III

ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR 2019-20

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 (FORMERLY KNOWN AS AIR INDIA AIR TRANSPORT 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	Air India Limited Airlines House 113 Gurudwara Rakabganj Road New Delhi, 110 001.	U62200DL2007GOI161431	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 01-04-2019]				No. of Shares held at the end of the year [As on 31-03-2020]				% 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.	-	138424200	138424200	100	138424191	9	138424200	100	
e) Banks / FI									
f) Any other									
Total shareholding of Promoter (A)		138424200	138424200	100	138424191	9	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 01-04-2019]				No. of Shares held at the end of the year [As on 31-03-2020]				% 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 01-04-2019]				No. of Shares held at the end of the year [As on 31-03-2020]				% Change during the year
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)		**138424200**	**138424200**	**100**	**138424191**	**9**	**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 Share-holding 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	Air India Limited	138424200	100	NIL	138424200	100	NIL	0.00

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
	At the beginning of the year				
	Air India Limited	138424200	100	138424200	100

Sr No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding at end of the year	
	At the end of the year				
	Air India Limited	138424200	100	138424200	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					
3					
4					
5					
6					
7					
8					
9					
10					

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
1	Shri Ashwani Lohani (As Nominee of Air India Limited)	1	0	1	0
2	Shri Vinod Hejmadi (As Nominee of Air India Limited)	1	0	1	0
	Total	**2**	0	**2**	0

V. INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	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	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.

B. Remuneration to other directors

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**			
					Total
1	Gross salary	0.967	*	*	0.967
	(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		-	-	

* Not applicable to Government Companies. Only CFO and CS are KMPs during F.Y 2019-20.

The Chief Financial Officer is holding the position in addition to his responsibility as General Manager-Finance in Air India Ltd..

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	-	-	-	-	-

FORM NO. MR.3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

[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 Airport Services Limited
(Formerly known as Air India Air Transport Services Limited)
CIN-U63090DL2003PLC120790
2ndFloor, GSD Building, Air India Complex,
Terminal-2, IGI Airport, New Delhi South West
Delhi-110037

I 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) [CIN-U63090DL2003PLC120790] (hereinafter called 'the Company'). The 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 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 and as per the explanations given to me and the representation 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, 2020('Audit Period')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 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, 2020 according to the provisions of:

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

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under (Not applicable to the Company during the Audit Period);

(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;(Not applicable to the Company during the Audit Period);

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (Not applicable to the Company during the Audit Period);

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit Period);

(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); and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018(Not applicable to the Company during the Audit Period);

(vi) Having regard to the compliance system prevailing in the Company and on the basis of the Compliance Certificates/Management Representation Letters issued by the designated officers of the Company, the Company has complied with the following laws applicable specifically to the Company:

(a) The Payment of Gratuity Act, 1972;

(b) The Payment of Bonus Act, 1965;

(c) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

(d) The Regulations, Circulars, Requirements, Orders, Notifications, issued by Ministry of Civil Aviation, Bureau of Civil Aviation Security and the Directorate General of Civil Aviation.

(e) Guidelines on Corporate Governance for Central Public Sector Enterprises.

I further report that, based on the information provided and the representation made by the Company, in my opinion, adequate systems and processes exist in the Company to monitor and ensure compliance with provisions of applicable general laws including labour laws.

I 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 and other designated professionals.

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

(i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.

(ii) Equity Listing Agreement and Debt Listing Agreement entered with National Stock Exchange of India Limited and BSE Limited and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015(Not applicable to the Company);

During the Audit Period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

i. *The Notice convening the 76thMeeting of the Board of Directors was sent to all the Directors* *on 19th March, 2020 but the said meeting could not be held due to lock down imposed by the Government of India with effect from 25th March, 2020. Consequently only 3 Board Meeting were held during the Audit Period.*

ii. *The Company has not appointed Woman Director as required under the second proviso to Section 149(1) read with Rule 3 of the Companies (Appointment and Qualification of directors) Rules,2014.*

I/we further report that:-

The Board of Directors of the Company is duly constituted. 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 as regards the schedule of the Board Meetings and Committee Meetings, agenda and detailed notes on agenda 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.

Decisions at the Board Meetings, as represented by the Management, were taken unanimously.

As represented and explained to us, I 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.

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.

Sd/-
Husain Y. Wagh
Practicing Company Secretary
(ICSI Unique Code S2013MH227200)
ACS No: 32996
Certificate of Practice No-12153
UDIN: A032996B001561963

Place : Mumbai
Date : 19th December, 2020

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

'Appendix A'

To,
The Members,
AI Airport Services Limited
(Formerly known as Air India Air Transport Services Limited)
CIN-U63090DL2003PLC120790
2nd Floor, GSD Building, Air India Complex,
Terminal-2, IGI Airport, New Delhi South West
Delhi-110037

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

1. The maintenance of the secretarial records 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 processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test check basis to ensure that the correct facts are reflected in the secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of the financial records and books of accounts of the Company.

4. Where-ever required, I have obtained the Management Representations about the compliance of the applicable laws, rules and regulations and occurance of events etc.

5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. My examination was limited to the verification of procedures on test check 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.

Sd/-
Husain Y. Wagh
Practicing Company Secretary
(ICSI Unique Code S2013MH227200)
ACS No: 32996
Certificate of Practice No-12153
UDIN: A032996B001561963

Place : Mumbai
Date : 19th December, 2020

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 2020

The preparation of financial statements of **AI AIRPORT SERVICES LIMITED** for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 18 December 2020.

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 2020 under section I 43(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 Financial Position

Current liabilities

Trade Payable - ₹ 84.62 crore (Note 17)

The above does not include ₹ 0.88 crore towards bills of M/s Accelya Kale for use of their Software by the Company to carry out the International Air Transport Association (IATA) billing in respect of third-party Airlines handled by the company. The company is showing the above amount {notes forming part of financial statements, para 22 A 2 (ii)} as contingent liability instead of recognising the same as a liability.

Thus, the above has resulted in understatement of Trade Payable and Expenses by ₹ 0.88 crore and overstatement of Profit as well as Contingent Liabilities to the same extent.

B. Comments on Cash Flow Statement

1. The Company is having a bank balance of USD 589877.22. However. in compliance with Ind AS 7, the effect of exchange rate changes on the bank balance held in foreign currency amounting to ₹0.14 crore has not been shown separately in the cash flow statement.

2. Cash and Cash Equivalents includes three term. deposits amounting to ₹0.17 crore which are under lien and hence not available for use by the Company. However. in compliance with Ind AS 7, this fact has not been disclosed in the Cash Flow Statement.

3. Fixed Assets amounting to ₹135.82 crore have been purchased, however, payment of ₹47.97 crore only has been made to the vendor and ₹87.85 crore is being shown under Financial Liabilities. The Company has taken the impact of ₹87.85 crore under ‘Increase/decrease in Trade Payables’ while calculating Cash Flow from Operating Activities and has shown total purchase amount of Rs.135.82 crore under ‘Purchases of Property, Plant & Equipment’ while calculating Cash Flow from Investing Activities. Since, this is not an operating activity, its impact should not have been taken under Cash Flow from Operating

Activities and also, the purchase of fixed assets should have been shown on net cash outflow basis i.e. ₹47.97 crore instead of showing full purchase price of ₹135.82 crore.

Thus, the above treatment has resulted in overstatement of Cash generated from Operations and understatement of Cash Flow from investing activities by ₹87.85 crore and has also resulted in non-compliance of Ind AS 7 relating to Statements of Cash Flow.

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

Sd/-
(Rina Akoijam)
Principal Director of Audit (Infrastructure)
New Delhi

Place: New Delhi

Dated: 19 February 2021

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 2020

The preparation of financial statements of **AI AIRPORT SERVICES LIMITED** for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 18 December 2020.

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 2020 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 Financial Position

Current liabilities

Trade Payable – ₹ 84.62 crore (Note 17)

The above does not include ₹0.88crore towards bills of M/s Accelya Kale for useof their Software by the Company to carry out the International Air Transport Association (IATA) billing in respect of third-party Airlines handled by the company. The company is showing the above amount {notes forming part of financial statements, para 22 A 2 (ii)} as contingent liability instead of recognising the same as a liability.

Thus, the above has resulted in understatement of Trade Payable and Expenses by ₹0.88 crore and overstatement of Profit as well as Contingent Liabilities to the same extent.

Management Reply:

At the time of operationalisation of the Ground Handling Subsidiary, AI Airports Services, in October 2004, it was proposed by M/s. Kale that the Company will be billed @ Rs. 100/- per flight processed and this proposal was specific only for a period of 1 year. The agreement was not formalised and no concrete agreement / contract was entered and the arrangement continues to exist and the services are being availed by the Company.

As there was no formal agreement, the company has shown the same under Contingent Liability and has not booked the invoices. In the absence of the signed understanding between the parties since 2015, AI Airport Services Limited started reflecting the amounts billed by M/s. Kale under Contingent Liability effective 31st March 2019.

The total amount outstanding as per the claim submitted by the party and the bill wise details of the same are as attached.

Bills raised in name of AIATSL	**103,69,540**
Less: Payments taken on account	**16,00,000**

Balance as Contingent Liability	87,69,540

We have noted the observations made by the Government audit team about adopting a conservative approach and booking the same should have been adopted instead of providing the same under Contingent Liability.

The Company is making efforts to resolve the long pending issue of entering into agreement during 2020-21 and arrange to account the same as well, as replied to the HMs and PC raised by the CAG.

B. Comments on Cash Flow Statement

1. The Company is having a bank balance of USD 589877.22.However, in compliance withInd AS 7, the effect of exchange rate changes on the bank balance held in foreign currency amounting to ₹0.14 crore has not been shown separately in the cash flow statement.

Management Reply

The effect on exchange rates on cash and cash equivalent of USD 589877.22 is Rs.431,87,700.10 , However the exchange rate whilst converting at FEDAI rate the conversion of USD 589877.22 works out to Rs. 446,33,059.85 which leads to a difference of Rs14,45,359.75which is also included in the total unrealised gain of Rs. 275.07 Million accounted under Other Income of Profit & Loss Account.

As decided by the Audit Team the amount of exchange gain on the cash and cash equivalent of USD 589877.22 is Rs. 14,45,359.75 was not reported separately.

2. Cash and Cash Equivalents includes three term deposits amounting to ₹0.17 crore which are under lien and hence not available for use by the Company. However, in compliance with Ind AS 7, this fact has not been disclosed in the Cash Flow Statement.

Management Reply

The details of lien on Fixed Deposit have been indicated in the Notes (No 9 and No 10) forming part of the Balance Sheet. The same however has not been disclosed separately as a note in the Cash Flow Statement. Sufficient disclosures will be made effective FY 2020-21.

3. Fixed Assets amounting to ₹135.82 crore have been purchased, however, payment of ₹47.97 crore only has been made to the vendor and ₹87.85 crore is being shown under Financial Liabilities. The Company has taken the impact of ₹87.85 crore under ‘Increase/decrease in Trade Payables’ while calculating Cash Flow from Operating Activities and has shown total purchase amount of Rs. 135.82 crore under ‘Purchases of Property, Plant & Equipment’ while calculating Cash Flow from Investing Activities. Since, this is not an operating activity, its impact should not have been taken under Cash Flow from Operating Activities and also, the purchase of fixed assets should have been shown on net cash outflow basis i.e. ₹47.97 crore instead of showing full purchase price of ₹135.82 crore.

   Thus, the above treatment has resulted in overstatement of Cash generated from Operations and understatement of Cash Flow from investing activities by ₹87.85 crore and has also resulted in non-compliance of Ind AS 7 relating to Statements of Cash Flow.

Management Reply

The statement of cash flows is required to report cash flows classified by operating, investing and financing activities along with the components of cash and cash equivalents at the beginning and end of the reporting period. An entity shall report cash flows from operating activities using either the ‘direct method’ or the ‘indirect method’.

Under direct method, major classes of gross cash receipts and payments are presented. However, under indirect method, profit or loss is adjusted for the effects of transactions of a non-cash nature; 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. In line with that adjustments have been made to arrive at cash inflow and/or outflow from the operations. Any change in account receivable or payable from one accounting period to the next accounting period must be reflected in cash flow. In any account if the receivable decreases it means more cash has entered the company or any if account payable increases it will be assumed that the company did not pay for all of the expenses that were included in the current period's income statement. As a result, the company's cash balance should have increased by more than the reported amount of net income.

Many investing and financing activities do not have a direct impact on current cash flows although they do affect the capital and asset structure of an entity. The exclusion of noncash transactions from the statement of cash flows is consistent with the objective of a statement of cash flows as these items do not involve cash flows in the current period. Examples of non-cash transactions are: (a) the acquisition of assets either by assuming directly related liabilities or by means of a finance lease; (b) the acquisition of an entity by means of an equity issue; and 12 (c) the conversion of debt to equity.

Operating activities are the activities that constitute the primary or main activities of an enterprise. Cash Outflows from operating activities includes Cash payments to suppliers for goods and services, Cash payments to and on behalf of the employees, Cash payments to an insurance enterprise for premiums and claims, annuities, and other policy benefits.

Further Indirect method of ascertaining cash flow from operating activities begins with the amount of net profit/ loss. This is so because the statement of profit and loss incorporates the effects of all operating activities of an enterprise. However, Statement of Profit and Loss is prepared on an accrual basis (and not on cash basis). Moreover, it also includes certain non operating items such as interest paid, profit/loss on sale of fixed assets, etc.) and non-cash items (such as depreciation, goodwill to be written-off, etc. Therefore, it becomes necessary to adjust the amount of net profit/loss as shown by Statement of Profit and Loss for arriving at cash flows from operating activities

1. The amount of Rs.135.82 Cr has been reflected towards purchase of fixed assets against which an amount of Rs 47.97 Cr has been paid to the vendor. The balance of Rs. 87.85 Cr disclosed under Other financial liabilities as payable to capital creditors. While preparing the cash flow statement, the same has inadvertently been considered under increase / decrease of trade payables and reflected as cash flow from operating activity as against cash generation from investing activity.

2. There is no impact on overall cash generated from operation and net cash from operating activities.

   We assure you that any deviation in presentation or disclosure, if any, will be corrected in 2020-21.

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

Qualified Opinion

We have audited the accompanying Financial statements of **AI Airport Services Limited** ("the Company"), which comprise the balance sheet as at March 31, 2020, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity 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 Financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, 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 accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

1. The Company has carried forward following account balances which are pending reconciliation / adjustments (if any) as at March 31, 2020:

   a. The Company has accounted for ground handling service revenue from IATA platform based on physical service documents received from the stations and booked through the Miscellaneous Billing System Platform. This revenue is subject to rejections/adjustments by the Customer. All such rejections up to FY 2016-17 have been provided for. The Company is in the process of rebilling the customers and is in correspondence for recovery of the outstanding amount. Balance outstanding in respect thereof as at March 31, 2020 is Rs.504.69 million against which the Company has made expected credit loss allowance of Rs.233.08 million. We have relied on the management contention for realisation of such balances equivalent to the value reported and hence, no further adjustments are required to be made.

   b. Recording and accounting of expenses relating to Employee Benefits is not automated. During the course of verification various statutory delay in compliances regarding provident fund, ESIC, Professional tax, Tax Deducted at Sources have also been observed. Further, we report that Employee Benefits related accounts have reported adverse balances which are under reconciliation and are reported on net basis. We are unable to ascertain impact of such balances on the financial statements. Balances of Goods and Service Tax, Income Tax assets and Tax Deducted at source are under reconciliation with the respective statutory returns. The Company is in the process of reconciling the said balances and assessing the impact on financial statements. We are unable to ascertain impact of such balances on the financial statements. We have relied on the management contention that reconciliation of such balances will not result in material impact on the financial statements and hence, no further adjustments are required for the current year.

   c. The Company has collected airport authority levy in respect of ground handling services provided to parties other than Air India Limited and its group companies. As at March 31, 2020, such levy for the past five years is classified under other financial liability. This amount is under reconciliation with the Airport Authority of India. Pending adjustments of such levy, the management does not expect material impact on the financial statements.

d. (i) (i) The Company has entered into leases for various commercial premises/vehicles etc. (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, the Company is in the process of collating the necessary information for evaluating the applicability of the Ind AS 116 – Leases.

(ii) The Company is in the process of entering into a comprehensive arrangement outlining the details of all the services including lease services, electricity, insurance, staff travel, material management services, IT services etc provided by the Holding Company. In the absence of approved master service agreement, the Company unable to identify lease obligations to comply with the requirements of 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 matters stated above could also have a consequential impact on the measurement and disclosures of information provided in the financial statements, in respect of, but not limited to revenue, goods and service tax, income tax, profit for the year and receivables, payables, right of use assets, inventories, shareholders' funds for the respective financial years which could not be ascertained.

We conducted our audit of the Financial statements in accordance with the Standards on Auditing (SAs) specified under sub-section (10) of Section 143 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 together with the ethical requirements that are relevant to our audit of the 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 we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the Financial statements.

Emphasis of Matter

1. We draw attention to Note 51 to the financial statements which explains the management assessment for the impact of COVID-19 pandemic on the financial statements. In view of the highly uncertain future economic conditions associated with the pandemic, the actual impact on the financial statements in the subsequent periods is highly dependent upon the circumstances as they evolve.

2. We draw attention to Note 48 (i) of the financial statements, 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, 2020 applying simplified approach for trade and other contractual receivables from the parties other than the group companies amounting to Rs.521.93 million. The Company has considered Rs. Nil towards expected credit loss in respect of receivable from the group companies.

3. We draw attention to Note 25 to the financial statements, the Company has restated its Financial Statements for the year ended March 31, 2019 in accordance with Ind AS – 8, "Accounting Policies, Changes in Accounting Estimates and Errors". Prior Period adjustments consists of errors/omissions on account of recording of revenue & expenses and effect of receivable/payable reconciliations. Accordingly,

net effect amounting to Rs.133.31 million has been considered in the Statement of Profit and Loss of the previous year with corresponding effect in related assets/liabilities. This has resulted into decrease in profit before tax and other comprehensive income by Rs.133.31 million and Rs.Nil respectively with corresponding reduction of other equity by Rs.133.31 million for the previous year.

4. The Company earns majority of its revenue by providing services to Air India Limited (the Holding Company). As explained to us, the Company is in the process of entering into a comprehensive arrangement outlining the details of all the services to be provided by both, *inter-se.* In the absence of approved master service agreement, the Company has recorded its transactions based on rate chart approved by both the parties. We have relied on the management contention that effect of master service agreement would not be material and will be considered in the year in which it will be signed.

5. We draw attention to Note 31 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, Air India Express, Air India Engineering Services Limited and Alliance Airlines Private Limited. During the current year, interest on overdue payments amounting to Rs.269.41 million (previous year Rs.148.19 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 year.

6. We draw attention to Note 29 to the financial statements, the Company has inventories consisting of stores and spares amounting to Rs.86.77 million. These inventories are transferred from Air India Limited and Air India Engineering Limited, which are not used for more than three years. We have relied on the management contention that such inventories have value in use is at-least equal to the carrying value in the books and hence, no further adjustments are required for the current year.

7. We draw attention to Note 27 to the financial statements, the balances of trade payable and trade receivable are subject to balance confirmation (except in case of group companies) and reconciliation. Pending such reconciliation trade payable has been reported net of debit balance amounting to Rs.38.86 million and trade receivable net of credit balance amounting to Rs.100.48 million. In the absence of adequate reconciliation, we are unable to ascertain impact of such reconciliation on the financial statements. The Company is in the process of evaluating recoverability of receivables considering COVID-19 pandemic. Pending such analysis, impact of COVID-19 on the Company's financial statements cannot be determinable as at the date of approval of these financial statements.

Our opinion is not modified in respect of these matters.

Information Other than the 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 Financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the Financial statements, our responsibility is to read the other information 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.

Responsibilities of the Management for the Financial statements

The Company's Board of Directors is responsible for the matters stated in sub-section (5) of Section 134 of 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, cash flows and changes in equity 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 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 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, 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 the 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.

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 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 clause (i) of sub-section (3) of Section 143 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 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 (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

1. As required by the Companies (Auditor's Report) Order, 2016 ("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.

2. As required by sub-section (3) of Section 143 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, except for the matter described in the Basis for Qualified Opinion paragraph above, 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 cash flow and the statement of changes in equity dealt with by this report are in agreement with the books of account.

   d. Except for the indeterminate effects of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid 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 outcome of the matter described in the Basis for Qualified Opinion paragraph above in our opinion, may have an adverse effect on the functioning of the Company.

   f. 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 directors, is not applicable to the Government Company.

   g. With respect to the adequacy of the internal financial controls over financial reporting with reference to Financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B” to this report.

h. In term of Notification no. G.S.R. 463(E) dt. 05-06-2015 issued by the Ministry of Corporate Affairs, the provisions of section 197 of the Act relating to managerial remuneration are not applicable to the Company.

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, 2015, 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 statements – Refer Note 22 to the financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

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

3. As required by sub-section (5) of Section 143 of the Act and in terms of directions issued by the Comptroller and Auditor General of India during the course of audit of annual accounts of AI Airport Services Ltd, 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.*

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.

(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.*

The Company does not have any borrowings during the year.

(c) *Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.*

The Company has not received funds from specific schemes from central/ state agencies during the year.

For **SHAH GUPTA & CO.,**
Chartered Accountants
Firm Registration No.: 109574W

Sd/-
Vipul K Choksi
Partner
M. No. 037606
UDIN: 20037606AAAADM6320

Place: Mumbai
Date: December 18, 2020

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of AI Airport Services Limited of even date)

(i) (a) The Company has maintained Property, Plant and Equipment (PPE) register based on available details in the books of account. However, fixed assets register showing full particulars, including quantitative details and situation of fixed assets is not maintained.

(b) The Physical verification of the assets had been carried out by the third party during the year 2018 and the report had been submitted by them during August 2019. The necessary accounting action as regards shortages and excess have been given effect during the current year. The shortages amounting to Rs.20.08 million identified by the agency have been fully depreciated during the current year. Also, 1427 numbers of surplus assets identified during the physical verification have been capitalised at Re.1 each in the books of account in the current year.

As per the policy of the Company, the physical verification of PPE has to be carried out once in two years. As per the said policy Physical verification was due for FY 2020, however, the same could not be carried out in during the year. Effectiveness of Physical verification of the fixed assets by the management, cannot be commented upon, in absence of physical verification.

(c) The Company does not own any immovable properties and, hence, reporting under paragraph 3 (i)(c) of the order is not applicable to the Company.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification needs to be further strengthened. The discrepancies noticed on verification between the physical stocks and the book records are appropriately accounted for except that the inventories held by the Company on behalf of its Group Companies are under reconciliation and will be given effect to upon final reconciliation.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, reporting under paragraph 3 (iii) (a), (b) and (c) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable. Accordingly, reporting under paragraph 3 (iv) of the Order is not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Accordingly, reporting under paragraph 3 (v) of the Order is not applicable to the Company.

(vi) The maintenance of cost records has been specified by the Central Government under Section 148 of the Act. We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under sub-section (1) of Section 148 of the Act and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us, and the records of the company examined by us, in our opinion, the Company is not regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, goods and service tax, cess and other material statutory dues applicable to it. Non-compliances have been noticed regarding payment of dues in respect of provident fund, employees' state insurance, Professional tax, income tax, Tax Deducted at Sources, goods and service tax. Further, balances of Goods and Service Tax and Tax Deducted at source are under reconciliation with the respective statutory returns. In the absence of adequate information, we are unable to opine on the same.

According to information and explanations given to us, we have noticed following undisputed amounts payable (pending reconciliation) which were outstanding, at the year end, for a period of more than six months from the date they became payable.

Name of the Statue	Nature of dues	Amount (Rs in million)	Period to which the amount relates
Employees Provident Fund Act, 1952	Provident Fund	14.40	Under Reconciliation
Employees State Insurance, 1948	ESIC Dues	13.80	Under Reconciliation
Professional Tax	Professional Tax	7.60	Under Reconciliation
Income Tax Act, 1961	Tax Deducted at source	0.91	Under Reconciliation
Goods and Service Tax	TDS on GST (Section 51)	Cannot be ascertained	Under Reconciliation

(b) According to the information and explanations given to us, there are no dues of income tax, sales tax, goods and service tax, cess and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute except the following:

Name of the Statue	Nature of Dues	Amount (Rs in million)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	0.15	AY 2013-14	Income Tax Appellate Tribunal (ITAT)
Income Tax Act, 1961	Income tax	13.34	AY 2013-14	Commissioners of Income Tax (Appeals)
Income Tax Act, 1961	Income tax	6.60	AY 2017-18	Commissioners of Income Tax (Appeals)

(viii) Based on our examination of documents and records, the Company has not taken any loan from a financial institution, a bank, the government or issued debentures. Accordingly, reporting under paragraph 3 (viii) of the Order is not applicable.

(ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans. Accordingly, reporting under paragraph 3 (ix) of the Order is not applicable.

(x) Based on the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the Management, we report that no material fraud by the Company and on the Company by its officer or employees has been noticed or reported during the year.

(xi) In term of Notification no. G.S.R. 463(E) dt. 05-06-2015 issued by the Ministry of Corporate Affairs, the provisions of section 197 of the Act relating to managerial remuneration are not applicable to the Company. Accordingly, reporting under paragraph 3 (xi) of the Order is not applicable.

(xii) The Company is not a Nidhi Company. Accordingly, reporting under paragraph 3 (xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records, the Company being a government company, transactions with other government companies are exempt for the compliance of Section 188 of the Act, in terms of notification no. G.S.R 463(E) dated 5th June 2015, issued by the Ministry of Corporate Affairs. Details of such transactions have been disclosed in the financial statements as required by the applicable Indian accounting standards.

In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 of the Act, to the extent applicable, for transactions with the related parties, except in respect of following transactions wherein the transaction was ratified at a subsequent audit committee.

Nature of Related Party relationship	**Underlying transaction**	**Amount involved (Rs in million)**	**Remarks (details of non-compliance)**
Holding Company	Expense transaction such as Information Technology (IT) charges, Material Management Services, Lease/Rent expenses, Recovery of Insurance expenses/ electricity charges, Staff Travel and welfare expenses	205.73	Approval from Audit Committee not taken for such expense transactions entered for the FY 2019-20
Fellow Subsidiary	Handling Charges	13.91	
Fellow Subsidiary	Staff Travelling Expenses	1.08	

In our opinion and according to the information and explanations given to us, the Company has disclosed the details of related party transactions in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Accordingly, reporting under paragraph 3 (xiv) of the Order is not applicable to the Company.

(xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements, in our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and hence, reporting under paragraph 3 (xvi) of the Order is not applicable to the Company.

For **SHAH GUPTA & CO.,**
Chartered Accountants
Firm Registration No.: 109574W

Sd/-
Vipul K Choksi
Partner
M. No. 037606
UDIN: 20037606AAAADM6320

Place: Mumbai
Date: December 18, 2020

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of **AI Airport Services Limited** ("the Company") as of March 31, 2020 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 Controls 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 Act.

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 of the Company based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under sub-section (10) of Section 143 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 with reference to these 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 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 judgement, including the assessment of the risks of material misstatement of the Financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting with reference to these Financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with reference to these Financial statements

A Company's internal financial control 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 these 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 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, 2020:

(a) Deficiencies in the design of internal control over the preparation of the financial statements being audited:

 (i) 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) Absence or inadequate segregation of duties (including responsibility chart and job descriptions) within a significant accounting process.

 (iv) Inadequate utilization of information technology (IT) general and application controls preventing the information system from providing complete and accurate information consistent with financial reporting objectives and current needs.

 (v) The absence of an internal process to report deficiencies in internal control to management on a timely basis.

 (vi) 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) Inadequacy of controls designed to safeguard assets from loss, damage, or misappropriation. The Company did not have appropriate internal controls for reconciliation of physical inventory and fixed assets with the books of account.

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

(d) Following are indicator of a control deficiency and an indicator of a material weakness in internal control:

(i) Restatement of previously issued financial statements to reflect the correction of a material misstatement. This indicates that cut-off procedures while closing of books is not working efficiently.

(ii) Non-compliances in complying with the laws and regulations by the entity as referred in Point vii of Annexure A to the Independent Auditors' Report has been observed. This indicates an ineffective regulatory compliance function.

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, because of 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, 2020, 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.

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 the March 31, 2020 financial statements of the Company, and these material weaknesses have affected our opinion on the financial statements of the Company and we have issued a qualified opinion on financial statements.

For **SHAH GUPTA & CO.,**
Chartered Accountants
Firm Registration No.: 109574W

Sd/-
Vipul K Choksi
Partner
M. No. 037606
UDIN: 20037606AAAADM6320

Place: Mumbai
Date: December 18, 2020

Pending Litigation cases against the company as at 31-Mar-2020. Estimated Financial Impact INR 13.9647Million

Sr. No.	Stn	Classification of petition	Case No	Petitioner	Petition filed against	Respondent	Petition filed before	Date of filing	Name of Lawyer	Brief Description	Amount in Millions	Present Status	Financial Impact
1	BOM	Criminal	WP - 4295 of 2015	Sr.Executives of AIATSL	Mr.K.J.Dhoke	Sr.Police Inspector, Sahar Police Station	Bombay High Court	03.03.2015	M/s Kini & company (1 & 2 - petition has been clubbed)	Against FIR filed by Sr.AGM (GS) Mr.Dhoke against the executives of AIATSL in 2015 on account of termination of his services for disobeying instructions relating to his transfer from BOM to ATQ. The present petition is for quashing the said FIR filed by Mr.Dhoke under Attrocities Act 1969. The High Court while interim order dated 07.03.2017 directed assistant commissioner of police and others that no coversies steps be taken against the petioner and the investigation officer has to submit the investigation report in the next date of hearing	0.450	Pending for hearing	The fees for appearance in respect of M/S Kini & Company along with the association of senior council for hearing before the High Court. The Implication may be 4 & half Lakhs
2	BOM	Criminal	WP- 4772 of 2015	Sr.Executives of AIATSL	Mr.M.D.Mokal	Sr.Police Inspector, Sahar Police Station	Bombay High Court	03.03.2015					
3	BOM	Civil	Contempt petition - 25 of 2018 in W.P.No. 1730 of 2015	Mr.K.J.Dhoke	AIR INDIA & OTHERS	AIATSL - Respondent - 5,6,7	Bombay High Court	09.03.2018	M/s Kini & company	This is against the Management of AIR INDIA and others for not implementing the recommendation of National Commission of SC/ST orders dated 24th october 2017 relating to reengagament in respect of Mr.Dhoke.	0.200	Pending for hearing	The fees for appearance in respect of M/S Kini & Company along with the association of senior council for hearing before the High Court. The Implication may be 2 & Lakhs
4	BOM	Civil	W.P 2018	Mr.S.S.Holkar	AIR INDIA & OTHERS	AIATSL - Respondent - 2,3,5,6	Bombay High Court	11.04.2018	Mr.Lancy D'souza	This petition is for not releasing retirement benefits as the petitioner has failed to get his Tribe certificate verified by the caste scrutiny committee	0.100	Pending for hearing	No impact but the impact is 1 Lakh in respect of Adv Lancy D'Souza
5	BOM	W.P	W.P. - 2018	Air India Employees Guild	AIR INDIA & OTHERS	AIATSL - Respondent - 5,6,7	Bombay High Court	06.12.2018	M/s Kini & company	AIEG have filed the petition in respect of absorption of Security Agents and Sr.Security Agents in Air India who are engaged by AIATSL.	0.200	Pending for hearing	Nil except the appearance of M/S Kini & Co. of Rs.2Lakhs
6	BOM	Ref-CGIT	Ref. CGIT 1/15 of 2007	Bahujan Kamgar Union	AIRINDIA	AIATSL Respondent-2	Industrial Tribunal	11.06.2007	Adv.Mr.Lancy D'souza	For regularization of casual labours. The matter is between the Bahujan Kamgar union and M/s Air India however AIATSL has also been made a party in the said reference.	0.050	Pending for hearing	Nil except the fees of appearance of Adv Lancy D'Souza i.e Rs.50,000/-
7	BOM	Ref-CGIT	Ref. CGIT - 2/12-2016	M.L.Shetty	AIATSL	AIATSL	Industrial Tribunal	22.12.2016	Adv.Mr.Lancy D'souza	It is against the punishment of removal from services for misconduct relating to loss of business to the company.He has asked for Re-instatement with back wages in services till his normal retirement i.e.31.12.2016.	0.225	Pending for hearing	2 Lakhs apart from the fees for appearance of Adv Lancy D'Souza of Rs 25,000/-
8	BOM	Ref-CGIT	Ref.CGIT-2/13 of 2017	Mr.M.D.Mokal	AIR INDIA	AIATSL - Respondent - 2	CGIT No.2, Mumbai	13.01.2017	Adv.Mr.Lancy D'souza	It is against the punishment of lowering down increment by 3 stages in timesscale of pay for willfulinsubordination or disobedience of any lawful or reasonable order of superior, neglect of work, quaralling with an officer of the company in connection with the working of the company and threatening the co-workers and officers of the company.	0.050	Pending for hearing	Nil except the fees of appearance of Adv Lancy D'Souza i.e Rs.50,000/-
9	BOM	Ref-CGIT	Ref.CGIT 2/13-2016	Mr.S.T.Katkar	AIATSL	AIR INDIA Respondent - 2	Industrial Tribunal	23.02.2017	Adv.Mr.Lancy D'souza	The workman is challenging the order dated 01.03.2016 regarding his removal from the services for misconduct relating to defamation of AIATSL Executives. He is demanding continuity in services with full back wages.	1.450	Pending for hearing	14 Lakhs Approximately apart from the fees of appearance of Adv Lancy D'Souza i.e Rs.50,000/-
10	BOM	Ref-CGIT	Ref.CGIT 2 / 3 of 2017	Mr.P.N.Powar	AIATSL	AIATSL	Industrial Tribunal	13.07.2017	Adv.Mr.Lancy D'souza	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. He is asking for Re-insistatment in service with full back wages and other benefits.	1.450	Pending for hearing	14 Lakhs Approximately apart from the fees of appearance of Adv Lancy D'Souza i.e Rs.50,000/-
11	BOM	Ref- CGIT	Ref. CGIT - 2/15-2017	Mr.S.V.Adhav	AIATSL	AIATSL	Industrial Tribunal	26.11.2017	Adv.Mr.Lancy D'souza	This reference is against the termination of contract for misconduct. He has claimed Reinstatement with full back wages w.e.f 17/10/2017 - date of termination of contract	0.250	Adjouned to 07.08..2019 for fileing documents	2Lakhs apart from the fees of appearance of Adv Lancy D'Souza i.e Rs.50,000/-
12	BOM	Ref-CGIT	Ref.No. CGIT-2 / 27 of 2018	BKS (Bhartiya Kamgar sena) Mr.Kiran Shelar & Amol Kadam	AIATSL	AIATSL	Industrial Tribunal	01.08.2018	Adv.Mr.Lancy D'souza	Termination of Services of Mr.Kiran Shelar & Amol Kadam eff. 30.01.2018 for instigating FTC employees and participating in the illegal morcha organised by BKS on 19.01.2018 thereby posing a threat to law and order situation in AIATSL premises thereby tarnishing the image of company.	0.050	Pending for hearing	Nil except the payment in respect of Adv Lancy D'Souza Rs.50,000/-
13	BOM	Payment of Gratuity Claim	APPLN C/1/36(29) of 2014	Mr.P.Muthu	AIR INDIA	AIATSL - Respondent - 2	Controlling Authority under PG Act 1972	11.03.2014	Adv.Mr.Lancy D'souza	AIATSL has already made the payment of gratutiy for his service in AIATSL. However he is claiming the gratutiy for his service through the contractor in Air India. The matter is related to Air India, however AIATSL has been made a party in the said matter.adjourned to 26.07.2018 for evidence of Management. This employee retired 02.05.2014 and not in service. AIATSL came into existence from 01/10/2014 and hence no liability for AIATSL/AIASL.	0.015	Pending for hearing	Nil except the payment in respect of Adv Lancy D'Souza Rs.15,000/-
14	BOM	Payment of Gratuity Claim	APPLN C/1/36(23) of 2014	Mr.S.G.Ghawali	AIR INDIA	AIATSL - Respondent - 2	Controlling Authority under PG Act 1972	23.09.2014	Adv.Mr.Lancy D'souza	AIATSL has already made the payment of gratutiy for his service in AIATSL. However he is claiming the gratutiy for his service through the contractor in Air India. The matter is related to Air India, however AIATSL has been made a party in the said matter. The matter is adjoruned to 26.07.2018 for arguments. This employees was not an AIATSL Employee and no gratutiy payment made by AIATSL For this employee hence no liability	0.015	Pending for hearing	Nil except the payment in respect of Adv Lancy D'Souza Rs.15,000/-
15	AMD	Ref-CGIT	Ref (CGIT) No. 62 of 2018	Mr.Aznan Khan Pathan, Customer Agent (Temp)	AIATSL	AIATSL	CGIT cum labour court, Ahmedabad	18.07.2018	Adv. Kini & Co	Termination from service for illegal participation in strike held on 04.06.2018 thereby affecting smooth functioning of flight handling activity at Ahmedabad	0.020	pending for hearing	Nil except the payment in respect of M/S Kini & Co. of Rs.20,000/-
16	AMD	Ref-CGIT	Ref (CGIT) No. 63 of 2018	Ms.Shalu Bhatiya, Customer Agent (temp)	AIATSL	AIATSL	CGIT cum labour court, Ahmedabad	18.07.2018	Adv. Kini & Co	Termination from service for illegal participation in strike held on 04.06.2018 thereby affecting smooth functioning of flight handling activity at Ahmedabad	0.020	pending for hearing	Nil except the payment in respect of M/S Kini & Co. of Rs.20,000/-

17	Mumbai	Gratuity Matter	2018	S.T.Katkar	AIATSL	AIATSL	Controlling Authority under PG Act 1972	Mar-18	Adv.Mr.Lancy D'souza	He has been paid with gratuity of Rs.3,62,200/-. He is claiming more to the tune of Rs.6,37,800/- This employee is a deputed employee to AIATSL and retired on 28/02/206 and final settlement made by Air India for Rs 6,37,800 in May 2018 hence no liability towards the employee.	0.300	Pending for hearing	Impact is of 3Lakhs includning the charges of Adv Lancy D'Souza
18	Mumbai	WP	968/2019	Air India Karmachari Sangh	AIR INDIA	AIATSL	High Court	Mar-19	Adv. Kini & Co	Regularisation of Services of Casual Labours engaged by Air India whose contracts+K28 have been terminated. AIATSL has been made a party	0.015	Pending for hearing	Nil except the appearance charges of M/S Kini & Co. of Rs. 15000/-
19	Mumbai	Ref-CGIT	REF-2/13-2019	S.K.Yadav	AIATSL	AIATSL	Labour Court	Apr-19	Adv.Mr.Lancy D'souza	Against the non renewal of the contract due to non qualifying avsec examination in 5 attempts	0.015	Pending for hearing	Nil except the appearance charges of Adv Lancy D'souza of Rs. 15000/-
20	Mumbai	Ref-CGIT	REF-2/14-2019	S.J.Rathod	AIATSL	AIATSL	Labour Court	Apr-19	Adv.Mr.Lancy D'souza	Against the non renewal of the contract due to non qualifying avsec examination in 5 attempts	0.015	Pending for hearing	Nil except the appearance charges of Adv Lancy D'souza of Rs. 15000/-
21	Mumbai	Ref-CGIT	REF-2/15-2019	V.A.Lokhande	AIATSL	AIATSL	Labour Court	Apr-19	Adv.Mr.Lancy D'souza	Against the non renewal of the contract due to non qualifying avsec examination in 5 attempts	0.015	Pending for hearing	Nil except the appearance charges of Adv Lancy D'souza of Rs. 15000/-
22	Mumbai	W.P	988 of 2019	Air India Karmachari Sangh	AIR INDIA	AIATSL	High Court	Mar-19	Adv. Kini & Co	Regularisation of Services of Casual Labours engaged in earstwhile Indian Airlines.	0.020	Pending for hearing	Nil except the appearance charges of M/S Kini & Co. of Rs.20,000/-
23	Mumbai	Contempt Petition	C.P of 2018 in W.P 369/18	AIATSL	BKS	BKS	High Court	Apr-19	Adv.Mr.Lancy D'souza	Contempt of the High Court Order dated 01.02.2018 in W.P 3619 of 2018 by BKS deliberating the comtempt order	0.050	Pending for hearing	Nil except the appearance charges of Adv Lancy D'souza of Rs. 50000/-
24	AMD	Ref	Ref.181 of 2018	Mr.A.Palsaniya	AIATSL	AIATSL	Industrial Tribunal - AMD	02.04.2019	Adv. Kini & Co	Against termination of contractual engagement	0.000	Pending for hearing	Nil
25	AMD	Ref	Ref.112 of 2018	Mr.S.Masoori	AIATSL	AIATSL	Industrial Tribunal - AMD	02.04.2019	Adv. Kini & Co	Against termination of contractual engagement	0.000	Pending for hearing	Nil
26	AMD	Ref	Ref.109 of 2018	Mr.T.Parmar	AIATSL	AIATSL	Industrial Tribunal - AMD	02.04.2019	Adv. Kini & Co	Against termination of contractual engagement	0.000	Pending for hearing	Nil
27	AMD	Ref	Ref 162 of 2018	Mr.S.Waghela	AIATSL	AIATSL	Industrial Tribunal - AMD	02.04.2019	Adv. Kini & Co	Against termination of contractual engagement	0.000	Pending for hearing	Nil
28	AMD	Ref	Ref 153 of 2018	Mr.M.Rawal	AIATSL	AIATSL	Industrial Tribunal - AMD	02.04.2019	Adv. Kini & Co	Against termination of contractual engagement	0.000	Pending for hearing	Nil
29	AMD	Ref	Ref 142 of 2018	Mr.G.Patni	AIATSL	AIATSL	Industrial Tribunal - AMD	02.04.2019	Adv. Kini & Co	Against termination of contractual engagement	0.000	Pending for hearing	Nil
30	AMD	Ref	Ref 114 of 2018	Ms.Sharmila Singh	AIATSL	AIATSL	Industrial Tribunal - AMD	02.04.2019	Adv. Kini & Co	Against termination of contractual engagement	0.000	Pending for hearing	Nil
31	AMD	Ref	Ref 97 of 2018	Mr.S.Janavade	AIATSL	AIATSL	Industrial Tribunal - AMD	02.04.2019	Adv. Kini & Co	Against termination of contractual engagement	0.000	Pending for hearing	Nil
32	AMD	Ref	Ref 110 of 2018	Mr.N.Dagar	AIATSL	AIATSL	Industrial Tribunal - AMD	02.04.2019	Adv. Kini & Co	Against termination of contractual engagement	0.000	Pending for hearing	Nil
33	AMD	Ref	Ref 143 of 2018	Mr.Imran Saiyed	AIATSL	AIATSL	Industrial Tribunal - AMD	02.04.2019	Adv. Kini & Co	Against termination of contractual engagement	0.000	Pending for hearing	Nil
34	AMD	Ref	Ref 107 of 2018	Mr.Sharukh Ansari	AIATSL	AIATSL	Industrial Tribunal - AMD	02.04.2019	Adv. Kini & Co	Against termination of contractual engagement	0.000	Pending for hearing	Nil
35	AMD	Ref	Ref 96/2018	Mr.M Mullani	AIATSL	AIATSL	Industrial Tribunal - AMD	02.04.2019	Adv. Kini & Co	Against termination of contractual engagement	0.000	Pending for hearing	Nil
36	AMD	Ref	Ref 113 OF 2018	Mr.A. Desai	AIATSL	AIATSL	Industrial Tribunal - AMD	02.04.2019	Adv. Kini & Co	Against termination of contractual engagement	0.000	Pending for hearing	Nil
37	Mumbai	Ref	CGIT-2/11 of 2019	Mr.Ajit Salunke	AIATSL	AIATSL	Industrial Tribunal - MUM	02.05.2019	Adv.Mr.Lancy D'souza	Against termination of contractual engagement	0.000	Pending for hearing	Nil
38	Mumbai	Civil	WP 2940 of 2019	Aviation Industry Employees Guild	AIR INDIA & OTHERS	AIATSL- Respondent - 5,6,7	Bombay High Court	25.10.2019	M/s Kini & company	This is against the Management of AIR INDIA and others for renewing 6 month enagement instead 3 yrs (FTC).	0.300	next hearing is on 16.02.2020	The fees for appearance in respect of M/S Kini & Company along with the association of senior council for hearing before the High Court. The Implication RS 60000 for each appearance in court

39	CCU	Mr. Surajit Das, Handyman, Staff No.52338.	Mr. Surajit Das signed on the Attendance Register for 16 days from 1st November, 2018 till 13th May, 2019, whereas it was revealed from the Depoyment Roster that he had remained absent from duties on the said days. A show cause notice was issued to him calling for his explanation for the above act of fraudulent activity on his part. As his explanation was not found satisfactory, his contract engagement was terminated w.e.f. 7th June, 2019, as per the terms of the Contract.	13.08.2019	The next joint discussion/ conciliation is fixed for 20th November, 2019, before ALC(Cenral), Kolkata	13th August, 2019 & 22nd October, 2019	Nil estimate cost				0.000		
40	RAIPUR		Reference No- RP-26(53)/2018-LEO-II	Labour Enforcement Officer, Raipur Shri Prashant J. Tirpude on 09th July 2018 with reference to notice no. RP-26(53)/2018-LEO-II.	Shri Prashant J. Tirpude			09th July 2018	AIATSL is a contractor hence contract labour licence of AIATSL as per form V-(a) is to be submitted. Theprincipal employer registration details/ documents of Air India to be submitted.	PENDING	0.100	13.09.19	Nil except the payment in respect of Legal orbit appearing for each hearing for Rs.20,000/-
41	DEL	Civil	COMP148/24/13	LEO, NEW Delhi	AIATSL	AIATSL	Before Patiyala House, Delhi	01.07.2018	Relating to the regularities under Contract Labour (R & A) 1970	Pending for hearing	0.100		Nil except the payment in respect of Kini & Sons appearing for each hearing for Rs.20,000/-
42	LUCKNOW	Writ Petition	Writ Petition No.13064/2018 (S/S)	Sunil Kumar Pandey	1. Union of India Secretary Civil Aviation 2. Chief Managing Director Air India 3. Chief Executive Officer, AIATSL 4. GMPGH(NR), AIATSL / Executive_HH, AIATSL 5. Sr.AGM-GH, AIATSL, LKO 6. Officer IR/Legal, AIATSL	1. Union of India Secretary Civil Aviation 2. Chief Managing Director Air India 3. Chief Executive Officer, AIATSL 4. GMPGH(NR), AIATSL / Executive_HH, AIATSL 5. Sr.AGM-GH, AIATSL, LKO 6. Officer IR/ Legal, AIATSL	Dy.Registrar, High Court, Allahabad, Lucknow Bench, Lucknow	2.5.2018	Has challenged the termination issued vide letter No.AIATSL/LKO/9003/614 dated 10.4.2018	Hearing to be held on 15.7.2019 was Listed for hearing Ref Lawyer awaiting For hearing date.	0.100	Not communicated yet	Nil except the payment in respect of Kini & Sons appearing for each hearing for Rs.20,000/-
43	Srinagar	Writ Petition		Mr. Shakira Nazir Khan	Air India Ltd. AIATSL	AIATSL	High Cout of J & K		Interring order pass by Court for reinstate her terminated services	Pending for hearing	0.100	After hearing of 30.08.2019. Next hearing date intimations awaited	Nil except the payment in respect of Legal orbit appearing for each hearing for Rs.20,000/-
44	Amritsar	Reinstate		Sonu Singh	AIATSL	AIATSL	Amritsar High Court		Hon court of LD. Ms Sunita Kumari Sharma (Addl District and session judge), Presiding officer, Industrial tribunal, Amritsar	Mr Sonu who was working with aroon aviation was offerred as engagement as Handymen in AIATSL in FTC subjected to succesful completion of 6 months probabtion period . Since his performance was not satisfactory during probationary period .He was not absorbed in AIATSLas FTC staff. He filed a case with RLC amritsar	0.100		Nil except the payment in respect of Legal orbit appearing for each hearing for Rs.20,000/-
45	Jaipur			Labour Enforcement Officer, Jaipur	AIATSL	AIATSL	Jaipur Labour Court				0.100		Nil except the payment in respect of Legal orbit appearing for each hearing for Rs.20,000/-
46	Delhi	Writ Petition		Mansi Kaushik	AIATSL	AIATSL	Delhi				0.075		Nil except the payment in respect of Legal orbit appearing for each hearing for Rs.15,000/-
47	COK	WP	WPC 15734 of 2011	CS Ravindran & others v. Union of India & Ors.,	AIR INDIA & OTHERS	AIATSL Respondent 2	High Court Cochin	10.06.2011	M/s Menen & Pai	Regularisation Case, Claim for regularisation/ absorption into service and same benefits. Counter Affidavit filed. Last Hearing on 01.03.19. Pending for hearing.	0.268	Date of next hearing not yet fixed	The fees for appearance in respect of M/S Menen and Pai along with the association of senior council for the case will be approx. Rs.45,500/-- plus applicable GST per case
48	COK	WP	WPC 23157 of 2011	KG Suresh Kumar & Ors. v. Union of India & Ors.,	AIR INDIA & OTHERS	AIATSL Respondent 4	High Court Cohin	24.08.2011	M/s Menen & Pai	Regularisation Case, Allegation that some in the same situation as the Petitioners were absorbed. Prayer for regularisation/ absorption into service and same benefits. Counter Affidavit filed on 22.02.2017. Last Hearing on 01.03.19. Pending for hearing.	0.268	Last Hearing on 01.03.19. Pending for hearing.	The fees for appearance in respect of M/S Menen and Pai along with the association of senior council for the case will be approx. Rs.45,500/- Plus applicable GST per case

49	COK	WP	WPC 27989 of 2011	Narayana Radhakrishna Pillai & 109 others v. Union of India & Ors.,	AIR INDIA & OTHERS	AIATSL Respondent 5	High Court Cohin	20.10.2011	M/s Menen & Pai	Claim for regularisation/absorption into service and same benefits. Counter Affidavit filed on 22.02.2017. Last Hearing on 01.03.19. Pending for hearing.	0.268	Date of next hearing not yet fixed	The fees for appearance in respect of M/S Menen and Pai along with the association of senior council for the case will be approx. Rs.45,500/- PLUS Applicable GST per case
50	COK	WP	WPC 15186 of 2012	Binesh Thalappilly & Ors. v. Union of India & Ors.	AIR INDIA & OTHERS	AIATSL Respondent 6	High Court Cohin	28.06.2012	M/s Menen & Pai	Claim for regularisation/absorption into service and same benefits. Counter Affidavit filed on 22.02.2017. Last Hearing on 01.03.19. Pending for hearing.	0.268	Last Hearing on 01.03.19. Pending for hearing.	The fees for appearance in respect of M/S Menen and Pai along with the association of senior council for the case will be approx. Rs.45,500/- plus applicable GST per case per case
51	COK	WP	WPC 12501 of 2013	VP Sony & Ors vs Union of India	AIATSL	AIATSL	High Court Cohin	20.05.2013	M/s Menen & Pai	Recruitment of Sr. RSA. Statement filed. Interim order that appointments will be subject to outcome of the writ petition. Last Hearing on 01.03.19. Pending for hearing.	0.268	Last Hearing on 01.03.19. Pending for hearing.	The fees for appearance in respect of M/S Menen and Pai along with the association of senior council for the case will be approx. Rs.45,500/- per case
52	COK	WP	WPC 23727 of 2016	Alimuthe v. Union of India & Ors.,	AIATSL	AIATSL	High Court Cohin	15.07.2016	M/s Menen & Pai	Non-renewal of contract of the Petitioner Alimuthe as Ramp Service Agent. Statement filed on 09.08.2016. Interim order to reinstate. Reinstated. After that not come for works for 6 months and his contract expired on 27.06.18. Thereafter his contract was not renewed by AIATSL. Last Hearing on 01.03.19. Pending for hearing.	0.268	Last Hearing on 01.03.19. Pending for hearing.	The fees for appearance in respect of M/S Menen and Pai along with the association of senior council for the case will be approx. Rs.45,500/- per case
53	COK	WP	WPC 32923 of 2016	VP Sony v. Union of India & Ors.	AIATSL	AIATSL	High Court Cohin	13.10.2016	M/s Menen & Pai	Non-renewal of contract August 2016 of the Petitioner as Ramp Service Agent. Counter Affidavit filed on 22.03.2017 Last Hearing on 01.03.19. Pending for hearing.	0.268	Date of next hearing not yet fixed	The fees for appearance in respect of M/S Menen and Pai along with the association of senior council for the case will be approx. Rs.45,500/- PLUS applicable GST per case
54	COK	WP	WPC 32450 of 2016	Rajeev S. v. Union of India & Ors.	AIATSL	AIATSL	High Court Cohin	05.10.2016	M/s Menen & Pai	Counter Affidavit filed on 22.02.2017. Interim order to reinstate. Reinstated effective 28.12.2016. Last Hearing on 01.03.19. Pending for hearing.	0.268	Date of next hearing not yet fixed	The fees for appearance in respect of M/S Menen and Pai along with the association of senior council for the case will be approx. Rs.45,500/- plus applicable GST per case
55	COK	WP	WPC 38381 of 2016	Nishanth TG v. Union of India & Ors.	AIATSL	AIATSL	High Court Cohin	30.11.2016	M/s Menen & Pai	Challenge to the Ramp Service Agent contract and posting in Vizag on grounds of victimisation. Counter Affidavit filed on 13.12.2016. No interim order Last Hearing on 01.03.19. Pending for hearing.	0.268	Date of next hearing not yet fixed	The fees for appearance in respect of M/S Menen and Pai along with the association of senior council for the case will be approx. Rs.45,500/- per case
56	COK	WP	WPC 37068 of 2016	Nishanth TG V. Union of India & Ors.	AIATSL	AIATSL	High Court Cohin	17.11.2016	M/s Menen & Pai	Challenging the recruitment of Sr. Ramp Service Agents. Counter Affidavit filed on 01.07.2017. Interim order that final appointments to be made after taking permission of the court. Last Hearing on 01.03.19. Pending for hearing.	0.268	Date of next hearing not yet fixed	The fees for appearance in respect of M/S Menen and Pai along with the association of senior council for the case will be approx. Rs.45,500/- per case
57	COK	WP	WPC 36627 of 2016	VP Sony v. Union of India & Ors.	AIATSL	AIATSL	High Court Cohin	14.11.2016	M/s Menen & Pai	Challenging to the appointment of Handyman. Counter affidavit not filed yet. Last Hearing on 01.03.19. Pending for hearing.	0.268	Date of next hearing not yet fixed	The fees for appearance in respect of M/S Menen and Pai along with the association of senior council for the case will be approx. Rs.45,500/- per case
58	COK	WP	WPC 41351 of 2017	Sanu A.V &16 others V. Union of India & others.	AIATSL	AIATSL	High Court Cochin	20.12.2017	M/s Menen & Pai	Engaging into AIATSL. Counter affidavit filed. After that Petitioners filed a petition for interim direction to AIATSL to consider their engagement as on a provisional basis in view of ongoing Haj flight handling. We informed the court that AIATSL is not considered their request. Last Hearing on 23.01.19. Pending for hearing.	0.268	Date of next hearing not yet fixed	The fees for appearance in respect of M/S Menen and Pai along with the association of senior council for the case will be approx. Rs.45,500/-plus applicable GST per case
59	COK	WP	WPC 6766 of 2018	Airline Casual Employees Association & 54 others V. Union of India & 6 others.	AIR INDIA	AIATSL	High Court Cohin	27.02.2018	M/s Menen & Pai	Interim order passed directing not to termiate the services of Petitioners in case they accept transfer to AIATSL. They joined in AIATSL. Vakalathnama was signed. Advocate informed that the case is between AI and casuals and AIATSL role is very limited in this case. Last date of hearing 26.03.2018. Pending for hearing.	0.268	Date of next hearing not yet fixed	The fees for appearance in respect of M/S Menen and Pai along with the association of senior council for the case will be approx. Rs.45,500/- plus applicable GST per case

60	COK	Ref	ID No. 37/2014	Aviation Industry contractul employees Association	AIATSL	AIATSL	Industrial Tribunal - Cochin	2014	M/s Menen & Pai	Whether the action of the AIATSL Management in inducting 7 ramp supervisors at CIAL through an outsourcing agency and thereby denying promotion to the existing qualified and experienced senior Ramp Agents of the company correct? To what relief the concerned workmen are entitled to? Last date of hearing 11.10.2019 to file rejoinder by union.	0.268	15.11.2019	The fees for appearance in respect of M/S Menen and Pai along with the association of senior council for the case will be approx. Rs.45,500/- plus applicable GST per case
61	COK	Ref	ID NO. 8/2016	Aviation Industry contractul employees Association	AIATSL	AIATSL	Industrial Tribunal - Cochin	2016	M/s Menen & Pai	Whether AIATSL Management has denied the entitled benefits of their contractual employees as alleged by the Union? To what benefit they are entitled to get? Case is adjourned to 10.12.19 for rejoinder.	0.268	10.12.2019	The fees for appearance in respect of M/S Menen and Pai along with the association of senior council for the case will be approx. Rs.45,500/-plus applicable GST per case
62	COK	Ref	ID NO. 9/2016	Aviation Industry contractul employees Association	AIATSL	AIATSL	Industrial Tribunal - Cochin	2016	M/s Menen & Pai	Whether the action of ACIL Management in denying the opportunity to the members of the AICEA to participate int he interview for Station Coordinators in AICL as they were possessing requisite qualification and experience is justifiable? To what relief the Union/workman is entitled to? On 20.05.19 union filed claim statement. Case is adjouned for 12.07.19 for submission of counter statement from AIATSL.	0.268	6.11.2019	The fees for appearance in respect of M/S Menen and Pai along with the association of senior council for the case will be approx. Rs.45,500/- plus applicable GST per case
63	COK	Ref	ID NO. 10/2016	Aviation Industry contractul employees Association	AIATSL	AIATSL	Industrial Tribunal - Cochin	2016	M/s Menen & Pai	Whether the action of the AIATSL Management unilaterally curtailing existing rulesand regulations pertainingto the various benefits extendedto the contractual employees is justifiable? To what relief the Union/Workmen are entitled to? Case is adjourned to 10.12.19 for rejoinder.	0.268	10.12.2019	The fees for appearance in respect of M/S Menen and Pai along with the association of senior council for the case will be approx. Rs.45,500/- per case
64	COK	Ref	ID No. 23/2016	Aviation Industry contractul employees Association	AIATSL	AIATSL	Industrial Tribunal - Cochin	2016	M/s Menen & Pai	Whether the action of management of AIATSL, Mumbai in implementing the six days shift pattern is justified? If not, what relief the Workmen concerned are entitled to? Last date of hearing 30.08.2017. Next date of hearing awaited - for filing claim statement by union	0.268	22.11.2019	The fees for appearance in respect of M/S Menen and Pai along with the association of senior council for the case will be approx. Rs.45,500/- per case
65	COK	Criminal	Case.No 269 / 2017	Case.No 269 / 2017 Kerala Police Official Vs M/s. Khullar Hospitality and AIATSL	M/s.Khullar Hospitality	AIATSL Respondent 2	JM - Court	2017	M/s Menen & Pai	Default of payment of PF & ESI contribution for the employees of Khullar Hosplitality. M/s.Menon & Pai, COK is not dealing this case . COK station has no update about this case. Check with EX ED-P's office for further details.	0.268	Date of next hearing not yet fixed	The fees for appearance in respect of M/S Menen and Pai along with the association of senior council for the case will be approx. Rs.45,500/- plus applicable GST per case
66	CCJ	WP	WPC 22317 of 2017	Mohd. Sageer A & 3 others	AIATSL	AIR INDIA & OTHERS	High Court Cochin	05.07.2017	M/s Menen & Pai	WP filed for praying to declare that the proposed termination of petitioners is illegal & violation of section 25-F of ID Act - 1947. Counter affidavit filed on 24.08.17 Last Hearing on 14.12.18. Pending for hearing.	0.268	Date of next hearing not yet fixed	The fees for appearance in respect of M/S Menen and Pai along with the association of senior council for the case will be approx. Rs.45,500/- plus applicable GSTper case
67	COK	WP	WPC 3474 of 2018	Nishanth T.G & 4 others	AIATSL	AIATSL	High Court Cochin	31.01.2018	M/s Menen & Pai	Asking copy of enquiry report was provided to the petitioner and directing the AIATSL management to disburse 4 days pending salary. Prayed to stay the 4 day suspension order and consequences. Last Hearing on 01.03.19. Pending for hearing.	0.268	Date of next hearing not yet fixed	The fees for appearance in respect of M/S Menen and Pai along with the association of senior council for the case will be approx. Rs.45,500/-plus applicable GST per case
68	COK	WP	WPC 41871 of 2018	Sreemani-kandadas K	AIATSL	AIATSL	High Court Cochin	19.12.2018	M/s Menen & Pai	Due to non availability of Police Clearance Certificate his engagement as hanydman could not be effected for which he had filed a petition for his engagement in AIATSL. The High Court order at 21.01.2019 directed respondents not to take coercive action against the petitioner. Counter affidavit filed on 05.03.2019 Interim order extended by two months from 09.04.2019	0.268	Date of next hearing not yet fixed	The fees for appearance in respect of M/S Menen and Pai along with the association of senior council for the case will be approx. Rs.45,500/-plus applicable GST per case
69	COK	WP	WPC 9421 of 2019	Anulal Vs Union of India	AIATSL	AIATSL	High Court Cochin	26.03.2019	M/s Menen & Pai	He was De-rostered wef 01.02.19 for misconduct against which petition has been filed by him. Counter affidavit filed on 08.04.2019 Hearing date 27.05.2019	0.268	Next hearing date 27.05.2019	The fees for appearance in respect of M/S Menen and Pai along with the association of senior council for the case will be approx. Rs.45,500/-plus applicable GST per case

70	COK	Ref	ID NO. 11/2018	Aviation Industry contractul employees Association	AIATSL	AIATSL	Industrial Tribunal - Cochin	19.02.2019	M/s Menen & Pai	Seeking regularisation of services of contractual workers engaged on AIATSL Case is adjourned to 12.07.19 for steps by the union.	0.268	13.11.2019	The fees for appearance in respect of M/S Menen and Pai along with the association of senior council for the case will be approx. Rs.45,500/-plus applicable GST per case
71	CCJ	Section 438 of 91(I)CRPC	CMC 269/2017	Case filed by .Mr. Vijesh , S/o Vijayan . At Karipur Police station , 3 KHPL officials as R1 – R3 & Mr. Abdu Samad Babu DGM-GS as R-4	AIATSL	AIATSL	Sessions Court Manjeri , Kerala	2017	M/s Menen & Pai	A FIR is filed on the basis of complaint by a dismissed employee of a the then GHA M/s KHPL , at Karipur Police Station , case filed , 3 KHPL officials as R1 to R3 & Mr.Abdu Samad Babu DGM-GS as R4 for non payment of ESI & EPF Date of next hearing not yet fixed	0.268	Date of next hearing not yet fixed	The fees for appearance in respect of M/S Menen and Pai along with the association of senior council for the case will be approx. Rs.45,500/-plus applicable GST per case
72	COK	WP	WPC 10844 of 2019	Shrinath Travel Agency Pvt Ltd Vs State of Kerala & 5 others	State of Kerala	AIATSL Respondent 6	High Court Cochin	03.04.2019	M/s Menen & Pai	Restraining Joint RTO from demanding motor vehicle tax for the vehicles operating (owned by Shrinath) inside the CIAL premises. Last Hearing on 03.05.19. Pending for hearing. An amount of Rs 22,500 was paid during 2020-21 date 19.08.2020	0.268	Date of next hearing not yet fixed	The fees for appearance in respect of M/S Menen and Pai along with the association of senior council for the case will be approx. Rs.45,500/- PLUS applicable GST per case
73	CNN	WP	WPC 33350 OF 2019	STATE OF KERALA ,KIAL AND OTHERS	KIAL by AIATSL	KIAL	HIGH COURT OF KERALA	2019	M/s Menen & Pai	Challenging the steps intiated by KIAL to award Cargo handling to 3rd party violating the minutes they signed with AIATSL Case is adjjourned and will be heard after the vacation	0.150	After the vacation	Legal implication appox.1,50,000
74	MAA	WP	WP 29563 of 2012	Mr.D.Sundar raj	AIATSL	AIATSL	High Court Madras	2012	N G R Prasad	Arising out of the disciplinary proceedings, Mr.D.Sounder Raj, St.No.21651 was awarded the punishment of reduction to a lower post. Against this he filed a WP 29563/2012 and the High Court of Madras disposed off the matter with a direction to modify the order within two weeks with a liberty to the petitioner to prefer an appeal provided under Clause 24 of the Certified Standing Orders before the Appellate Authroity. A modified order vide letter No.GSD/GH/06-01/2/46 dated 31 Aug 2012 against which Mr.D.Sounder Raj filed a WP 29563/2012 calling for the records passed by RM-GS and quash the same and confer all consequential benefits.	0.295	Date of next hearing not yet fixed	The fees for appearance in respect of N G R Prasad along with the association of senior council for the case will be approx. Rs.50,000/- plus applicable GST per case
75	MAA	WP	WP 14022 of 2017	Mr.D.Sundar raj	AIATSL	AIATSL	High Court Madras	May-17	N G R Prasad	The employee was awarded the punishment "dismissed without retirement benefits in full" vide order dated 29.04.2017. The Petitioner has called for the records pertaining to the said order and quash the same, and direct the Respondents to confer all consequential benefits to the Petitioner. Date of next hearing not yet fixed. The Gratutity payment has been made by AirIndia on 25.05.2017 of Rs. 900,880 plus differential RS 32798 AS well hence no amount due to be paid by AIATSL	0.295	Date of next hearing not yet fixed	The fees for appearance in respect of N G R Prasad along with the association of senior council for the case will be approx. Rs.50,000/- plus applicable GST per case
76	MAA	WP	WP 2901 of 2019	C.Udayasankar -Air Corporations Employees vs Air India Ltd	AIR INDIA	AIATSL	High Court Madras	2018	N G R Prasad	The issue pertain to promotion of AEO in SR region. Date of next hearing not yet fixed	0.295	Date of next hearing not yet fixed	The fees for appearance in respect of N G R Prasad along with the association of senior council for the case will be approx. Rs.50,000/- plus applicable GST per case
											13.965		

MANAGEMENT REPLIES TO THE INDEPENDEDNT AUDITOR'S REPORT ONTHE FINANCIAL STATEMENT OF AI AIRPORT SERVICES LIMITED

FOR THE FINANCIAL YEAR 2019-20

Sr. No.	Independent Auditor's Comments	Management's Comment
	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**	
	Qualified Opinion We have audited the accompanying Financial statements of **AI Airport Services Limited** ("the Company"), which comprise the balance sheet as at March 31, 2020, and the statement of profit and loss (including other comprehensive income), statement of cash flows and statement of changes in equity 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 Financial statements"). In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, 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 accounting principles generally accepted in India, of the state of affairs of the Company as at March,31st 2020 its profit including other comprehensive income ,its cash flow and the changes in equity for the year ended on that date.	
	Basis for Qualified Opinion :	
1.	The Company has carried forward the following account balances which are pending reconciliation / adjustment (if any) as at March,31 2020	
a.	The company has accounted forground handling service revenue from IATA platform based on physical service document received from stations and booked through miscellaneous billing system platform. This revenue is subject to rejections/adjustments by the customers all such rejections upto FY 2016-17 have been provided for. The company is in the process of re billing the customers and is in correspondence for recovery of the outstanding amount. Balance outstanding in respect thereof as at march 31, 2020 is rs.504.69 million against which the company has made expected credit loss allowance of rs.233.08 million. We have relied on the management contention for realisation of such balances equivalent to the value reported and hence, no further adjustments are required to be made.	The billing on other airlines through IATA Clearing House (ICH) is done through automated system (MBS) However the basis of billing as per Ramp Assistance Form which are serially controlled and proper record are maintained on manual basis.

		Billing through ICH is a well-established laid down procedure followed by most of the airlines world over. As per procedure laid down by ICH, the airlines reserve the right to recharge after following a protocol which is the normal practise. Based on the merit of the cases the company reviews the recharge and either accept the recharge or decides to re-bill the airline. As required by INDAS 109 a provision for doubtful recoveries has been made under ECL Model. A provision of Rs 233.08 million which represents 100% of the due amounts upto the F.Y. 2016-17 and 8.73% for the F.Y. 2017-18 and 2018-19 has been made. We are following up for the outstanding dues from the Airlines and are confident of reconciling and realisation of dues as they were for services provided.
b	Recording and accounting of expenses relating to Employee Benefits is not automated .During the course of verification various statutory delay in compliances regarding provident fund, ESIC, Professional tax, Tax Deducted at Sources have also been observed. Further, we report that Employee Benefits related accounts have reported adverse balances which are under reconciliation and are reported on net basis. We are unable to ascertain impact of such balances on the financial statements. Balances of Goods and Service tax, Income tax assets and tax deducted at source are under reconciliation with the respective statutory returns. The company is in process of reconciling the set balances and assessing the impact on financial statements. We are unable to ascertain the impact of such balances on the financial statements. We have relied on the management contention that reconciliation of such balances will not result in material impact on the financial statement and hence no further adjustment are required that for the current year	While the payroll is drawn based on the inputs in HR Module of SAP. The attendance is maintained manually and SAP records are updated accordingly, The statutory deduction of PF, PT, ESIC,TDS have been paid. However there are a few instances (non- availability of PAN/ Aadhar card and mismatch in the name of the KYC documentation of employees. In case of Employees whose UAN data is not generated no payment can be effected in the absence of

		UAN number). We also have Cash flow issues due to non-receipt of funds from Holding / Group Companies and other customers. We are trying to address the issue and steps are being taken to make the payments promptly.
c	The Company has collected Airport Authority levy in respect of ground handling services provided to parties other than AirIndia Limited and its group companies .As at March 31,2020, cumulative collection towards such levy for the past five years is classified under other financial liability. This amount is under reconciliation with the Airport Authority of India. Pending adjustments of such levy, the management does not expect material impact on the financial statements.	The Company has provided for the Liability in its books, however there is a difference in the amount shown as liability and the actual invoices booked which is under reconciliation with AAI and we are expecting to complete the same in 2020-21 as we have started the process by contacting the local AAI office, obtaining the invoices and accounting for the same. We have completed the reconciliation for few airports during 2020-21 and balance in progress and expected to be completed shortly. Any shortfall / excess will be adjusted in the coming years.
d(I)	The Company has entered into leases for various commercial premises/vehicles etc.(with option to purchase /renew but title of the same may or may not eventually be transferred) which areas catered at various locations/ stations/regions, the Company is in the process of collating the necessary information for evaluating the applicability of the Ind AS 116 –Leases.	The Company has provided the necessary information as per INDAS 116 in respect of the vehicles taken on lease and accounted for the same. 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 stations/ regions, the management is in the process of collating the necessary information for evaluating the applicability of the Lease standard. Pending evaluation these have not been considered as ROU under Ind AS 116 and rent of

		the same has been charged systematically to the Statement of Profit &Loss within the lease period. The management is of the view that the impact of this is not expected to be material in terms of percentage of Revenue.
d(ii)	The Company is in the process of entering into a comprehensive arrangement outlining the details of all the services including lease services, electricity, insurance, staff travel, material management services, IT services etc., provided by the Holding Company. In the absence of approved master service agreement, the Company has not complied with the requirements of IND AS 116 – Lease Accounting.	The Company has agreed to make the payment in respect of shared services as per terms of the MSA. The execution of the MSA is in progress.
	Emphasis of Matter :	
1.	We draw attention to Note no.51 to the financial statements which explain the management assessment for the impact of COVID-19 pandemic on the financial statements. In view of the highly uncertain future economic conditions associated with the pandemic, the actual impact on the financial statements in the subsequent periods is highly dependent upon the circumstances as they evolve.	This Covid pandemic has impacted all the industries and majorly the Aviation industry. The actual impact on the financial statements in subsequent periods is highly dependent upon the evolving situation and circumstances and we are hopeful that the situation will improve once the vaccine is available.
2.	We draw attention to Note 48 (i) of the financial statements, 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 31,2020 applying simplified approach for trade and other contractual receivables from the parties other than the group companies amounting to Rs.521.93 million.The Company has considered Rs.Nil towards expected credit loss in respect of receivable from the group companies.	The Company has continued to use the Simplified approach during the current year as well. The Company does not expect any credit Loss in respect of Group Companies outstanding and hence no provision has been made.
3.	We draw attention to Note 25 to the financial statements; the Company has restated its Financial Statements forthe year ended March31, 2019 in accordance with IndAS–8, “Accounting Policies, Changes in Accounting Estimates and Errors”. Prior Period adjustments consist of errors/omissions on account of recording of revenue & expenses and effect of receivable/payable reconciliations. Accordingly, net effect amounting to Rs.133.31 million has been considered in the Statement of Profit and Loss of the previous year with corresponding effect in related assets/ liabilities. This has resulted into decrease in profit before tax and other comprehensive income by Rs.133.31	The Company had initially proposed to set threshold limits to account for the expenditure pertaining to the past year in the current year at Rs 1 million per transaction with an overall limit of 1% of turnover. However as the prior period income and expenditure exceeded the proposed threshold limit the

	million and Rs.Nil respectively with corresponding reduction of other equity by Rs.133.31 million for the previousyear.	Company had to restate the books as required by IND AS -8 and the same has been reflected in the financial statements accordingly.
4.	The Company earns majority of its revenue by providing services to Air India Limited (the Holding Company).As explained to us, the Company is in the process of entering into a comprehensive arrangement outlining the details of all the services to be provided by both,inter-se. In the absence of approved master service agreement, the Company has recorded its transactions based on rate chart approved by both the parties. We have relied on the management contention that effect of master service agreement would not be material and will be considered in the year in which it will besigned.	The Company is providing services to Air India, the Holding Company on the basis of agreed upon terms which had been set out in the Master Service Agreement although the same is pending execution. The Company earns major portion of its revenue from providing ground handling services to Air India Flights and the same has been acknowledged and confirmed by Air India.
5	We draw attention to Note 31 to the financial statements, the Company is charging interest at the rate of 9% pa on overdue balances of receivables in respect of Group Companies, namely Air India, Air India Express,Air India Engineering Services Limited and Alliance Airlines. During the current year , interest on overdue payments amounting to Rs 269.41 million (previous year Rs 148.19 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 year.	The Company has charged interest @9% on all overdue balances and the same has been reflected in the note 31 of the notes to Accounts as per the terms of the MSA between the parties. Air India and Air India Express have paid all the balances dues inclusive of interest as on 31.03.2020 in full during 2020-21. Further we are hopeful of collecting the same from Air India Engineering and Alliance Air as well during 2020-21. All the Group Companies have been confirmed the balances including the interest and have reflected in their books of accounts.
6	We draw attention to Note 29 to the financial statements, the Company has inventories consisting of stores and spares amounting to Rs 86.77 million the inventories are transferred from Air India Limited and Air India Engineering Limited which were not used for more than 3 years. We have relied on the Management that such inventories have value in use atleast equal to the carrying value in the books and hence no further adjustments are required for the current year.	The Company has confirmed the details of the stores and spares amounting to Rs 86.77 million on hand as on 31.03.2020. There are some items pertaining to Air India Engineering inventory as well which has been identified in

		this inventory and the necessary action will be taken during F.Y. 2020-21

7	Balances of trade payable and trade receivable subject are to balance confirmation and reconciliation. pending such reconciliation trade payable has been reported net of debit balance amounting to Rs.38.86 million and trade receivable net of credit balance amounting to Rs.100.48 million. In the absence of adequate reconciliation, we are unable to ascertain impact of such reconciliation on the financial statements.	The total trade receivables include Rs.3,855.08 Million from Group Companies which have been confirmed by the respective Group Company, which constitutes about 70 % of the Trade receivables. As regards the third party the balance confirmations have been sent and we have received some confirmations as well. There are some unlinked debits and credits due to clerical errors committed in data entries which are being looked into and action has been initiated to reconcile the same in full. As regards to trade payables, we have sent balance confirmation letter to all creditors and same is being reconciled.

	Our opinion is not modified in respect of these matters.	
	Information Other than the 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 Financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the Financial statements does not cover the other information and we do not express anyform of assurance conclusion thereon.	The Directors Report will be submitted to auditors after same is approved by the Board.
	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.	

	Responsibilities of the Management for the financial statements The Company's Board of Directors is responsible for the matters stated in sub-section (5) of Section 134 of 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 in come, cashflows and changes in equity 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 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 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, 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 the 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.	

	Auditor's Responsibilities for the Audit of the financial statements	**Management Replies**
	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 reasonablybe 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 fraudor 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 mis statement 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 under standing of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under clause (i) of sub-section (3) of Section 143 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 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 knowledge able user of the Financial statements may be influenced. We consider quantitative materiality and qualitative factors i n (i) planning the scope of our audit work;and (ii)to evaluate the effect to 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 ouraudit. 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	
	1. As required by the Companies (Auditor's Report) Order, 2016 ("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. 2. As required by sub-section (3) of Section 143 of the Act, we reportthat: 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, except for the matter described in the Basis for Qualified Opinion paragraph above, 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 cash flow and the statement of changes in equity dealt with by this report are in agreement with the books of account. d) Except for the indeterminate effects of the matters described in the Basis for Qualified Opinion paragraph above, In our opinion, the aforesaid 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 outcome of the matter described in the Basis or Qualified Opinion paragraph above in our opinion, may have an adverse effect on the functioning of the Company. f) In pursuance to the Notification No.G.S.R.463(E) dated 05-06-2015 issued b the Ministry of Corporate Affairs,	This is a statement of fact. This is a statement of fact. This is a statement of fact.

	sub-section(2) of section 164 of the Act pertaining to disqualification of directors ,is not applicable to the Government Company.	
	g) With respect to the adequacy of the internal financial controls over financial reporting with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B” to thisreport.	
	h) In term of Notification no. G.S.R. 463(E) dt. 05-06-2015 issued by the Ministry of Corporate Affairs, the provisions of section 197 of the Act relating to managerial remuneration are not applicable to the Company.	
	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, 2015, 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 statements – Refer Note to the financialstatements;	This is statement of facts.
	ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;and	
	iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.	This is a statement of fact
	3. As required by sub-section(5) of Section 143 of the Act and in terms of directions issued by the Comptroller and Auditor General of India during the course of audit of annual accounts of AI Airport Services Ltd, 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. 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.	The company maintains the Accounts in SAP platform and the financial information and Reports are derived from the same consistently

	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. The Company does not have any borrowings during the year.	The company has no borrowings, hence no restructuring
	c) Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation. The Company has not received funds from specific schemes from central/ state agencies during the year.	The Company is not covered under any specific scheme of central/ state Agencies and therefore did not receive any funds during the current financial year.

	APPENDIX A TO THE INDEPENDENT AUDITORS' REPORT (Referred to in paragraph 1under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of AI Airport Services Limited of even date)	
	(a) The Company has maintained Property, Plant and Equipment (PPE) register based on available details in the books of account. However, fixed assets registers owing full particulars, including quantitative details and situation of fixed assets is not maintained.	
	The Physical verification of the assets had been carried out by the third party during the year 2018 and there port had been submitted by them during August 2019. The necessary accounting action as regards shortages and excess have been given effect during the current year. The shortages amounting to Rs.20.08 million identified by the agency have been fully depreciated during the current year. Also, 1427 numbers of surplus assets identified during the physical verification have been capitalised at Rs.1 each in the books of account in the current year.	The necessary accounting action in respect of shortages and excess pertaining to assets identified by the third party in the Report of 2019 have been taken by the Company. The surplus Assets have been brought into the books to keep track of the assets.
(i)	As per the policy of the Company, the physical verification of PPE has to be carried out once in two years. As per the said policy Physical verification was due for FY 2020, however, the same could not be carried out in during the year. Effectiveness of Physical verification of the fixed assets by the management cannot be commented upon, in absence of physical verification.	The Company has bi-annual policy of physical verification of Assets. In view of the Covid situation the physical verification of Assets could not be carried out during FY. 2019-20.
	The Company does not own any immovable properties and, hence, reporting under paragraph 3 (i)(c) of the order is not applicable to the Company.	Statement of fact
(ii)	Subject to our comment in Basis for qualification above, the inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification needs to be further strengthened. The discrepancies noticed on verification between the physical stocks and the book records are appropriately accounted for except that the inventories held by the Company on behalf of its Group Companies are under reconciliation and will be given effect to upon final reconciliation.	Observation made by the Auditor is Noted

(iii)	According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, reporting under paragraph 3 (iii) (a), (b) and (c) of the Order is not applicable to the Company.	Statement of fact
(iv)	In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable. Accordingly, reporting under paragraph 3 (iv) of the Order is not applicable to the Company.	Statement of fact
(v)	According to the information and explanations given to us, the Company has not accepted any deposits from the public. Accordingly, reporting under paragraph 3 (v) of the Order is not applicable to the Company.	Statement of fact
(vi)	The maintenance of cost records has been specified by the Central Government under Section 148 of the Act. We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under sub-section (1) of Section 148 of the Act and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.	Statement of fact
(vii) (a)	According to the information and explanations given to us, and the records of the company examined by us, in our opinion, the Company is not regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales- tax, goods and service tax, cess and other material statutory dues applicable to it. Non-compliances have been noticed regarding payment of dues in respect of provident fund, employees' state insurance, Professional tax, income tax, Tax Deducted at Sources, goods and service tax. Further, balances of Goods and Service Tax and Tax Deducted at source are under reconciliation with the respective statutory returns. In the absence of adequate information, we are unable to opine on the same. According to information and explanations given to us, we have noticed following undisputed amounts payable (pending reconciliation) which were outstanding, at the year end, for a period of more than six months from the date they became payable.	

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<tr><th>Name of the Statue</th><th>Nature of Dues</th><th>Amount (Rs in Millions)</th><th>Period to which the amount relates</th></tr>
<tr><td>Employees Provident Fund Act, 1952</td><td>Provident Fund</td><td>14.40</td><td>Under Reconciliation</td></tr>
<tr><td>Employees State Insurance, 1948</td><td>ESIC Dues</td><td>13.80</td><td>Under Reconciliation</td></tr>
<tr><td>Professional Tax</td><td>Professional Tax</td><td>7.60</td><td>Under Reconciliation</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Tax Deducted at source</td><td>0.91</td><td>Under Reconciliation</td></tr>
<tr><td>Goods and Service Tax</td><td>TDS on GST (Section 51)</td><td>Cannot be ascertained</td><td>Under Reconciliation</td></tr>
</table>
According to the information and explanations given to us, there are no dues of income tax, sales tax, goods and service tax, cess and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute except the following:
<table>
<tr><th>Name of the Statue</th><th>Nature of Dues</th><th>Amt (Rs in 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</td><td>0.15</td><td>AY 2013-14</td><td>Income Tax Appellate Tribunal (ITAT)</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income tax</td><td>13.34</td><td>AY 2013-14</td><td>Commissioners (Appeals)</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income tax</td><td>6.60</td><td>AY 2017-18</td><td>Commissioners (Appeals)</td></tr>
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<td>The company has been by and large depositing the statutory dues in a timely manner except some non compliances which have been quantified for which necessary action is being initiated to redress the issue which have been noticed during the period of audit and necessary steps are being taken to complete the same in an expeditious manner.

Statement of fact</td>
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<td>(viii)</td>
<td>Based on our examination of documents and records, the Company has not taken any loan from a financial institution, a bank, the government or issued debentures. Accordingly, reporting under paragraph 3 (viii) of the Order is not applicable.</td>
<td>Statement of fact</td>
</tr>
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<td>(ix)</td>
<td>In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans. Accordingly, reporting under paragraph 3 (ix) of the Order is not applicable.</td>
<td>Statement of fact</td>
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(x)	Based on the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the Management, we report that no material fraud by the Company and on the Company by its officer or employees has been noticed or reported during the year.	This is a statement of fact
(xi)	In term of Notification no. G.S.R. 463(E) dt. 05-06-2015 issued by the Ministry of Corporate Affairs, the provisions of section 197 of the Act relating to managerial remuneration are not applicable to the Company. Accordingly, reporting under paragraph 3 (xi) of the Order is not applicable.	This is a statement of fact
(xii)	The Company is not a Nidhi Company. Accordingly, reporting under paragraph 3 (xii) of the Order is not applicable.	This is a statement of fact
(xiii)	According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and Company being a government company, transactions with other government companies are exempt for the compliance of Section 188 of the Act, in terms of notification no. G.S.R 463(E) dated 5th June 2015, issued by the Ministry of Corporate Affairs. Details of such transactions have been disclosed in the financial statements as required by the applicable Indian accounting standards. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for transactions with the related parties, except in respect of following transactions wherein the transaction was ratified at a subsequent audit committee.	The details of Related Parties have been suitably disclosed. The point is noted and earlier we had obtained approval for the Revenue related transactions. We are in the process of getting the expenditure related transactions duly ratified from Audit Committee.

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<tr><th>Nature of Related Party relationship</th><th>Underlying transaction</th><th>Amount involved</th><th>Remarks (details of non-compliance)</th></tr>
<tr><td></td><td></td><td>(Rs in million)</td><td></td></tr>
<tr><td>Holding Company</td><td>Expense transaction such as Information Technology (IT) charges, Material Management Services, Lease/Rent expenses, Recovery of Insurance expenses / electricity charge, Staff Travel and welfare expenses</td><td>205.73</td><td>Approval from Audit Committee not taken for such expense transactions for the FY 2019-20</td></tr>
<tr><td>Fellow Subsidiary</td><td>Handling Charges</td><td>13.91</td><td></td></tr>
<tr><td>Fellow Subsidiary</td><td>Staff Travelling Expenses</td><td>1.08</td><td></td></tr>
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In our opinion and according to the information and explanations given to us, the Company has disclosed the details of related party transactions in the financial statements etc. as required by the applicable accounting standards.
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<tr>
<td>(xiv)</td>
<td>During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Accordingly, reporting under paragraph 3 (xiv) of the Order is not applicable to the Company.</td>
<td>This is a statement of fact</td>
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<tr>
<td>(xv)</td>
<td>Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements, in our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.</td>
<td>This is a statement of fact</td>
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<tr>
<td>(xvi)</td>
<td>The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and hence, reporting under paragraph 3 (xvi) of the Order is not applicable to the Company.</td>
<td>This is a statement of fact</td>
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ANNEXURE B TO THE INDEPENDENT AUDITORS REPORT

	Report on the internal financial controls with reference to the aforesaid Financial statements under clause (1) of subsection (3) of the Section 143 of the Act	
	We have audited the internal financial controls over financial reporting of AI Airport Services Limited ('The Company') as of March 31,2020 in conjuction with our audit of the Financial Statements of the Company of 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 the financial reporting criteria established by the Company's considering the essential components of internal control state in the Guidance Note on 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 control that were operating effectively for ensuring the orderly and efficient conduct of its business , including adherence to Company's policies , safeguarding of its assets, the prevention and detection of frauds and errors , the accuracy and completeness of the accounting records and the timely preparion of the reliable financial information as required under the Act	
	Auditors Responsibility Our responsibility is to express and opinion on the Company's internal financial controls over financial reporting with reference to theses financial statement of the company based on our audit.We have conducted the audit in accordance with the guidance note issued by the Institute of Chartered Accountants of India and the Standards on auditing prescribed under sub section (10) of section 143 of the Act to the extent applicable to an audit of internal financial controls both applicable to an audit of the Internal Financial Control 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 controls over financial reporting with reference to these Financial Statements was established and maintained and if 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 over financial reporting with reference to these financial statements and their opening 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 statement , 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 procedure selected depend on the auditors judgement , including the assessment of risks of material misstatements 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 with reference to these financial statements.	.
	Meaning of Internal Financial Controls Over financial Reporting with reference to these Financial Statements	
	A Company's internal financial control over financial reporting with reference to these Financial statements is a process designed for provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statement for external purposes in accordance with the generally accepted accounting principles . A Company' internal controls over financial reporting with reference to these financial statements includes those policies and procedure that 1) Pertaining to the maintenance of records that in reasonable detail, accurately reflect the transactions and dispositions of the assets of the Company 2)Provide reasonable assurances that the transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and the receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company 3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition use or dispositions of the Company's assets that could have a material effect on the Financial statements	
	Inherent limitation of internal financial Controls over Financial Reporting with reference to these financial statements Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, including possibility of collusion or improper management override of control misstatements due error or fraud may occur and not be deducted. Also projections of any evaluation of internal financial controls over financial reporting with reference to these financial statements to future period are subject to the risk that the internal control over financial reporting may become inadequate because of change in	

	conditions, or that the degree of compliance with the policies and procedures may deteriorate.	
	Qualified Opinion: According to the information and explanations given to us and based on our audit , the following material weakness have been identified as at March 31,2020	
	Deficiencies in the design of internal control over the preparation of the financial statement being audited.	
	Documented Standard Operating Procedure as required by the Guidance Note on Internal Financial Control over financial reporting for critical process are not in place.	The Standard Operating Procedure for critical processes are not documented, however the SOP's process which were laid down by the Parent Company in past have been followed and the basic principles have been adhered to.We have also process notes for important processes as well which are being adhered to.
	ii) Authorisation controls of maker and checker controls in accounting software need further strengthening	In the absence of the adequate manpower, the same could not be fully implemented in the desired form, however we have noted the observations and steps have been taken to have Maker Checker controls in the System as also to augment the workforce.
	iii) Absence and inadequate segregation of duties (including responsibility chart within a significant accounting process).	In the absence of the adequate supervisory and operational staff in departments, the segregation of duties and job descriptions within a significant Accounting process could not be effectively implemented. However the point has been noted and necessary steps in this regard will be taken.

	iv) Inadequate utilisation of Information Technology(IT) general and application controls preventing the information system from providing complete and accurate information consistent with financial reporting objectives and current needs.	The Company has SAP system and some of the modules have not been implemented due to which complete and consistent information cannot be obtained directly from the system and requires manual intervention and presentation of information.
	v The absence of an internal process to report deficiencies in internal control to management on a timely basis.	The point has been noted

	vi) 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 the new joinees and resigned employees , payment of statutory dues are not fully automated and maintained manually	The payroll is processed in SAP , however only the attendance is not automated and fed in manually based on authorised data received from 70 stations . Steps have been taken to update the data in HR Module in SAP to update the HR data of new joinee's and resigned employees on real time basis to ensure accurate processing of payroll. The Company has noted the observations of the auditor and is working on remedying the situation in respect of the areas pointed out .
	(b) Inadequacy of controls designed to safeguard assets from loss, damage or misappropriation. The Company did not have any appropriate internal controls for reconciliation of physical inventory and fixed assets with the books of accounts	The Company's assets are mainly Ground Support Equipment and are based in a secure environment on the tarmac side of the airport.and are issued with specific passes to operate within the airport area. Only in the event of any maintenance related activity the movement of same is recorded. Hence the assets are secured from Loss or misappropriation. The assets has been physically verified in 2018 and subsequently during the current year based on the third party report accounting action in the books have been taken by the Management and the same have been duly verified as well. The physical inventory of stores and spares has been carried out internally at the end of each year and duly signed statements are provided.
	(c)Timely reconciliation of certain significant accounts such as accounts receivables, account payables; statutory dues with returns and payroll balances are not reconciled in an accurate manner.	The reconciliations are continuous in nature. As regards receivables the outstanding of Group Companies duly signed have been shared with the auditors. The letters have been

		sent to all the customers for balance confirmation on multiple occasions to ensure the reconciliation of the Trade Receivables and a constant follow-up is being maintained as adjustment in the books of the invoices and receipts is hampered in the absence of full details from Customers. The accounts payables we have sent balance confirmation letters to vendors on multiple occasions and are reconciling the same, the relevant facts have been disclosed in the notes to accounts, The payroll accounts are under reconciliation and we will complete the same in 2020-21 .It was observed that the same
	d) Following are indicator of control deficiency and a strong indicator of a material weakness in internal control: i) Restatement of previously issued financial statement to reflect the correction of material misstatement. This indicates cutoff procedures while closing of booking is not working efficiently ii) Non compliances in complying with the laws and and regulations by the entity as referred in point vii of Annexure A to the Independent Auditors Report has been observed. This indicates an ineffective Regulatory Compliance function..	We had proposed threshold limits during 19-20 for accounting of prior period transaction s in the current year of Rs 1 million per transaction and an overall limit of 1% of the turnover. However since we have been billed for previous years expenses in the current year by the Holding Company and also the account was opened in the name of the new Company ie AI Airport Services which came to light during the intercompany reconciliation. We had to restate the previous year's figures accordingly. .As has been observed there has been some delay in compliance due to cash flow problems experienced by the Company we have noted the observation of the statutory auditor and the Company is in the process of recruiting and strengthening the Compliance Department to

		ensure that regulatory compliances are completed in full.
	A material weakness is a deficiency or a combination of deficiencies in the internal financial control over financial reporting such that there is a reasonable possibility that a material misstatement of the company's annual and interim financial statement will not be prevented or detected on a timely basis	
	In our opinion, because of 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 31st March 2020 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.	
	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 31,2020 financial statement of the Company and these material weaknesses have effected our opinion on the financial statements of the company and we have issued a Qualified Opinion on financial statements.	.

BALANCE SHEET AS AT MARCH 31, 2020

Rs. in Millions

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019(Restated)*
I ASSETS :			
1 Non-current Assets			
(i) Property, Plant & Equipment	2	**3,564.54**	2,541.66
(ii) Right of Use Assets	3	**160.37**	-
(iii) Income Tax Assets (net)	4	**261.46**	150.75
(iv) Deferred Tax Assets (net)	5	**769.82**	1,077.65
(v) Other Non-Current Assets	6	**0.65**	0.52
Total Non-Current Assets		**4,756.84**	3,770.58
2 Current Assets			
(i) Inventories	7	**86.77**	89.81
(ii) Financial assets:			
a) Trade Receivables	8	**5,713.96**	3,987.15
b) Cash and Cash equivalents	9	**161.02**	139.37
c) Bank balances other than (b) above	10	**1.50**	0.17
d) Other Financial Assets	11	**76.85**	118.03
(iii) Current Tax Assets		**-**	-
(iv) Other Current Assets	6	**138.73**	111.50
Total Current Assets		**6,178.82**	4,446.04
Total Assets		**10,935.66**	8,216.63
II EQUITY AND LIABILITIES :			
1 Equity			
a) Equity Share Capital	12	**1,384.24**	1,384.24
b) Other Equity	13	**2,647.53**	1,991.84
Total Equity		**4,031.77**	3,376.08
2 Liabilities :			
(i) Non-current Liabilities			
a) Financial Liabilities			
i) Lease Liabilities	3	**34.78**	-
ii) Other Financial Liabilities	14	**0.11**	1.44
b) Provisions	15	**2,568.00**	2,480.13
c) Other non Current Liabilities	16	**20.88**	9.42
Total Non-Current Liabilities		**2,623.76**	2,490.99
(ii) Current Liabilities			
a) Finacial Liabilities			
i) Lease Liabilities	3	**131.46**	-
ii) Trade Payables	17		
(a) Total outstanding, dues of micro and small enterprises		**0.26**	0.10
(b) Total outstanding, dues of creditors other than micro and small enterprises		**845.94**	526.50
iii) Other Financial Liabilites	14	**2,153.82**	1,147.85
b) Provisions	15	**526.29**	296.81
c) Other Current Liabilities	18	**622.35**	378.30
Total Current Liabilities		**4,280.13**	2,349.56
Total Equity & Liabilities		**10,935.66**	8,216.63

See accompanying notes to the financials statements

* Refer Note.25. For detail regarding the re statement as a result of error or ommission

As Per Our Report Of Even Date Attached
For Shah Gupta & Co.
Chartered Accountants
Firm Registration No. 109574W

Sd/-
Vipul K. Choksi
Partner
M.No. 37606
UDIN : 20037606AAAADM6320

Place: Delhi / Mumbai
Date: 18th December 2020

For and on behalf of the Board of Directors

Sd/-
Rajiv Bansal
Chairman
DIN 00245460

Sd/-
Vimlendra Anand Patwardhan
Director
DIN 08701559

Sd/-
J.V.Ravikumar
Chief Financial Officer

Sd/-
Capt. A.K.Sharma
Chief Executive Officer

Sd/-
Smt. Shashi Bhadoola
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Rs in Millions

	Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019(Restated)*
I	Revenue from Operations :	19	6,221.30	6,607.58
II	Other Income:	20	866.71	442.50
III	**Total Revenue (I + II)**		7,088.01	7,050.08
IV	Expenses:			
a	Employee Benefit Expenses	20A	4,396.35	4,162.32
b	Finance Cost	20B	62.93	-
c	Depreciation Expense	2&3	383.28	305.81
d	Other Expenses	20C	906.88	1,421.06
V	**Total Expenses**		5,749.44	5,889.19
VI	**Profit Before Tax (III-IV)**		1338.58	1,160.89
VII	Tax Expense			
	1. Current Tax		393.60	600.00
	2. Short/ (Excess) Provision of Tax		(27.16)	186.62
	3. Deferred Tax Liability / (asset)		310.01	-150.55
VIII	**Profit For the Year (IX-X)**		662.13	524.82
IX	**Other Comprehensive Income**			
(i)	Items that will not be reclassified to profit or loss			
	a. Re-measurement of the defined benefits plan		(8.61)	51.64
(ii)	Income tax relating to the items that will not be reclassified to profit or loss		2.17	(18.04)
	Total Other Comprehensive Income		(6.45)	33.60
X	**Total Comprehensive Income for the year**		655.69	558.42
XI	**Earning per Equity Share of Rs. 10 each**	20D/38		
	Basic (Rs.)		4.78	3.79
	Diluted (Rs.)		4.78	3.79

See accompanying notes to the financials statements

* Refer Note.25 For detail regarding the re statement as a result of error or ommission

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Chief Executive Officer

Sd/-
Smt. Shashi Bhadoola
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

Rs in Millions

A. Equity Share Capital	As at March 31, 2020 Amount	As at March 31, 2019 Amount
Balance at the beginning of the reporting year	**1,384,242,000**	1,384,242,000
Movement during the year	**-**	-
Balance at the end of reporting year	**1,384,242,000**	1,384,242,000

B. Other Equity

Rs in Millions

Particulars	Reserves and Surplus Retained Earnings	Total equity attributable to equity Holders of the company
Opening Balance as at 1 April 2018	**494.05**	494.05
Effect of Deferred Tax Asset of earlier years	**939.39**	939.39
Profit for the year	**638.11**	638.11
Correction of errors/omissions (refer note 25)	**(113.31)**	(113.31)
Other Comprehensive Income/(loss)	**33.60**	33.60
Balance as at 31 March 2019	**1,991.84**	1,991.84
Effect of Deferred Tax Asset of earlier years	**-**	-
Profit/(Loss) for the year	**662.13**	662.13
Other Comprehensive Income/(loss)	**(6.45)**	(6.45)
Balance as at 31 March 2020	**2,647.53**	2,647.53

As Per Our Report Of Even Date Attached
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Chartered Accountants
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Sd/-
Vipul K. Choksi
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Chief Financial Officer

Sd/-
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Chief Executive Officer

Sd/-
Smt. Shashi Bhadoola
Company Secretary

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

Rs in Millions

	Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
A	**Cash Flow From Operating Activities**				
	Net Profit Before tax		1,338.58		1,160.89
	Adjustments for:				
	Depreciation	383.28		305.81	
	Interest on overdue payments	(275.30)		(148.19)	
	Interest on Fixed deposits	(0.41)		(0.91)	
	Profit Sharing of HAL - JWG	(9.10)		(9.35)	
	Interest on Income Tax	49.05		-	
	Interest on MSME	0.03		-	
	Interest on lease liabilities	13.88		-	
	Profit & Loss on sale of Property, Plant & Equipment	21.15		6.99	
	Expected Credit loss allowence	85.67		436.26	
	Reversal of Duty Entitlements under SFIS	-		96.98	
	Provision No Longer Required	(101.03)		(10.66)	
	Recovery of Gratuity and other Recoveries	(86.47)		-	
	Unrealised exchange gain/loss	(275.07)	(194.33)	(134.29)	542.64
	Operating profit before working capital changes		1,144.25		1,703.53
	Adjustments for:				
	Decrease in inventory	3.04		35.28	
	(Increase) / Decrease in Trade Receivables	(1,726.81)		(919.78)	
	(Increase) / Decrease in short term and Long term provision	(317.35)		(45.34)	
	(Increase) / Decrease in Other Current & Non Current Assets	257.04		23.58	
	Increase / (Decrease) in Trade Payables	2,024.02		124.91	
	Increase / (Decrease) in other Current & Non current Liability	132.77	372.72	(291.36)	(1,072.70)
	Cash Generated from Operations		1,516.97		630.83
	Rent Paid		(93.45)		
	Income Tax Paid (net of refund)		(64.52)	-	(551.53)
	Net Cash from Operating Activities		1,359.00		79.30
B	**Cash Flow From Investing Activities**				
	Interest on Fixed deposits		0.41		0.91
	Fixed deposits		(1.50)		
	Sale of Property Plant & Equipment (net)		23.30		20.29
	Purchase of Property Plant & Equipment		(1,358.24)		(189.20)
	Net Cash From Investing Activities		(1,336.02)		(168.00)
C	**Cash Flow From Financing Activities**		-		-
	Net Cash From From Financing Activities		-		
	Net (Decrease)/Increase in Cash and Cash Equivalents		22.98		(88.70)
	Add: Cash and Cash Equivalents at the begning of the Year		139.55		228.25
			162.52		139.55
	Cash and Cash Equivalents at the end of the Year		162.52		139.55
	Component of Cash and Cash Equivalents				
	Cash on hand		0.07		0.07
	Balance in Current Account		160.95		139.31
	Other Deposit Account		1.50		0.17
			162.52		139.55

See accompanying notes to the financials statements

As Per Our Report Of Even Date Attached
For Shah Gupta & Co.
Chartered Accountants
Firm Registration No. 109574W

Sd/-
Vipul K. Choksi
Partner

M.No. 37606
UDIN : 20037606AAAADM6320

Place: Delhi / Mumbai
Date: 18th December 2020

For and on behalf of the Board of Directors

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Chief Financial Officer

Sd/-
Capt. A.K.Sharma
Chief Executive Officer

Sd/-
Smt. Shashi Bhadoola
Company Secretary

Notes forming part of the financial statements for the year ended March 31, 2020

Note 1

A. Corporate Information:

AI Airport Services Limited (a wholly owned subsidiary of Air India 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 Airport Services Limited to AI Airport Services Limited dated. 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. Basis of preparation of Financial Statements:

The Company has prepared these Financial Statements which comprise the Balance Sheet as at March 31, 2020, 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) Basis of preparation and 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 year, 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 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 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 (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 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. Standards issued but not yet effective:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April, 2020.

D. Use of estimates and judgments:

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. Significant Accounting Policies:

i) 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 5,000, in each case, are fully provided for in the year of Purchase.

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 year.

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 year, 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, on-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. On initial application, the company elected to adopt the modified retrospective approach, by recognizing the cumulative effect of initially applying the new standards as an adjustment to the opening balance of retained earnings as at 1st April, 2019, without restating the comparative information.

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. Excluded the initial direct costs from the measurement of the right-to-use asset at the date of initial application

d. 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 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 years 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 Parent Company has separate trust(s) to administer Provident Fund contributions to which contributions are made regularly. 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. 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 year 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 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.

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 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 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.

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.

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.

N. Cash & 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. Earnings 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 year. The weighted average number of equity shares outstanding during the year 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 year, 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 year 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's taxable profits 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. During the year, the Company has assessed the outstanding deferred tax liability, and written back an amount to the extent of 310.01 millions to the Statement of Profit and loss. This is arising from the re-measurement of deferred tax liability that is expected to reverse in future when the Company would migrate to the new tax regime.

R. CRITICAL ACCOUNTING JUDGEMENTS

Determining the lease term of contracts with renewal and termination options – Company as lessee

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.

S. NEW AND AMENDED ACCOUNTING STANDARDS:

Ind AS 116 – Leases

Ind AS 116 supersedes Ind AS 17 Leases including evaluating the substance of transactions involving the legal form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under Ind AS 116 is substantially unchanged under Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the Company is the lessor. The Company adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

Effective 1 April 2019, the Company has adopted Ind AS 116 “Leases’ and applied the standard to all lease contracts existing on the date of initial application i.e. 01 April 2019. The Company has used the modified retrospective approach for transitioning to Ind AS 116 with right-of-use asset recognized at an amount equal to the lease liability adjusted for any prepayments/accruals recognized in the balance sheet immediately before the date of initial application. Accordingly, comparatives for the year ended 31 March 2019 have not been retrospectively adjusted. Upon adoption of Ind AS 116, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 1 (IV) Leases for the accounting policy beginning 1 April 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

Leases previously accounted for as operating leases

The right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it :

› Used a single discount rate to a portfolio of leases with reasonably similar characteristics.

› Relied on its assessment of whether leases are onerous immediately before the date of initial application.

› Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.

› Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

› Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Most of the contracts that contains extension terms are on mutual agreement between both the parties and hence the potential future rentals cannot be assessed. Certain contracts where the extension terms are unilateral are with unrelated parties and hence there is no certainty about the extension being exercised. The weighted average incremental borrowing rate applied to the newly recognized lease liabilities pursuant to Ind AS 116 adoption as at 1 April 2019 is 8.96%. Based on the above, Right-of-use asset of 252.74 million and a lease liability of 100.38 million on the date of entering the lease agreements during the current year has been recognized and right-of-use asset amounting to 160.37 million and lease liability amounting to 166.24 million recognized as at 31 March 2020.

Note No. 2

Plant, Property and Equipment as at March 31, 2020

in Millions

Particular	Office Equipment	Ramp Equipments	Furniture & Fixtures	Electrical Fittings	Computers	Workshop Equipment & Instruments	Plant & Machinery	Vehicles	Total
As at 1st April 2019	2.03	4,890.68	1.17	8.89	7.26	2.07	0.07	25.41	4,937.57
Additions	-	1,354.45	-	1.96	1.28	-	-	0.55	1,358.24
Disposals/Adjustments*	-	315.05	-	-	-	-	-	-	315.05
As at 31st March 2020	**2.03**	**5,930.07**	**1.17**	**10.86**	**8.54**	**2.07**	**0.07**	**25.95**	**5,980.76**
Depreciation									
As at 1st April 2019	1.31	2,377.88	0.28	3.16	6.27	0.47	0.06	6.47	2,395.91
Disposals/Adjustments	-	270.60	-	-	-	-	-	-	270.60
Charge for the Year	0.24	285.64	0.12	0.92	0.75	0.21	0.00	3.03	290.91
Unplanned Depreciation	-	-	-	-	-	-	-	-	-
As at 31st March 2020	**1.56**	**2,392.92**	**0.39**	**4.09**	**7.02**	**0.68**	**0.07**	**9.50**	**2,416.22**
Net Block									
As at 31st March 2020	**0.48**	**3,537.16**	**0.77**	**6.77**	**1.52**	**1.39**	**0.01**	**16.45**	**3,564.54**
As at 31st March 2019	0.72	2,512.80	0.89	5.73	0.99	1.60	0.01	18.93	2,541.66

'*Refer note no.28

Plant, Property and Equipment as at March 31, 2019

in Millions

Particular	Office Equipment	Ramp Equipments	Furniture & Fixtures	Electrical Fittings	Computers	Workshop Equipment & Instruments	Plant & Machinery	Vehicles	Total
As at 1st April 2018	2.03	4,741.20	1.17	8.75	6.88	2.07	0.07	25.41	4,787.57
Additions	-	188.68	-	0.15	0.37	-	-	-	189.20
Disposals/Adjustments	-	39.19	-	-	-	-	-	-	39.19
As at 31st March 2019	2.03	4,890.68	1.17	8.89	7.26	2.07	0.07	25.41	4,937.57
Depreciation									
As at 1st April 2018	0.85	2,110.92	0.18	2.32	4.24	0.28	0.07	3.46	2,122.31
Disposals/Adjustments	-	32.21	-	-	-	-	-	-	32.21
Charge for the Year	0.46	299.17	0.10	0.84	2.03	0.19	-0.00	3.02	305.81
As at 31st March 2019	1.31	2,377.88	0.28	3.16	6.27	0.47	0.06	6.47	2,395.91
Net Block									
As at 31st March 2018	1.18	2,630.28	0.99	6.42	2.65	1.79	0.01	21.95	2,664.26
As at 31st March 2019	0.72	2,512.80	0.89	5.73	0.99	1.60	0.01	18.93	2,541.66

Note No. 3

Right of Use Assets and Lease Liabilities as at March 31, 2020

Rs. in Millions

Particulars	Buses	Total
Gross Block	-	-
Accumulated Depreciation	-	-
Additions during the year	252.74	252.74
Balance at the end of the year	**252.74**	**252.74**
Right-of-use assets on initial recognition as on 1 April 2019		
Additions	252.74	252.74
Deductions	-	-
Depreciation expense	92.37	92.37
Net carrying value as at 31 March 2020	**160.37**	**160.37**

LEASE LIABILITIES

Particulars	March 31, 2020	March 31, 2019
Lease liabilities on initial recognition as on 1 April 2019		
Additions	**252.74**	-
Interest accrued	**13.88**	-
Lease principal payments	**86.50**	-
Lease interest payments	**13.88**	-
Reversal	**100.38**	-
At 31 March 2020		
Current	**131.46**	-
Non-current	**34.78**	-

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2020 on an undiscounted basis :

Particulars	Amount
Less than 1 year	140.60
1- 5 Years	35.15
More than 5	-
At 31 March 2020	175.76

Notes

3.1 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. These amounts are being recognised as part of other expenses.

3.2 The Company has recognised 246.93 Millions as rent expenses during the year which pertains to short-term lease which was not recognised as part of right of use asset entered during the year. (Refer note no.36)

3.3. The leases that the Company has entered with lessors are generally long-term in nature and no changes in terms of those leases are expected due to the COVID-19.

4 INCOME TAX ASSETS

Rs. in Millions

Particulars	**Non - Current**		**Current**	
	As at March 31, 2020	**As at March 31, 2019 (Restated)**	**As at March 31, 2020**	**As at March 31, 2019 (Restated)**
Income Tax - net of provisions				
Advance Tax and Tax Deducted at source (Net of provision for Tax)	**261.46**	**150.75**		
	261.46	**150.75**	**-**	**-**

Refer Note No.27

5. Deferred Tax Assets (Net)*

Rs. in Millions

Particulars	**As at March 31, 2020**		**As at March 31, 2019 (Restated)**	
	(Rs)	**(Rs)**	**(Rs)**	**(Rs)**
Deferred Tax Liability on account of (DTL)				
Depreciation	(125.54)		(124.76)	(124.76)
Total Deferred Tax Liability		(125.54)		
Deferred Tax Asset on account of (DTA)				
Unabsorbed Depreciation			-	
Other Tax disallowances	895.36	895.36	1,202.41	1,202.41
Net Deferred Tax Asset	769.82	769.82	1,077.65	1,077.65

*Refer note no. 39

6 . Other Assets

Rs. in Millions

Particulars	Non - Current		Current	
	As at March 31, 2020	As at March 31, 2019 (Restated)	As at March 31, 2020	As at March 31, 2019 (Restated)
Advance to Vendors (Refer Note No.27)	-	-	34.22	23.11
Security Deposit with Govt. Authorities	**0.15**	**0.15**	-	-
Staff Claim Recovries	**0.13**	-		-
Entilement of “Service Export from India Scheme” (Refer Note No. 33)	-	-	104.51	88.39
Advance For Capital Purchase	**0.37**	**0.37**		
Total	**0.65**	**0.52**	138.73	111.50

7. Inventories

Rs. in Millions

Particulars	As at March 31, 2020	As at March 31, 2019 (Restated)
Stores and Spares (At Cost)*	**86.77**	89.81

*Refer note no. 29

8 . Trade receivables (Net)*

Rs. in Millions

Particulars	Current	
	As at March 31, 2020	As at March 31, 2019 (Restated)
Considered good - Secured		
Considered good - Unsecured	**1,858.88**	1,578.21
Trade Receivables having significant increase in Credit Risk	**521.93**	436.26
Trade Receivables - Credit Impaired	-	-
	2,380.81	2,014.47
Less : Allowance for Doubtful (Refer note no.48(i))	**521.93**	436.26
	1,858.88	1,578.21
Dues from Group Companies	**3,855.08**	2,408.94
Total	**5,713.96**	3,987.15

*Refer note 27

AGEING OF RECEIVABLES AS ON :

Rs. in Millions

Particulars	**As at March 31, 2020**	**As at March 31, 2019 (Restated)**
Dues from Group Companies		
Up to 1 Years	**1,989.28**	884.85
1 to 3 Years	**1,865.80**	1,524.09
3 Years and above	**-**	-
	3,855.08	2,408.94
Dues from other Companies		
Up to 1 Years	**838.87**	727.72
1 to 3 Years	**684.17**	615.47
3 Years and above	**335.85**	160.43
	1,858.88	1,503.62

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(i)

Trade receivables from related parties' details has been described in note 42.

Trade receivables does not include any receivables from directors and officers of the Company

9 Cash and Cash Equivalents

Rs. in Millions

Particulars	**As at March 31, 2020**	**As at March 31, 2019 (Restated)**
Cash and Cash Equivalents		
Cash on hand	**0.07**	0.07
Balance with Bank :		
- In Current Account	**160.77**	139.31
- Fixed Deposit having original maturity less than 3 month*	**0.18**	-
Total	**161.02**	139.37

Earmarked balance represents Fixed deposits with Dy. Commissioner (Sales Tax).*

10. Bank balances other than Cash and Cash equivalents

Rs. in Millions

Particulars	As at March 31, 2020	As at March 31, 2019 (Restated)
Earmarked balances		
- in Fixed Deposit**	**1.50**	0.17
Total	**1.50**	0.17

Earmarked balance represents Fixed deposits with Dy. Commissioner Good and Service Tax).**

11. Other Financial Assets

Rs. in Millions

Particulars	Current	
	As at March 31, 2020	As at March 31, 2019 (Restated)
Unsecured, considered good		
Recoverable from Staff (Refer note no.27)	57.79	99.70
Others Recoverables	19.06	18.33
Total	76.85	118.03

12. Equity Share Capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of Shares (In Millions)	Amount (In Millions)	Number of Shares (In Millions)	Amount (In Millions)
Authorised Capital				
Equity Shares of Rs 10/- each	**1,000**	**10,000**	1,000	10,000
Issued and Subscribed				
Equity Shares of Rs 10/- each	**138.42**	**1,384.24**	138.42	1,384.24
	138.42	**1,384.24**	138.42	1,384.24

The company is a wholly owned subsidiary of Air India Ltd.

a. Shareholders holding more than 5% share in the company are set out below

Name of Shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of shares held	% of Share	Number of shares held	% of Share
Air India Ltd. - Holding Company	**138.42**	**100.00**	138.42	100.00

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

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of Shares (In Millions)	Amount (In Millions)	Number of Shares (In Millions)	Amount (In Millions)
At the beginning of the year	**138.42**	**1,384.24**	138.42	1,384.24
Issued during the period	-	-	-	-
Outstanding at the end of the year	**138.42**	**1,384.24**	138.42	1,384.24

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.

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.

13. Other Equity

Rs. in Millions

Particulars	As at March 31, 2020 (Rs.)		As at March 31, 2019 (Rs.)	
Surplus in Profit and Loss Account:				
Balance as per last Balance Sheet		**1,991.84**		494.05
Add : Effect of Deferred Tax Asset of earlier years		-		939.37
		1,991.84		1,433.42
Profit for the year	**655.69**		558.42	
Less:				
Remeasurement of Defined Benefit Plans	-		-	
Transfer to General Reserve	-		-	
Add: Prior Period Adjustments				
Less: Prior Period Adjustments				
Interim Dividend	-		-	
Tax on Interim Dividend	-		-	
Proposed Dividend	-		-	
Tax on Proposed Dividend	-		-	
Sub Total		-		-
Net Surplus		**655.69**		558.42
Total Reserves & Surplus		**2,647.53**		1,991.84

Rs. in Millions

Particulars	As at March 31, 2020	As at March 31, 2019
Retained earnings	2,647.53	1,991.84
Total	2,647.53	1,991.84

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.

14. Other Financial Liabilities

Rs. in Millions

Particulars	Non - Current		Current	
	As at March 31, 2020	As at March 31, 2019 (Restated)	As at March 31, 2020	As at March 31, 2019 (Restated)
Payables to Employees (Refer Note No.27)	0.11	1.44	352.30	74.18
Payable towards Airport Authority of India Levy (Refer Note No.27)	-	-	922.99	1,073.67
Payable for Capital Purchases	-	-	878.53	-
Total	0.11	1.44	2,153.82	1,147.85

15. Provisions

Rs. in Millions

Particulars	Non - Current		Current	
	As at March 31, 2020	As at March 31, 2019 (Restated)	As at March 31, 2020	As at March 31, 2019 (Restated)
Provisions for Employees Benefits*				
Provision for Leave encashment	347.23	351.34	92.10	85.75
Provision for Gratuity	836.94	812.63	177.29	153.59
Provision for Medical	1,383.83	1,316.16	56.39	57.48
Other Provision				
Provision for Tax Including Interest (Net)			200.49	
Provision for MSME**			0.03	
Total	2,568.00	2,480.13	526.29	296.81

*Refer Note No.37

** Refer Note No.41

16 Other Non Current Liabilities

Rs. in Millions

Particulars	Non - Current	
	As at March 31, 2020	As at March 31, 2019 (Restated)
Security Deposit From Customer	**20.88**	9.07
Advance from customers (Refer Note no.49)	**-**	0.35
Total	**20.88**	9.42

17. Trade Payables (Net)*

Rs. in Millions

Particulars	As at March 31, 2020	As at March 31, 2019 (Restated)
Trade Payables		
- Micro Small and Medium Enterprises	**0.26**	0.10
- Other Payables	**845.94**	526.50
Total	**846.20**	526.61

Payable are normally settled within 30-60 days

Trade payables from related parties' details has been described in note 41

18 . Other Current Liabilities

Rs. in Millions

Particulars	Current	
	As at March 31, 2020	As at March 31, 2019 (Restated)
Statutory Laibilities (Refer Note No.27)	**590.45**	335.84
Deposits from Vendors	**30.55**	31.18
Security Deposit From Customer	**0.61**	11.04
Advance from customers (Refer Note No.49)	**0.57**	0.09
Other Current Liabilities	**0.16**	0.15
Total	**622.35**	378.30

19. Revenue from Operations (Gross)*

Rs. in Millions

	Particulars	For the Year ended March 31, 2020	For the year ended March 31, 2019 (Restated)
A	**Revenue from Handling Services :**		
	Revenue from Group Companies	**3,837.76**	3,775.80
	Revenue from 3rd Party Handling	**1,712.45**	1,976.05
	Rev from Govt Parties	**46.08**	41.18
	Security Handling Revenue	**0.00**	0.00
	RevFrmCasualHandling	**112.86**	257.94
		5,709.16	6,050.97
	Less : Revenue Sharing with Holding Company	**342.49**	406.78
	Total (A)	**5,366.67**	5,644.19
B	**Cargo Handling Revenue**		
	- APEDA Revenue	**85.59**	147.92
	- Others	**510.98**	551.99
	Total (B)	**596.57**	699.91
C	**Equipment Loaning**	**258.06**	**263.48**
	Total (C)	**258.06**	263.48
	Total	**6,221.30**	6,607.58

*Refer note no.49

20. Other Income

Rs. in Millions

Particulars	For the Year ended March 31, 2020	For the year ended March 31, 2019 (Restated)
Recruitment Application Money	**1.93**	5.63
Interest on overdue payments on group companies (refer note no.31)	**269.42**	148.19
Interest on overdue payments on other than group companies	**5.89**	0.00
Interest on Fixed Deposit	**0.41**	0.91
Foreign Exchange Gain (Net)	**258.19**	149.65
Profit Sharing of HAL - JWG (Refer note no.26)	**9.10**	9.35
Manpower cost recovery	**97.60**	89.29
Recovery of Gratuity (refer note no.35)	**86.47**	0.00
Provision no longer required written back (refer note no.34)	**101.03**	10.66
Duty Credit Entitlement under SFIS (Refer note no. 33)	**25.32**	0.00
Other Income	**11.34**	28.83
Total	**866.71**	442.50

20A. Employee Benefit Expenses

Rs. in Millions

Particulars	For the Year ended March 31, 2020	For the year ended March 31, 2019 (Restated)
Salaries, Wages and Bonus	**3,589.12**	3,620.45
Contribution to Provident and Other Funds (refer note no.37)	**359.37**	399.68
Staff Welfare Expenses	**68.27**	9.34
Gratuity (refer note no.37)	**203.92**	-22.73
Leave Encashment (refer note no.37)	**52.88**	39.17
Medical Benefit Expenses (refer note no.37)	**122.79**	116.39
Total	**4,396.35**	4,162.32

20B. Finance Cost

Rs. in Millions

Particulars	For the Year ended March 31, 2020	For the year ended March 31, 2019 (Restated)
Interest on lease liabilities	**13.88**	0.00
Interest on Income Tax	**49.05**	0.00
Total	**62.93**	0.00

20C. Other Expenses

Rs. in Millions

Particulars	For the Year ended March 31, 2020	For the year ended March 31, 2019 (Restated)
Handling Charges	**47.67**	127.82
Recruitment Expenses	**0.07**	1.51
Insurance	**35.72**	43.12
Telephone Charges	**0.71**	0.94
Repairs & Maintenance - Others	**53.40**	51.47
Electricity, Heating & Fuel	**223.82**	280.37
Water Charges	**3.38**	4.72
Stores & Spares Consumption	**59.48**	75.06
Hire of Transport & Equipments	**9.07**	24.33
Loss on sale of Property Plant and Equipment	**21.15**	6.99
Printing & Stationary	**4.46**	3.27
Reversal of duty credit entitlement under SFIS (refer note no.33)	**0.00**	96.98
General Office Expense	**13.81**	22.91
Expected credit loss allowance (refer note no.48(i))	**85.67**	436.26

Particulars	For the Year ended March 31, 2020	For the year ended March 31, 2019 (Restated)
Rent expenses (Refer note 36)	**246.93**	145.59
Rates And Taxes	**4.09**	4.92
Travelling And Conveyance Expenses	**43.23**	35.12
Legal And Professional Expenses	**14.48**	14.33
Bank Charges	**1.21**	0.76
Pax Baggage Claims Expenditure	**0.77**	0.56
Interest Charges	**4.46**	0.06
Corporate social responsibility (refer note no.43)	**10.37**	19.24
Remuneration To Statutory Auditor		
- Audit fees	**1.00**	0.40
- Out of Pocket Expenses	**0.10**	0.06
Miscellaneous Expenses	**21.82**	24.29
Total	**906.88**	1,421.06

20D. Earning Per Share

Rs. in Millions

Particulars	March 31, 2020	March 31, 2019
Profit after tax	662.13	524.82
Weighted Average no. of shares outstanding (Nos.)	138.42	138.42
Nominal value of equity share (Rs.)	10.00	10.00
Earnings per share (Rs.) - Basic	4.78	3.79
Earnings per share (Rs.) - Diluted	4.78	3.79

Reconciliation of Weighted Average No. of Shares outstanding during the Year

Particulars	March 31, 2020	March 31, 2019
Total number of equity shares outstanding at the beginning of the year	138.42	138.42
Add: Issue of Shares through Right Issue (Date of Allotment 15th Dec 2011)	0.00	0.00
Total number of equity shares outstanding at the end of year	138.42	138.42
Weighted average number of equity shares at the end of the year	138.42	138.42

Previous Year's figures have been re-grouped / re-arranged to confirm to current year's classification

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

21. Disinvestment Process:

The Government of India (GOI) had given an In-Principle approval for the strategic Disinvestment of Air India group. The GOI has appointed the Transaction Advisor, Legal Advisor and Asset Valuer to guide the GOI and to carry forward the process of disinvestment of Air India Specific Alternative Mechanism (AISAM) was constituted to guide the Strategic disinvestment.

AISAM decided the following four Subsidiaries of Air India be demerged and parked in the newly created Special Purpose Vehicle (SPV):

i) AI Airport Services Ltd(AIASL)

ii) Alliance Air Aviation Limited

iii) AI Engineering Services Limited (AIESL)

iv) Hotel Corporation of India Limited

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 artefacts and other non operational assets of Air India. Accordingly the SPV, Air India Assets Holding Ltd (AIAHL) was formed.

Pursuant to the fact that no bids were received on the above EOI issued in March 2018, Air India Specific Alternate Mechanism (AISAM) in its meeting held on 18th June 2018 took many decisions one of them being to separately decide the contours of the mode of disposal of the subsidiaries vis. AI Engineering Services Limited (AIESL) . AI Airport Services Limited (previously known as Air India Air Transport Services Limited (AIATSL) and Alliance Air Aviation Limited previously known as Airline Allied Services Limited(AAAL).

In line with the above directives issued by GOI, Air India board approved the transfer of 100% shareholding of its subsidiary AIATSL to AIAHL ,subject to necessary approvals and authorised the company to initiate the talks with AIASL/AIAHL to finalise the detailed terms and conditions of the transfer. The process of legal transfer of share holding of AIASL to AIAHL is still under process and likely to be completed shortly.

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 AIATSL stood cancelled and AIAHL will reinitiate the process of proposed strategic sale of AIATSL in due course.

22. Contingent Liabilities:

A. Disputed Claims / Levies (Including Interest, if any):

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:

Rs. in Millions

Sr no	Description	Balance as on March 31, 2020	Balance as on March 31, 2019
(i)	Income Tax Demand Notices received by the Company which are under Appeal (*)	20.10	23.29
(ii)	Claims of Airport Operators/Others (**)	30.57	30.57
(iii)	Service tax demand by Tax Authorities	-	1.10
(iv)	Other Claims on account of Staff/Civil/Arbitration Cases pending in Courts	13.96	4.10
	Total	**64.63**	**59.06**

Explanatory Statement in respect of Other Contingent Liabilities

1. **Income Tax Demand Notices received by the Company which are under Appeal (*)**

   a. **Gratuity disallowance:** The learned Dy. Commissioner of Income Tax (DCIT) erred in disregarding the Revised Return of Income filed by the appellant for A.Y. 2013-14 on 07-01-2015 and further erred in disallowing u/s. 40A(7) of Rs.16.67 Million instead of correct amount determined as disallowable u/s.40A(7) of Rs. 2.60 million in accordance with Tax Audit Report and Revised Return filed on 07-01-2015.

   b. **Employees contribution to provident fund:** The learned D.C.I.T. erred in making addition of Rs. 9.06 million to total Income of the appellant in respect of Employees Contribution towards P.F. u/s.36(i)(va) r.w.s. 2(24) (x) of the I.T. Act,1961 pertaining to A.Y. 2013-14.

2. **Claims of Airport Operators includes** (**)

   (i) Qatar Airways had raised a demand of Rs. 14.2 Million against the damage to their aircraft without having any supporting evidence regarding the evidence of the damage/claim. However, company has forwarded the claim to Insurers who have forwarded the same to the Reinsurer for settlement of the claim. The reinsurer has requested for forwarding the supporting in respect of the claim made. The matter is still pending with Qatar Airways to provide the evidence/supporting of claim or damage. Hence the said claim has been shown as Contingent Liability. The matter has still not been settled.

   (ii) M/s. Accelya Kale had raised bills for amounting to Rs.8.77 Million claiming uses of their Software by the Company to carry out the International Air Transport Association(IATA) billing in respect of the third-party Airlines handled by the company. In absence of any formal contract for the same, provision against the same has not been made and the same has been shown as contingent liability.

   (iii) Neha Aviation Management Pvt. Ltd. had raised a demand of Rs. 9.9 Million (including penal interest and GST thereon) for providing baggage ,cargo handling, miscellaneous services at Jaipur Airport. The Company has reviewed all their outstanding bills and found that the bills raised by the vendor was not correct and even for a single service, billing for double services has been made. Hence the claim has not been acknowledged as debt and has been shown as contingent liability.

23. Equity infusion by Air India

As per Memorandum of Understanding (MOU) signed on 19th April 2013 between the Company and Air India Limited, Air India, based on the equity support received from Government of India as part of Financial Restructuring Plan (FRP), provide to AIASL equity required for capital expenditure to the extent of Rs. 393 crores up to F.Y. 2023. And as per MOU,out of total equity of Rs. 393 crores, Rs. 150 crores shall be infused in FY 2013-14 by AI for capital requirement of AIASL. The balance amount of Rs. 243 crores as equity shall be provided by AI to AIASL during the period until FY 2023 depending upon the capital requirement of AIASL.

Against the above, Air India has infused Rs. 138.42 Crores only till date.

24. Capital& Other Long-Term Commitments

Capital Contract Commitments & Long term Commitments is Rs.83.75cores as on 31st March 2020 (Previous Year Nil)

25. 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 as follows:

Rs. in Millions

Balance Sheet (Extract)	**As at March 31, 2019 (as previously reported)**	**Increase / (Decrease)**	**As at March 31, 2019 (Restated)**
Other Current Asset (Refer Note 5)	111.87	(0.37)	111.50
Bank Balances Other than Cash & Cash Equivalent (Refer note. 10)	0.17	0.01	0.18
Trade Receivables (Refer Note7)	4,008.71	(21.56)	3,987.15
Inventories (Refer Note 6)	89.81	-	89.81
Trade Payable (Refer Note 15)	434.85	91.75	526.60
Other Current Financial Liabilities (Refer Note 13)	1,148.30	-	1,148.30
Other Current Liabilities (Refer Note 16)	378.30	-	378.30
Net Assets	**2249.11**	**(113.67)**	**2135.44**
Retained Earnings (refer note 12)	2105.13	(113.31)	1991.84
Total Equity	**3489.37**	**(113.31)**	**3,376.08**
Statement of Profit and loss (Extract)	**As at March 31, 2019 (as previously reported)**	**Increase / (Decrease)**	**As at March 31, 2019 (Restated)**
Revenue from Operations (Refer Note 17)	6,629.13	(21.55)	6607.58
Other Income (Net) (Refer Note 18)	442.51	(0.01)	442.50
Total Revenue	**7,071.64**	(21.56)	**7050.08**
Expenses			

Balance Sheet (Extract)	As at March 31, 2019 (as previously reported)	Increase / (Decrease)	As at March 31, 2019 (Restated)
Employee Benefits Expense (Refer Note 19)	4,164.88	(2.56)	4162.32
Other Expenses (Refer Note 20)	1,326.77	94.31	1421.06
Statement of Profit and loss (Extract)	**5,797.46**	91.75	**5889.19**
Profit Before Tax	**1,274.18**	(113.31)	**1160.89**
Profit for the year	**638.11**	(113.31)	**524.82**
Other Comprehensive Income			
Re-measurement of the defined benefits plan	51.64	0	51.64
Total Comprehensive Income for the year	**671.71**	(113.31)	**558.42**

Basic Earnings per share for the year have also been restated. The Amount of the correction for the basic earnings per share was reduction of Rs. 0.82 per share.

Previous Year's figures have been re-grouped / re-arranged to conform to current year's classification

26. 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 HAL 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 Rs. 9.10 Million has been accounted for as Other Income.

Rs. in Millions

Name of the Joint Working Group	AIJWG	
	As at March 31, 2020	As at March 31, 2019
Share of Company / Ownership Interest	50%	50%
Income - Company's Share	22.25	24.70
Expenditure - Company's Share	4.05	6.00
Profit / (Loss) - Company's Share	18.20	18.80
Share of income from Joint Working Groups of the Company with HAL:	9.10	9.35
Contingent Liability	-	-

27. 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 from some private parties which consist of reasonable amount of receivablesof the company and reconciliation has been completed and balance confirmations have been obtained.

b) 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 Royalties recovered from clients and payable to Airport Authority of India and MIAL are under reconciliation. 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.

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. 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.

e) 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.

28. Property, Plant and Equipment (PPE)

The physical verification had been conducted by an Independent agency appointed by the Company and the Physical verification report dated August 13,2019,was completed and all accounting impacts of the same were also given in the books of accounts in respect of Assets in excess the company has taken the same in the books @1 for the surplus assets No. of 1427 assets. As regards shortage of 1203 assets of value of Rs. 20.08 million as on 31st March,2019 the same has been depreciated in full to matched with physical balance of assets on hand.

However, as per policy of the company, the biennial exercise of physical verification of PPE for the period 2018-20 which was due to be completed in the financial year 2019-20 could not be completed due to Global pandemic of COVID-19. The necessary action will be taken in 2020-21.

29. Inventory

The Ground support Equipment spares were transferred by Air India in June 2017, these spares are required in respect of old equipment currently in use. The spares referred to are not easily available in the market and are also expensive. The stock movement of these inventories are slow as company is in process of phasing out old and obsolete equipment due to procurement of new Ground support equipment. There is no replenishment and company is in process of reviewing and putting up the same for sale.

Due to Covid-19 the Physical Verification of Inventory 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 31stMarch 2020 and in One location in the month of September, 2020 due to locked down. The utilisation of inventories has not been there due reduction in operation. There are certain inventories items pertaining to Engineering and Container spares to the tune of Rs 14.99 million of AI/ AIESL identified by the committee vide report dated June 14 2019. which will be returned to AI/ AIESL during 2020-2021

30. Cash and Bank Balances

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. Bank balances have been fully reconciled and confirmations from banks have been obtained in respect of all bank accounts.

31. Interest on Overdue Payments on Air India Group:

The interest has been charged at the rate of 9% on average balance method in respect of Air India, Air India Express, Air India Engineering Services Limited as per past practice. However in respect of Alliance Air the interest has been charged at 9% after the credit period.

The interest charged for the Air India Group Companies is as under:

	Rs in Million
Air India Limited	105.04
Air India Express Limited	18.73
Air India Engineering Service limited	90.78
Allied Airlines Services Limited	54.86

Total	**269.41**
	------------

32. 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 management time to time so as to ensure to implement the effective internal controls at stations, regional offices and user departments and system for uniform and timely accounting entries of transactions in SAP.

33. Entitlement of "Service Export from India Scheme" (SFIS):

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 FY 2018-19 and 2019-20.Pending submission of claim no export entitlement has been recognized for such financial years in the current year.

During the current year, the Company has been granted scrips of FY 2016-17 and FY 2017-18 by DGFT, accordingly an amount of Rs.25.32 million has been recognized as other income.

34. Provision No longer Required written back:

The company has operated the account of Provision no longer required is Rs.101.03 million of which the major portion of Rs 96.98millionsis in respect of SFIS provision of FY 2016-17 made earlier now reversed as scripts relating to the FY 2016-17 were allotted to the Company during the FY 2019-20.

35. Recovery of Gratuity and other employee's recoveries:

In respect of employees deputed by Air India, the salary cost incurred by Air India is debited to AI Airport Services Limited (AI APS) on a monthly basis. While processing the payroll the gratuity payments are processed by Air India through payroll and accordingly had been debited to AI APS in the FY 2018-19.

As the responsibility of settlement of gratuity will be rest upon principal employer i.e., Air India, this recovery amounting to Rs.77.57 millions of gratuity debited last year in the books of AI APS was not payable to Air India and hence, considered as Other Income in the FY 2019-20.

36. IND AS 116 Clarificatory note on not considering Airport Spaces for Lease liability:

a) (a) ***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.***

b) 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, the management is in the process of collating the necessary information for evaluating the applicability of the Lease standard. These leases are cancellable by providing notice period of 90 days by either side.

Pending evaluation these the company have not considered as ROU under In AS 116 and rent of the same has been charged systematically to the Statement of Profit &Loss within the lease period. The management is of the view that the impact of this is not expected to be material.

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.

37. Employee Benefits 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.

As per Ind AS 19 on “Employee Benefits”, employer established provident fund trusts are treated as defined benefit plans, since the Company is obliged to meet interest shortfall, if any, with respect to covered employees. According to the defined benefit obligation of average interest rate guarantee on exempted provident fund in respect of employees of the Company for the financial year 2018-19 is 9.35% *and hence no provision is required to be provided for in the books of accounts towards the guarantee given for notified interest rates.*

Company’s contribution to provident fund recognized in the Statement of profit and loss is Rs. 298.99 Million(Previous year: Rs. 302.31 Million) (Refer note no.20A)

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. The Company will continue to assess any further developments in this matter for the implications on financial statements, if any.

(B) Defined Benefit Plans :

a) 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. The Company has a defined benefit gratuity plan in India (Unfunded). Gratuity is paid from company as and when it becomes due and is paid as per company scheme for Gratuity.

In Case of employees on contract, up to previous year, basic and special allowance component of salary was considered as the salary for the purpose of actuarial valuation of Gratuity & Leave Encashment. During the year, the Company has considered only basic component of the salary for the said purpose as per the applicable law.

i) Disclosure Statement as per Ind AS of Gratuity

Rs. in Millions

	As at March 31, 2020	As at March 31, 2019
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	01-04-19	01-04-18
Date of Reporting	31-03-20	31-03-19
Period of Reporting	12 Months	12 Months
Assumptions (Previous period)		
Expected Return on Plan Assets	N.A.	N.A.
Rate of Discounting	7.64%	7.80%
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 (2006-08)	Indian Assured Lives Mortality (2006-08)
Mortality Rate After Employment	N.A.	N.A.
Assumptions (Current Period)		
Expected Return on Plan Assets	N.A.	N.A.
Rate of Discounting	6.56%	7.64%
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 (2006-08)	Indian Assured Lives Mortality (2006-08)
Mortality Rate After Employment	N.A.	N.A.
Present Value of Benefit Obligation at the Beginning of the Period	966.11	1,124.19
Interest Cost	73.81	75.58
Current Service Cost	60.08	56.88
Past Service Cost	-	(155.18)
(Benefit Paid Directly by the Employer)	(109.88)	(122.09)
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	46.66	6.83

	As at March 31, 2020	As at March 31, 2019
Actuarial (Gains)/Losses on Obligations - Due to Experience	(22.66)	(20.10)
Present Value of Benefit Obligation at the End of the Period	1014.12	966.11
Amount recognised in the Balance sheet		
(Present Value of Benefit Obligation at the end of the Period)	(1014.12)	(966.11)
Funded Status (Surplus/ (Deficit))	(1014.12)	(966.11)
Net (Liability)/Asset Recognized in the Balance Sheet	(1014.12)	(966.1)
Net Interest Cost for Current Year		
Present Value of Benefit Obligation at the Beginning of the Period	966.11	1124.19
Net Liability/(Asset) at the Beginning	966.11	1124.19
Interest Cost	73.81	75.58
Net Interest Cost for Current Period	73.81	75.58
Expenses Recognized in the Statement of Profit or Loss for Current Year		
Current Service Cost	60.08	56.88
Net Interest Cost	73.81	75.58
Past Service Cost	-	(155.18)
(Expected Contributions by the Employees)		-
(Gains)/Losses on Curtailments and Settlements		-
Net Effect of Changes in Foreign Exchange Rates		-
Expenses Recognized	133.89	(22.72)
Expenses Recognized in the Other Comprehensive Income (OCI) for Current Year		
Actuarial (Gains)/Losses on Obligation for the Period	23.99	(13.27)
Return on Plan Assets, Excluding Interest Income	-	-
Change in Asset Ceiling	-	-
Net (Income)/Expense for the Period Recognized in OCI	23.99	(13.27)
Balance Sheet Reconciliation		
Opening Net Liability	966.11	1124.19
Expenses Recognized in Statement of Profit or Loss	133.89	(22.72)
Expenses Recognized in OCI	23.99	(13.27)
Net Liability/(Asset) Transfer In		-
Net (Liability)/Asset Transfer Out		-
(Benefit Paid Directly by the Employer)	(109.88)	(122.09)
(Employer's Contribution)		-

	As at March 31, 2020	As at March 31, 2019
Net Liability/(Asset) Recognized in the Balance Sheet	1014.12	966.11
Other Details		
No of Active Members	14,278	13,370
Per Month Salary for Active Members	153.27	154.64
Weighted Average Duration of the Projected Benefit Obligation	6	8
Average Expected Future Service	8	8
Projected Benefit Obligation	1014.12	966.11
Prescribed Contribution for Next Year (12 Months)		-
Net Interest Cost for Next Year		
Present Value of Benefit Obligation at the End of the Period	1014.12	966.11
(Fair Value of Plan Assets at the End of the Period)		-
Net Liability/(Asset) at the End of the Period	1014.12	966.11
Interest Cost	66.53	73.81
(Interest Income)	-	-
Net Interest Cost for Next Year	66.53	73.81
Expenses Recognized in the Statement of Profit or Loss for Next Year		
Current Service Cost	63.89	60.08
Net Interest Cost	66.53	73.81
(Expected Contributions by the Employees)		-
Expenses Recognized	130.42	133.89
Maturity Analysis of the Benefit Payments: From the Employer		
Projected Benefits Payable in Future Years from the Date of Reporting		
1st Following Year	177.29	153.59
2nd Following Year	75.47	93.14
3rd Following Year	148.92	123.24
4th Following Year	122.51	145.17
5th Following Year	122.92	113.30
Sum of Years 6 To 10	483.57	491.98
Sensitivity Analysis:		**Increase / (Decrease)**
Projected Benefit Obligation on Current Assumptions	1014.12	966.11
Delta Effect of +1% Change in Rate of Discounting	(43.36)	(41.09)
Delta Effect of -1% Change in Rate of Discounting	47.71	45.09
Delta Effect of +1% Change in Rate of Salary Increase	46.55	44.38
Delta Effect of -1% Change in Rate of Salary Increase	(43.12)	(41.17)

	As at March 31, 2020	As at March 31, 2019
Delta Effect of +1% Change in Rate of Employee Turnover	1.72	4.20
Delta Effect of -1% Change in Rate of Employee Turnover	(1.96)	(4.64)

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:

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.

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.

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.

Disclosure Statement as per Ind AS of Post-Retirement Medical Benefits

Rs. in Millions

	As at March 31, 2020	As at March 31, 2019
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	01-04-19	01-04-18
Date of Reporting	31-03-20	31-03-19
Period of Reporting	12 Months	12 Months
Assumptions (Previous Year)		
Expected Return on Plan Assets	N.A.	N.A.
Rate of Discounting	7.78%	7.76%

	As at March 31, 2020	As at March 31, 2019
Medical Cost Inflation	4.00%	4.00%
Rate of Employee Turnover	2.00%	2.00%
Mortality Rate During Employment	Indian Assured LivesMortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Mortality Rate After Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Assumptions (Current Year)		
Expected Return on Plan Assets	N.A.	N.A.
Rate of Discounting	6.81%	7.78%
Medical cost inflation	4.00%	4.00%
Rate of Employee Turnover	2.00%	2.00%
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Mortality Rate After Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Present Value of Benefit Obligation at the Beginning of the Period	1373.64	1,343.50
Interest Cost	106.87	104.26
Current Service Cost	12.75	14.70
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)	(37.66)	(50.43)
(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	147.83	(3.04)
Actuarial (Gains)/Losses on Obligations - Due to Experience	(163.21)	(35.33)
Present Value of Benefit Obligation at the End of the Period	1440.22	1,373.64
Table Showing Change in the Fair Value of Plan Assets		
Fair Value of Plan Assets at the Beginning of the Period	-	-

	As at March 31, 2020	As at March 31, 2019
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	-	-
Amount Recognized in the Balance Sheet		
(Present Value of Benefit Obligation at the end of the Period)	(1440.22)	(1373.64)
Fair Value of Plan Assets at the end of the Period	-	-
Funded Status (Surplus/ (Deficit))	(1440.22)	(1373.64)
Net (Liability)/Asset Recognized in the Balance Sheet	(1440.22)	(1373.64)
Net Interest Cost for Current Year		
Present Value of Benefit Obligation at the Beginning of the Period	1373.64	1,343.50
(Fair Value of Plan Assets at the Beginning of the Period)		-
Net Liability/(Asset) at the Beginning	1373.64	1,343.50
Interest Cost	106.87	104.26
(Interest Income)	-	-
Net Interest Cost for Current Period	106.87	104.26
Expenses Recognized in the Statement of Profit or Loss for Current Year		
Current Service Cost	12..75	14.70
Net Interest Cost	106.87	104.26
Past Service Cost		
(Expected Contributions by the Employees)	-	-
(Gains)/Losses on Curtailments and Settlements	-	-
Net Effect of Changes in Foreign Exchange Rates	-	-
Expenses Recognized	119.62	118.95
Expenses Recognized in the Other Comprehensive Income (OCI) for Current Year		
Actuarial (Gains)/Losses on Obligation for the Period	(15.83)	(38.38)
Return on Plan Assets, Excluding Interest Income	-	-
Change in Asset Ceiling	-	-
Net (Income)/Expense for the Period Recognized in OCI	(15.83)	(38.38)

	As at March 31, 2020	As at March 31, 2019
Balance Sheet Reconciliation		
Opening Net Liability	1373.68	1,343.50
Expenses Recognized in Statement of Profit or Loss	119.62	118.95
Expenses Recognized in OCI	(15.38)	(38.38)
Net Liability/(Asset) Transfer In	-	-
Net (Liability)/Asset Transfer Out	-	-
(Benefit Paid Directly by the Employer)	(37.65)	(50.43)
(Employer's Contribution)	-	-
Net Liability/(Asset) Recognized in the Balance Sheet	1440.21	1,373.64

Other Details		
No of Active Members	1190	1,327
Weighted Average Duration of the Projected Benefit Obligation	30	30
Average Future Term	30	30
Projected Benefit Obligation	1440.22	1,373.64
Prescribed Contribution for Next Year (12 Months)		-
Net Interest Cost for Next Year		
Present Value of Benefit Obligation at the End of the Period	1440.21	1,373.64
(Fair Value of Plan Assets at the End of the Period)	-	-
Net Liability/(Asset) at the End of the Period	1449.21	1,373.64
Interest Cost	98.07	106.87
(Interest Income)	-	-
Net Interest Cost for Next Year	98.07	106.87
Expenses Recognized in the Statement of Profit or Loss for Next Year		
Current Service Cost	13.18	12.75
Net Interest Cost	98.08	106.87
(Expected Contributions by the Employees)	-	-
Expenses Recognized	111.07	119.62
Maturity Analysis of the Benefit Payments: From the Employer		
Projected Benefits Payable in Future Years from the Date of Reporting		
1st Following Year	53.67	53.73
2nd Following Year	70.35	70.42
3rd Following Year	89.32	89.39
4th Following Year	110.34	110.43
5th Following Year	130.69	130.79
Sum of Years 6 To 10	729.89	730.40

Sensitivity Analysis: Increase / (Decrease)		
Projected Benefit Obligation on Current Assumptions	1440.21	1373.64
Delta Effect of +1% Change in Rate of Discounting	(151.97)	(138.10)
Delta Effect of -1% Change in Rate of Discounting	186.25	167.95
Delta Effect of +1% Change in Medical Cost inflation	189.82	172.87
Delta Effect of -1% Change in Medical Cost inflation	(157.04)	(143.90)
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		
Medical is payable as per Company 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. Maturity Analysis of Benefit Payments is undiscounted cash flows considering future salary, attrition & death in respective year for members as mentioned above for forseable future of next 10 years. Average Expected Future Service represents Estimated Term of Post - Employment Benefit Obligation.		

(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.

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.

38. Earnings Per Share (EPS)

Rs. in Millions

Particulars	**For the Year Ended March 31, 2020**	**For the Year Ended March 31, 2019 (Restated)**
Profit After Tax attributable to equity Holders of the company	662.13	524.82
Weighted Average No. of Equity Shares	138.42	138.42

Particulars	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019 (Restated)
EPS After Tax (Rs. per share) - Basic EPS - Diluted EPS	4.78 4.78	3.79 3.79

39. Income taxes

Indian companies are subject to Indian incometax on a standalone basis. Each entity is assessed to tax on taxable profits determined for each fiscal year beginning on 1 April andending on 31March.For each fiscal year,the company's profit or loss is subject to the higher of the regular income tax payable or the Minimum Alternative Tax("MAT").

Statutory income taxes are assessed based on book profits prepared under generally accepted accounting principles in India adjusted in accordance with the provisions of the (Indian) Income Tax Act, 1961. Such adjustments generally relate to depreciation of fixed assets, disallowances of certain provisions and accruals, deduction for tax holidays, the set-off of tax losses and depreciation carried forward and retirement benefit costs. Statutory income tax is charged at 22% plus a surcharge and education cess. MAT is assessed on book profits adjusted for certain items as compared to the adjustments followed for assessing regular income tax under normal provisions. MAT for the fiscal year 2018-19 is 21.549%. MAT paid in excess of regular income tax during a year can be set off against regular income taxes within a period of fifteen years succeeding the fiscal year in which MAT credit arises subject to the limits prescribed.

Company off sets deferred tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and relates to income taxes levied by the same tax authority.

a) **Income tax expense**

Rs. in Millions

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Current tax		
Current tax	393.60	600.00
Short provision of tax of earlier years*	-27.16	186.62
Total	**366.44**	**786.62**
Deferred tax		
Deferred tax	310.01	(132.51)
Total	**674.27**	**654.11**

*This represents short 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:

Rs. in Millions

Particulars	**For the year ended 31 March 2020**	**For the year ended 31 March 2019 (Restated)**
Profit before tax	**1,338.58**	**1,160.89**
Enacted tax rate in India	25.16%	34.94%
Expected income tax expense at statutory tax rate (A)	**336.89**	**405.61**
Tax effect of:		
Expenses not deductible in determining taxable profits	16.08	132.51
Short provision of tax for earlier years*	(27.16)	186.62
Others	40.74	22.23
Others – pending reconciliation	(0.11)	39.65
Income tax recognized in the statement of profit and loss	**366.44**	**786.62**

*This represents short provision of income tax (net) of earlier years identified in the current year.

b) **Deferred tax assets/ (liabilities)**

The following is the analysis of deferred tax assets / (liabilities) balances presented in the balance sheet:

Rs. in Millions

Particulars	**As at March 31, 2020**	**As at March31, 2019**
Deferred tax liabilities	(125.54)	(124.75)
Deferred tax assets	895.36	1202.41
Total	**769.82**	**1077.65**

Significant component of deferred tax assets / (liabilities) and movement during the year are as under:

Rs. in Millions

Particulars	**As at March 31, 2019**	**For the year ended March 31, 2020**			**As at March 31, 2020**
		Recognized through P&L	Recognized through OCI	Recognized through Retained Earnings	
Deferred tax balance in relation to					
Deferred tax asset of earlier years	939.37	-	-	-	939.37
Property, plant and equipment	(124.75)	(0.79)	-	-	(125.54)
Provision for employee benefits	90.67	(282.47)	2.17	-	(189.63)
Expected credit loss	152.45	(21.09)	-	-	131.36

Disallowance under Section 43B and 40(a)(ia) of Income tax Act, 1961	19.92	(7.14)	-	-	12.78
Lease Balances	-	1.48	-	-	1.48
Total	**1,077.66**	**(310.01)**	**2.17**	-	**769.82**

Particulars	**As at March 31, 2018**	**For the year ended March 31, 2020**			**As at March 31, 2019**
		Recognized through P&L	Recognized through OCI	Recognized through Retained Earnings	
Deferred tax balance in relation to					
Deferred tax asset of earlier years	-	-	-	939.37	939.37
Property, plant and equipment	(97.52)	(27.23)	-	-	(124.75)
Provision for employee benefits	103.30	5.41	(18.04)	-	90.67
Expected credit loss	-	152.45	-	-	152.45
Disallowance under Section 43B and 40(a)(ia) of Income tax Act, 1961	-	19.92	-	-	19.92
Total	**(5.78)**	**150.55**	**18.04**	**939.37**	**1,077.66**

It is impracticable to determine the period-specific effects of this error on comparative financial information for reported prior period and hence, the company has given cumulative effect of the error prospectively by restating the opening balances of assets and other equity as at April 01, 2018 and hence, reported financial information of the previous year is strictly not comparable.

40. Claims from Jet Airways (India) Ltd:

The Company has submitted its claims of Rs. 25.018 crores (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 Rs. 16.61 crores has been admitted. However 100% provision of ECL of the receivables from M/s Jet Airways (India) Ltd has been provided.

41. The Micro and Small Enterprises Development Act, 2006:

The SAP system 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.

Rs. in Millions

Particulars	As at 31 March 2020	As at 31 March 2019
Principal amount due outstanding as at end of year	0.25	0.10
Principal amount overdue more than 45 days	0.25	0.10
Interest due on (1) above and unpaid as at end of year	0.02	0.00
Interest paid to the supplier	0.00	0.00
Payments made to the supplier beyond the appointed day during the year	0.24	0.00
Interest due and payable for the year of delay	0.00	0.00
Interest accrued and remaining unpaid as at end of year	0.02	0.00
Amount of further interest remaining due and payable in succeeding year	0.02	0.00

42. Related Party Disclosures

Disclosure of the names and designations of the Related Parties as required by Indian Accounting Standard (Ind AS24) during the year 2019-20.

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	Air India Limited	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	Air India Express Limited (AIEL)	Fellow Subsidiary Company
4	Airline Allied Services Limited (AASL)	Fellow Subsidiary Company
5	Air India SATS Airport Services Private Limited (Other than Government related entities)	Fellow Joint Venture

iii. Others:

Sr. No	Name of Company	Relationship
1	Airport Authority of India	Entity under same control by the Government
2	Ministry of Defense	

B. Key Managerial Personnel

Sr. No.	Name of Key Managerial Personnel	Designation
1.	Shri. Rajiv Bansal	Chairman (Appointed as CMD effective February 14, 2020)
2.	Shri A.Lohani	Chairman (Appointed as CMD) upto February 14, 2019)
2.	Shri Pradeep Singh Kharola	Chairman (ceased to be CMD effective February 14, 2019)
3.	Capt. A.K. Sharma	Chief Executive Officer
4.	Shri J V Ravi Kumar	Chief Financial Officer
5.	Smt.Shashi Bhadoola	Company Secretary (w.e.f. February 25, 2020)
6.	Smt. Vandana Batra	Company Secretary (upto. February 25, 2020)

C. Related Party Transactions

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:

Rs. in Millions

Sr. No	Name of the Entity & Nature of Transaction	As at and for the year ended	
		March 31, 2020	**March 31, 2019**
1	**Air India Limited (Holding Company)**		
	Revenue from Operations:		
	Ground Handling Revenue	3463.81	3,215.87
	Supply of Manpower Services	1029.07	824.62
	Interest on Outstanding recoverable	105.04	20.54
	Other services	102.91	82.46
		4700.83	**4,143.49**
	Expenditure		
	Rent on Premises	31.99	70.82
	IT Charges	11.80	25.62
	Insurance Charges	35.69	42.95
	Recovery of Electricity Charges	37.79	96.14
	Staff Travel Expenses	10.57	9.09
	Staff Welfare Expenses	33.87	4.64
	Medical Expenses	40.39	42.59
	Material Management Services	00.00	00.00
	Revenue Sharing with Holding Company	**342.91**	**406.78**
	Closing Balance of Trade receivable [Debit / (Credit)]	**1833.03**	**606.18**
2	**Air India Express Limited**		

	Revenue		
	Ground Handling Revenue	364.31	329.12
	Manpower Service	1.46	1.83
	APEDA/Carting Revenue	0.55	1.10
	Interest on outstanding recoverable	18.73	14.44
	Closing Balance of Trade receivable (Debit)	**156.25**	**278.67**
3	**Air India Engineering Services Limited**		
	Revenue		
	Manpower Services / Cabin Cleaning	85.71	33.13
	Interest on outstanding recoverable	90.78	86.28
	Expenditure		
	Headset Services	13.91	77.48
	Closing Balance of Trade receivable (Debit)	**1014.70**	**1,002.77**
4	**Airline Allied Service Limited (Alliance Air)**		
	Revenue from Operations		
	Ground Handling Revenue	243.60	219.87
	Supply of Manpower Services	0.15	1.46
	Interest on Outstanding recoverable	54.86	26.91
	Expenditure		
	Staff on Duty Expenditure	1.08	0.99
	Closing Balance of Trade receivable (Debit)	**851.10**	**521.32**
5	**Hotel Corporation of India Limited (HCIL-Centaur)**		
	Expenditure Staff Hotel Expenses	1.03	00.95
	Closing Balance of Trade payable (Credit)	**1.03**	**(00.95)**
6	**Air India Singapore Airlines Transport Services (AISATS)**		
	Closing Balance of trade receivable (Debit)	**02.58**	**02.58**

Compensation to Key Management Personnel

Rs. in Millions

Nature of Transactions	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Short-term employee benefits	0.81	3.01
Post-employment benefits	Nil	Nil
Other long-term benefits	Nil	Nil
Termination benefits	Nil	Nil
Total compensation to Key Management Personnel	**0.81**	**3.01**

As the future liability for Post–Employment, Other Long-term and Termination Benefits are provided on an actuarial basis for the company as a whole, the amount pertaining to individual is not ascertainable and therefore not included above.

Major Transactions with Government Related Entities

Rs. in Millions

Name of Entity	For the year ended March 31, 2020	For the year ended March 31, 2019
Expenditure: Airports Authority of India levy	128.10	238.41
Revenue: Indian Air Force/Border Security Force/Indian Navy for Ground Handling Services	46.18	41.18

Note: The above transactions with the Government /Government related entities cover transactions that are significant individually and collectively. The company also entered into other transactions with various other governments related entities; however, these transactions are insignificant either individually or collectively and hence not disclosed

43. Corporate Social Responsibility (CSR)

Rs. in Millions

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Gross amount required to be spend by the Company during the year		20.74	19.24
(b) Amount spend on:			
(i) Construction / acquisition of assets		nil	Nil
(ii) On purposes other than (i) above	(for CSR projects)	10.37	Nil

44. Following are the details of Foreign Currency earned and expended by the Company during the Financial Year 2019-20

Rs. in Millions

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Foreign Exchange Earnings	1,275.50	1,686.09
Foreign Exchange expended (for Import Payments)	(1,179.02)	-
Net Foreign Exchange Earnings	**96.48**	**1,686.09**

45. 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 HandlingServices" 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:**

Rs. in Millions

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Air India Ltd. And its group companies	3837.76	3775.79

46. Remuneration to Auditors

The details of the audit fees and expenses of the Auditors:

Rs. in Millions

Particulars	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Audit Fees - For the Year	1.00	0.56
Out of Pocket Expenses	0.10	0.06
Total	1.10	0.62

47. Fair value measurement and financial instruments

a. **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 at March 31, 2020**

Rs. in Millions

Particulars	**Carrying Value**				**Fair value measurement using**		
	FVTPL	**FVTOCI**	**Amortized Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial Assets							
Current							
Trade Receivable*			5,713.95	5,713.95			
Cash & Cash Equivalents and other bank balances			162.52	162.52			
Others Financial Assets			76.85	76.85			
Total			**5,953.32**	**5,953.32**			
Financial liabilities							
Non-Current							
Other Financial Liabilities			0.11	0.11			
Current							
Trade Payables*			846.20	846.20			
Other Financial Liabilities			2,153.82	2,153.82			
Total			**3,000.13**	**3,000.13**			

(ii) **As at March 31, 2019 as per restated.**

Rs. in Millions

Particulars	Carrying Value				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial Assets							
Current							
Trade Receivable*	-	-	3,987.15	3,987.15	-	-	-
Cash & Cash Equivalents and other bank balances	-	-	139.55	139.55	-	-	-
Others Financial Assets	-	-	118.03	118.03	-	-	-
Total			**4,244.73**	**4,244.73**	-	-	-
Financial liabilities							
Non-Current							
Other Financial Liabilities	-	-	1.44	1.44	-	-	-
Current							
Trade Payables*	-	-	526.61	526.61	-	-	-
Other Financial Liabilities	-	-	1,147.85	1,147.85			
Total	-	-	**1,675.89**	**1,675.89**	-	-	-

* 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.

b. **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.

48. 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. The 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 (other than receivables from government departments) 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, 2020**	**As at March 31, 2019**
Government Company	0.00%	0.00 %

Bucket	As at March 31, 2020	As at March 31, 2019
Group Company	0.00 %	0.00 %
Other Parties past due up to three years	8.73%	8.81 %
Other Parties past due more than three years	100.00 %	100.00 %
Specific Credit Risk impairment on individual basis	100.00 %	100.00 %

The movement in allowance for Expected Credit Loss is as follows:

Particular	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	**436.26**	**-**
Allowance for trade receivable which have significant increase in credit risk	85.67	191.58
Specific Credit Risk impairment on individual basis	-	244.68
Balance as at the end of the year	**521.93**	**436.26**

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, 2020 applying simplified approach for trade and other contractual receivables from the parties other than the group companies amounting to Rs.521.93 million. The Company has considered Rs. Nil towards expected credit loss in respect of receivable from the group companies.

The Company is in the process of evaluating recoverability of receivables considering COVID-19 pandemic. Pending such analysis, impact of COVID-19 on the Company’s financial statements cannot be determinable as at the date of approval of these financial statements.

(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 Rs. NIL (31 March 2019: Rs.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, 2020

Rs. in Millions

Particulars	Carrying amount	Contractual Cash Flows			
		Up to 1 year	1-5 Years	More than 5 years	Total
Financial Assets					
Current					
Trade Receivable	5,713.96	2,828.14	2,885.82	-	5,713.96
Cash & Cash Equivalents and other bank balances	162.52	162.52	-	-	**162.52**
Others Financial Assets	76.85	76.85	-	-	**76.85**
Financial Liabilities					
Non-Current					
Other Financial Liabilities	0.11	-	0.11	-	**0.11**
Current					
Trade Payables	846.20	846.20	-	-	**846.20**
Other Financial Liabilities	2,153.82	2,153.82	-	-	**2,153.82**

As at March 31, 2019 as per restated

Rs. in Millions

Particulars	Carrying amount	Contractual Cash Flows			
		Up to 1 year	1-5 Years	More than 5 years	Total
Financial Assets					
Current					
Trade Receivable	3,987.15	1,612.58	2,999.98	-	3,987.15
Cash & Cash Equivalents and other bank balances	139.55	139.55	-	-	139.55
Others Financial Assets	118.03	118.03	-	-	118.03
Financial Liabilities					
Non-Current					
Other Financial Liabilities	1.44	-	1.44	-	1.44

Particulars	Carrying amount	Contractual Cash Flows			
		Up to 1 year	1-5 Years	More than 5 years	Total
Current					
Trade Payables	526.61	526.61	-	-	526.61
Other Financial Liabilities	1,147.85	1,147.85	-	-	1,147.85

(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, 2020 and March 31, 2019 are as below:

Figure in Millions

Particulars	As at March 31, 2020			As at March 31, 2019		
	USD	INR	Total	USD	INR	Total
Financial Assets				-	-	-
Trade Receivable	0.59	5,713.37	5,713.96	129.48	3,857.67	3,987.15
Cash & Cash Equivalents and bank balances	-	162.52	162.52	-	139.55	139.55
Other Financial Assets	-	76.85	76.85	-	118.02	118.02
Total Financial Assets	**0.59**	**5,952.74**	**5,953.33**	**129.48**	**4,115.24**	**4,244.73**
Financial Liabilities						
Non-Current						
Other Financial Liabilities	-	0.11	0.11	-	1.44	1.44
Current						
Trade Payables	-	846.20	846.20	-	526.61	526.61
Other Financial Liabilities	-	2,153.82	2,153.82	-	1,147.85	1,147.85
Total Financial Liabilities		**3,000.13**	**3,000.13**	**-**	**1,675.89**	**1,675.89**

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.

Rs. in Millions

Particulars	Increase		(Decrease)	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Receivable				
USD/INR	5.91	6.71	(5.91)	(6.71)

49. IndAS115- Revenue from Contracts with Customers

Particulars	For the year ended 31 March 2020 (in millions)	For the year ended 31 March 2019 (in millions)
Revenue from contracts with customer	6,221.30	6,607.58
Other operating revenue	0	0
Total revenue from operations	6,221.30	6,607.58
Timing of revenue recognition		
At a point in time	6,221.30	6,607.58
Total revenue from operations	6,221.30	6,607.58

Particulars	As at 31 March 2020	As at 31 March 2019
Trade Receivables (refer note 8)	5,713.96	3,987.15
Contract liabilities		
Advance from customers		
Opening	0.44	0.090
Revenue Recognised During the Year		
Additions during the Year	0.13	0.35
Closing Balance (Refer Note no.16 and 18)	0.57	0.44

50. We refer to note no. 24 of the financial statements where the prior period reported figures have been re-stated to incorporate necessary corrections. However, due to impracticability to determine the period specific effects of certain errors, the company has given cumulative effects in the opening balances of current year. Hence, reported restated previous year financial figures are not strictly comparable.

51. Impact of COVID on financials

The Company has also assessed the impact of COVID-19 on the impairment in the carrying value of its assets, inventories, receivables etc appearing in its financial statements. In developing the assumptions and estimates relating to the future uncertainties in the economic conditions manifested by the pandemic, the Company has relied on various internal and external sources of information. Based on the current indicators of future economic conditions, the management expects to fully recover the carrying value of all its assets. However, given the uncertainties, the final impact on the Company's Financial Statements and Cash Flows cannot be predicted at this time and in future may differ from that estimated as at the date of approval of these financial statements. Further, the impact assessment does not indicate any adverse impact on the ability of the Company to continue as a going concern.

As major outstanding are from Air India Group the company has been successful in recovering the dues outstanding as on 31.03.2020 inclusive of interest from Ai India and Airindia Express duing 2020-21. The company is making sustained efforts and follow up is with other Group Companies, Alliance Ai, and Air India Engineering and we are hopeful of recovery of outstanding dues. Similarly we are making all out efforts to follow-up with all the third party customer as well for recovery of the outstanding dues.

Further On the expenditure front we have also implement cost cutting in terms of reduction in allowances of salaries and also in the process of working our various strategies.

The Company had been operating and handling during the Covid period as well by handling various flights carrying essential medical supplies to different parts of India and also providing Ground Handling services, loaning of equipment etc to Charters as well.

As Per Our Report Of Even Date Attached
For Shah Gupta & Co.
Chartered Accountants
Firm Registration No. 109574W

Sd/-
Vipul K. Choksi
Partner
M.No. 37606
UDIN : 20037606AAAADM6320

Place: Delhi / Mumbai
Date: 18th December 2020

For and on behalf of the Board of Directors

Sd/-
Rajiv Bansal
Chairman
DIN 00245460

Sd/-
Vimlendra Anand Patwardhan
Director
DIN 08701559

Sd/-
J.V.Ravikumar
Chief Financial Officer

Sd/-
Capt. A.K.Sharma
Chief Executive Officer

Sd/-
Smt. Shashi Bhadoola
Company Secretary

AI ENGINEERING SERVICES LIMITED

CONTENTS

Board of Directors (as on 29-12-2020)

Shri Rajiv Bansal, Chairman

Shri Vimalendra Anand Patwardhan

Shri Satyendra Kumar Mishra

Ms Meenakshi Mallik

Chief Executive Officer

Shri Arun Kumar Bansal

Chief Financial Officer

Shri Kapil Aseri

Company Secretary

Shri Gagan Batra

Statutory Auditors

M/s Prakash Chandra Jain & Co.

Chartered Accountants

Registered Office

Airlines House, 113 Gurudwara Rakabganj Road,

New Delhi. - 110001

CHAIRMAN'S SPEECH

Dear Shareholders,

It gives me great pleasure to present the Sixteenth Annual Report of the Company for the year 2019-20.

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 2019-20 was as under:

- The operating revenue has increased from Rs. 1191.96 crores in previous year to Rs. 1402.82 crores in current year and the total revenue increased from Rs. 1206.38 crores to Rs. 1427.58 during the period i.e. an increase of approx. Rs. 221 crores (18.3%).

- As against this, the total expenditure of the company decreased from Rs. 1411.32 crores to Rs. 1351.73 crores in the same period with a decrease of approx. Rs. 59.59 crores (4.22%).

- The company earned a net profit of Rs. 75.86 crores as compared to loss of Rs. 204.93 crores in FY 2018-19 which resulted increase in earnings by approx. Rs. 280.8 crores (137%).

The company has shown improved financials and has earned a net profit for the first time since operationalisation.

As regards, non-financial performance, in FY 2019-20, company handled around 168 aircraft, on average basis, of Air India Limited and its Subsidiary Companies viz. Air India Express Ltd. and Alliance Air Aviation Limited.

AIESL 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 2019-20. In addition, AIESL carried out major maintenance work for Aviation Research Centre, Indian Air Force, Indian Navy, Indian Coast Guard, HAL and Pawan Hans. In 2019-20, AIESL undertook maintenance of private party's aircraft like – Reliance RCDL, Taj Air Charters and Bluedart Aircraft.

In 2019-20, we have signed up with 35 Institutes for imparting practical training element (PTE) under CAR 147 basic approved by DGCA, to their students. Each of these AME Institute has approx. 60 to 100 students in every batch. These institutes are conducting their PTE at Mumbai, New Delhi, Kolkata, Hyderabad and Trivandrum.

Further, your company had in past technical handling agreement with 21 International Airlines and 2 Domestic Airlines for Line Maintenance work. During the year, AIESL signed SGHAs (Standard Ground Handling Agreements) with new International Airlines namely- Air Asia Berhad, Mahan Air, EGYPT AIR, OMAN Air and BANGLADESH Biman for their Line maintenance. Your company had approval from 11 foreign Civil Aviation authorities namely Qatar, Kuwait, GACA (UAE), CAA Singapore, CAA Srilanka, CAA Nepal, CAA Thailand, CAA Malaysia, CAA of Bangladesh and PACA Oman. AIESL has applied for approval of CAA of EGYPT.

In 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 & looking forward to future demands. Similarly, in 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 GEnx & GE90 engines. The GEnx engines requires a QT (Quick Turn) maintenance check, at Nagpur MRO, we have carried out 4 QT checks which has resulted in saving of approx. INR 12 Crores.

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 AND CHALLENGES

The company is well known in Indian as well as in South Asian Region for providing a one-stop solution to its clients for their MRO related work requirements that too at competitive prices and world-class standards of commitments. The technically skilled manpower is the main strength of the company. However, the company would need to upgrade the skills and constantly engage more young and energetic manpower to keep pace with the time and changes in technologies as well as to withstand the increasing competition in the industry.

Recently, the sudden breakout of COVID-19 has considerably impacted almost every sphere of the economy including civil aviation and MRO services. The sudden decline in number of Air passengers in the country as well as world-wide is expected to slow down the growth potential in civil aviation and consequently the opportunities in MRO sector.

Atmanirbhar Bharat:

The ‘Atmanirbhar Bharat Abhiyan’ led by Government of India is giving significant impetus to self-reliance and local production which may favourably impact the operations of the company as Indian aircraft operators would prefer the services of your company.

As per the Union Budget 2020-21, the government will promote domestic manufacturing of aircraft and aircraft financing and leasing activities to make India’s aviation market self reliant. Up to 100 per cent Foreign Direct Investment (FDI) has been permitted for MRO industry.

Effective 1st April 2020, GST rate has been reduced from 18% to 5% which will attract MRO Business in coming days from other private operators, who are presently sending their aircraft and engine to foreign service providers.

FUTURE PLANS

The company is planning to improve revenue generation both by way of providing MRO services to third parties as well as imparting training through training institutes in India.

In an attempt to establish its footprints in Asian Region, the company is taking steps to provide Line Maintenance & certification services in neighboring as well as in Gulf countries.

SESF flights operations are being operated by Air India and AIESL shall be involved in the maintenance activity of these 2 aircraft of B 777-ER.

In addition to above, AIESL is in talks with DRDO & HAL for bringing synergy in Defense & Civil MRO in India, which will generate future additional revenue from MRO services.

CORPORATE GOVERNANCE

AIESL was in compliance with the guidelines on Corporate Governance issued by Department of Public Enterprises (DPE), wherever applicable during the year. The evaluation of various parameters viz. Financial as well Technical was also done in terms of targets set in the Memorandum of Understanding entered into by the company. The evaluation reports as well as return on Corporate Governance were filed with the authorities concerned.

ACKNOWLEDGEMENT

I take this opportunity to thank Air India Limited, Air India Express Limited, Alliance Air Aviation Limited, Ministry of Civil Aviation 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 would like to thank all employees of the company for their support and efforts to make the Company profitable.

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

Sd/-
(Rajiv Bansal)
Chairman

Place : New Delhi
Date : 16-02-2021

Vision

To provide best in class and timely quality services to the customers by maintaining highest standards of regulatory and safety compliance.

Mission

Customer

- Maintaining all aircraft of the captive work load of the fleet of Air India in a continuous state of airworthiness by the system of preventive and corrective maintenance to secure a high level of safety.
- Provide a “One Stop” solution to the customer.
- Faster Turn Around Time.
- To capture maximum ThirdParty work from in and around India.

Process

- To get DGCA approval under CAR 147.
- To obtain FAA and EASA approval for all its establishment and facilities.
- Aggressive Marketing policy for more and more Third Party work.
- It needs to Department centric so, every Departmental Heads need to be responsible for the deliverables so as to fulfill the overall vision.
- Continuous monitoring of Quality through quality audit etc.
- Constant endeavor to upgrade the services, delivering highest customer satisfaction in terms of Quality, Service and Cost effective and ensuring long term strategic relationship.
- All-out effort to be the world class MRO without compromising the quality standard.
- Updating and enhancing the capability through training of the personnel and equipment of latest technology.
- Multiskilling of the personnel through cross training to enhance the productivity.
- Optimising operational cost.

DIRECTORS' REPORT

The Members,

Air India Engineering Services Ltd.

The Directors have pleasure in presenting their Sixteenth Annual Report on the business and operations of the Company and the Audited Financial Statements for the Financial Year ended March 31, 2020 along with Report of Statutory Auditor and Comments of CAG thereon.

1.1. Financial summary and highlights

The Company's financial performance during the year is given hereunder:

(Rs. in crore)

Particulars	Financial Year ended 31.03.2020	Financial Year ended 31.03.2019
Total Revenue	1427.58	1206.38
Total Expenses	1320.38	1387.26
Profit (Loss) before tax	107.2	(180.88)
Less Provision of Tax	0.01	NIL
Profit after tax	107.19	(180.88)
Other Comprehensive Income	(31.33)	(24.06)
Total Comprehensive Income	75.86	(204.94)
Balance of profit brought forward from previous year	(2421.19)	(1944.87)
Balance carried to Balance Sheet	(2345.33)	(2149.81)

1.2. 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.

1.3. Dividend

The directors are not recommending any dividend for the year.

1.4. Transfer of unclaimed dividend to Investor Education and Protection Fund

Since there was no unpaid / unclaimed dividend for the past years, the provision of section 125 of Companies Act 2013 did not apply

1.5. Amount which the Board proposes to carry to reserves

The Board of the company has decided/proposed to carry NIL amounts to its reserves.

1.6 Major events and significant achievements during FY2019-20 :

1.6.1 The World Health Organisation (WHO) declared a global pandemic of the Novel Coronavirus disease (CPVID-19) in Feb 2020 and the lockdown was declared by Govt. of India in March 2020. The instructions given by the Govt. from time to time enforcing lockdown and social distancing to contain the spread of virus were followed by the company in all its units spread across the country except essential services.

1.6.2 The details of fleet of AI group companies handled by AIESL during 2019-20, on average basis, is as under:

Type of Aircraft	Average No. of Aircraft
A319	22
A320	36
A321	20
B787	27
B777	16
B747	4
ATR	18
B737	25
Total	**168**

Utilization/ TDR (Technical Dispatch Regularity) achieved for AI group: AIESL maintained the Technical Dispatch Regularity (TDR) and Utilisation compared to Global Aviation Standard. The fleet wise TDR and Utilisation were as under:

Fleet Type	Daily Utilization (Block Hrs) on Operating fleet	Daily Utilization (Block Hrs) on Total fleet	TDR (%)
A319	11.67	7.25	99.22
A320	14.05	13.28	99.36
A321	13.79	9.03	99.02
B787	12.63	12.63	97.06
B777	13.81	13.81	95.95
B747	5.50	5.50	95.21
ATR 42	3.50	3.11	98.28
ATR 72	9.15	7.93	99.05
B737	13.49	13.49	99.20

1.6.3 The operations of your Company were 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:** (Being operated by the company)

A. Regulatory approvals received and work done in MRO, Nagpur were as under:

- DGCA approval received for testing of GE90 engines and Quick Turn (QT) jobs of GEnx engines in December 2017. Subsequently, Quick Turn (QT) repairs were completed on three GEnx Propulsors/ Engines QT as follows.

  1. Engine Sr No. 956504 during 22Jan2018 and 17 Nov 2018
  2. Engine Sr No. 956303 during 28 Jan 2019 and 05 July 2019
  3. Engine Sr No. 956425 during 31 July 2019 and 13 Dec 2019

- DGCA approval received for testing of GEnx engines in Jan 2019.
- Tooling was received for simultaneous 3 line operation of GEnx engines in Sept 2019. After receipt of additional tools for multiline induction, training engine was brought and training was imparted to AIESL personnel during Oct to Nov 2019. Subsequently, QT jobs on following engines were completed.
  1. Engine Sr No. 956352 during 18 Nov 2019 and 19 Sep 2020

Additionally, following engines have been inducted for QT.

1. Engine Sr No. 956955 on 04 Feb 2020
2. Engine Sr No. 956119 on 27 Jul 2020
3. Engine Sr No. 956110 on 24 Nov 2020

- FAA Approval received for GE90 & GEnx engine testing in Dec 2019.
- EASA Approval received for GE90 & GEnx engine testing in July 2020.

B. Overview of Aircraft Checks done at MRO during FY 2019-20

- Total “D” checks (B777 aircraft) carried out - 01
- Total 'C' checks (B777 aircraft) carried out - 04
- Total phase checks (B777 aircraft) carried out - 28
- Total isolation checks (B777 aircraft) carried out - 03
- Total transit checks (B777 aircraft) carried out – 02

Total number of completed checks (B777 aircraft) were 38 in year 2019-20 and 100 checks since inception.

C. Back Shops – Approvals for B777

- C6 – Equipment: Maintenance of slide- raft assembly upto Level – 3 and Life Vest upto Level – 2. Till date 48 Slide Rafts and 700+ Life Vests certified.
- C15 – Oxygen: Maintenance of portable Oxygen bottles upto Level – 2 and Main Oxygen Cylinder Assembly upto Level – 3. Till date 245 Oxygen Bottles certified.

Till date Nagpur MRO has certified:

- 48 Sliderafts
- 29 Lifevest workorders - around 700 lifevest
- 245 Oxygen bottles
- 2 sets CALIBRATION OF DIGITAL WEIGHING PLATFORMS

D. Future operations plans are as under:AIESL wants to enhance its capabilities in the following areas:

- Composite material repair -C20 for B777, B737, B787, A320 family structural group
- Cabin safety and survival equipment
- Weighing of aircraft
- Upholstery shop

E. Proposed Shops in future:

- Battery Shop
- Accessories shop/Electrical shop
- Avionics / IFE shop
- Avionics shop
- Accessories shop

II. TRIVANDRUM (TRV) MRO

TRV MRO base Maintenance Facility is dedicated to B737 maintenance including component overhaul and repair shop. The MRO primarily caters to maintenance needs of Air India Express aircraft. However, during year 2019-20, the MRO has done extensive work for 3rd party aircraft operated by Spice Jet and also aircraft owned by various lessor.

The MRO has base maintenance facility that accommodates 2 aircraft at any given time for major checks in twin hangers. 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.

The MRO has carried out major maintenance of 3rd party aircraft (SpiceJet) earning a large part of the revenues in addition to revenues from AIXL.

A. Major Achievements:

TRV MRO obtained US Regulator FAA approval for its Base Maintenance and Shop Maintenance in the year 2020.

With this approval, the MRO has earned credibility in the world aircraft maintenance market. AIESL TRV MRO is now eyeing for more 3rd party jobs under FAA certification to earn more revenues. The MRO is already in talks with SpiceJet to take up major base maintenance jobs.

B. Statistics (Year 2019-20) for aircraft operated byAir India Express Ltd

TYPE OF AIRCRAFT IN FLEET	:	B 737-800 NG fitted with CFM 56-7B Engine
NO. 0F AIRCRAFT	:	25 (Now, 24 Aircraft)
AV. UTIL OF AIRCRAFT	:	13.49 hrs/day
NO. OF FLIGHT / WEEK	:	651
NO. OF STATION (INT)	:	14
NO. OF STATION (DOM)	:	21
DISPATCH RELIABILITY	:	99.27

C. Maintenance (Production) Statistics:

- Base Maintenance production: April 2019 till March 2020
  1. Phase checks -213
  2. Monthly checks- 129

3. Yearly Checks- 10
4. C Checks on AIX aircraft- 14
5. Spice Jet 6-yearly +C1, C2 checks- 10 aircraft

- Other than the base maintenance, the TRV MRO COD shop performs wheels & brakes overhaul, Battery OVHL, Oxygen Charging etc. generating a substantial part of the revenues.

D. Component Overhaul Production: April 2019 till March 2020

- Wheels (main & Nose) - Quantity 1415 (OVHL and Tyre Change)
- Brakes - Quantity 232 (OVHL and Stack Change)
- Oxygen - Quantity 247 (Charging)
- Batteries - Quantity 106 (OVHL and Charging)

E. TRV MRO Earnings for Year 2019-2020:

The TRV MRO facilities have earned combined revenues for BMD and COD shop of Rs. 45.10 Crores during April 2019-March 2020. The overall revenues from B737 maintenance under TRV MRO administration including that of line maintenance, Mumbai Shops and 3rd party jobs is recorded at Rs. 139.49 Crores against previous year's profit at Rs. 90.23 Crores.

The expenditure for TRV MRO and network stations is 27.71 Crores.

The substantial jump in the MRO revenue is attributed to increasing productivity at MRO and its network stations; and taking over large contracts for Lessors' B737 aircraft for maintenance (after Jet Airways closed down) earning Rs. 23.09 Crores (US$ 3.078 Millions) and also SpiceJet base maintenance checks at TRV which earned the company with Rs. 6.63 crores before the production shifted to Delhi. The total revenues also include the TRV MTO revenues of 2.12 Crores.

TRV MRO has earned a substantial amount of Rs. 29,83,70,000 revenues only from 3rd party jobs during the FY 2019-20.

F. Comparative billing summary of AIXL during 2018-19 and 2019-20

FINANCIAL YEAR	2018-19	2019-20
TOTAL AMOUNT TRV MRO	INR 90,23,26,688.00	INR 136,49,36,735.00

G. Future operations plans are as under:

TRV MRO wants to enhance its capabilities in the following areas:

- Composite material/Structural repair -C20 approval for B737, A320 family structural group under DGCA/FAA/EASA approval.
- Weighing of aircraft
- Firex Weighing
- Cabin Repair and refurbishment/ Upholstery shop
- Heat Exchanger Cleaning and Testing.

H. Proposed Shops in future:

- Avionics Accessories repair shop
- Galley Inserts (Oven, Coffee Maker, Boiler etc.) Repair shop

- Cabin safety and survival equipment

III. JEOC (Jet Engine Overhaul Complex):

The details on No. of engines produced in JEOC from April 2018 to March 2019 & April 2019 to March 2020 is as follows:

Month / Year	JT8D	V2500	CFM	Total
Apr – 18 to Mar-19	02	00	18	20
Apr – 19 to Mar – 20	01	00	41	42
Total	**03**	**00**	**59**	**62**

- JEOC has attained the capability for BSI and Boro-blending on LEAP-1A engine. Also, it has attained capability of BSI on V2500-A5 engine to generate additional revenues.
- Further discussions are on with CFMI to make JEOC a CFM branded shop, and storing CFM engines of other operators in JEOC. This would result in generating additional revenues.
- Revenue Generated from Third Party Job by JEOC

Customer	Earning (Rs. in Lacs)
2018-19	1275.85
2019-20	184.75

IV. MUMBAI BASE (Western Region):

The performance of Western Region (WR) during the period was as under:

A. Overview Of Checks Completed by AIESL Group B is as below:

Details of the checks done at Mumbai during FY 2019-20.

- Total 'D' checks carried out – 2
- Total 'C' checks carried out – 12
- Total phase checks carried out - 12
- Total 'A' checks carried out - 90
- Total transit checks carried out – 3,811

Total completed check in year 2019-20 at Mumbai base.

B. Details of the checks done at Delhi during FY 2019-20.

- Total 'A' checks carried out - 147
- Total transit checks carried out -10,081

Total completed check in year 2019-20 at Delhi Base.

C. The details on No. of engines Repaired / Overhauled in EOH (Mumbai) in the Year 2019-2020 is as follows:

Month / Year	PW4056	CFM56-7B	GE90	GENx	Total
Apr – 19 to Mar-20	6	9	9	21	45

D. Classroom Trainings

Sr. No.	Financial Year	Designation	No. of Total courses	Total no. Of Trained Candidates
1.	2018-2019 (April 2018 to March 2019)	EXECUTIVE/ ENGINEERS	138	1881
		SERVICE ENGINEERS	122	1897
2.	2019-2020 (April 2019 to March 2020)	EXECUTIVE/ ENGINEERS	142	1763
		SERVICE ENGINEERS	127	1841

E. Capability enhancement in various Shops can be listed as under:

- Component Overhaul Shop (COD, Old Airport)
  1. A320 Landing Gear Overhaul set up in Santa Cruz East
  2. 34 components of B777, B787 & B737
  3. 1 component of Vistara B787-9 wheel
- Instrument Overhaul Shop (IOD, Old Airport)
  1. Clock/Mic for B777/ B787
  2. Control Display Unit & Control Panel Assy. B777/ B787
  3. Oxygen Box Assembly & Oxygen Panel Assembly B777/ B787
  4. Oxygen Pressure Regulator B777/ B787
  5. Oxygen Valve Assembly B777/ B787
- Electronics Overhaul Shop (EOD, Old Airport)
  - Solid State Cockpit Voice Recorder of B777 aircraft
  - Audio Control Panels of B777 and B737aircraft
  - Weather Radar Control Panels of A320 and B777 aircraft

V. DELHI BASE (Northern Region)

Major events at Northern Region during the Financial Year 2019-20 were as under:

April' 2019 -

- On April 27, Saturday Air India was unable to fly passengers on pan world network due to software glitch in SITA software. As a result of same, there were night halting of 44 aircraft at Delhi, including 29 scheduled aircraft. On resumption of flights, there was NIL delay from Engg. in NR.
- More than 95% of aircraft of A320 fleet of AI were made available during the month for operation.

July' 2019-

- Northern Region achieved the distinction of releasing all 36 aircraft of A320 fleet of Air India to service during the month.

December’ 2019 -

- Initiative towards saving of foreign exchange outgo: At Electrical O/H Shop, commissioning of Dynamic Balancing Machine to service Avionics Ventilation Fan (EVT 3454HC) was done at a project cost of Rs. 13 lakhs. In the past 1 year 54 units were sent to vendor at an average cost of USD 5277 / unit. Thus, approximately Rs. 1.99 Cr. (taking 1 USD = INR 70 and calculating 54*5277*70) was spent in the calendar year 2019. This commissioning is bound to save Rs. 1.8 Cr. in the first year itself.

March’ 2020 –

- From Air India, 7 Passenger Charters and 7 Cargo Charters of A320 family aircraft were operated during the lock down period in Mar 2020 with technical assistance from AIESL.

VI. HYDERABAD BASE (Southern Region): Significant events during the year 2019-20 (Fleet –A), were as under:

A. Technical Certification provided to Client Airlines and revenue earned:

- Engineering Certification of Client Airlines Aircraft (A320 family A/c) of M/s Silk Air, M/s Qatar Airways, M/s Kuwait Airways, M/s Etihad Airways, M/s Air Vistara, M/s Nepal Airlines, M/s Scoot Airways and A330 A/c M/s Qatar Airways, M/s Kuwait Airways M/s Singapore Airlines are provided at various Stations in Southern Region as given under:

Client Airlines	**APRIL 2019 to MARCH, 2020 (No. of Flights)**							
	MAA	HYD	BLR	CCJ	COK	TRV	VTZ	Total
Silk Air	150	--	--	--	14	25	90	279
Etihad Airways	739	285	338	--	--	371	--	1733
Qatar Airways	--	--	--	350	--	360	--	710
Kuwait Airways	243	--	175	--	--	294	--	712
Air Vistara (Neo)	--	--	--	--	539	--	--	539
Air Vistara (Non-Neo)	--	--	--	--	165	84	--	249
Nepal Airlines	--	--	138	--	--	--	--	138
Air Asia	4	--	--	--	--	--	969	973
Scoot Airlines	--	--	--	--	--	--	73	73
Singapore Airlines	325	--	--	--	--	--	--	325
TOTAL	**1461**	**285**	**651**	**350**	**718**	**1134**	**1132**	**5731**

- At the above stations, we have provided Engineering Certification for Flights during April 2019 to March, 2020, earning revenue of approximately Rs.1014.04 Lacs.
- By way of providing Engg Hangar facilities for Aircrafts of outside parties at Chennai, we have earned revenue of Rs.238.50 Lacs during April 2019 to March 2020.
- We have earned revenue of approx. Rs.42.62 Lacs during April 2019 to March 2020 through aircraft component servicing of outside parties at Hyderabad.

B. Major Check activity at MRO Complex, RGIA, Shamshaba:

- At MRO, RGIA, Shamshabad “74”A-Checks on A-320 family A/c, “53” 4A Checks , ”20” C-Check on ATR-72 A/c & “1” structural repair on Trujet A/c have been carried out during the period from April 2019 to March 2020.

- We have earned revenue of 18.83 Lacs for Structural repair on "1" Trujet A/c and weighing of "2" Trujet A/c at MM, HYD.

C. Engineering Training School, CTE, Hyderabad: We have earned revenue of approx. Rs.21.81 Lacs during the period April 2019 to March 2020 by providing training facilities to outside agencies at ETS, Hyderabad.

D. Revenue from AME Trainees/Inplant Trainees/Project Work: During the April 2019 to March, 2020, we have earned revenue of Rs.53.93 Lacs by intake of AME trainees/On Job Trainees (6 months & 1 month On Job Training).

E. Revenue from AASL (Component Servicing/LM/Major Maintenance): During the period from April 2019 to March, 2020, we have earned revenue of Rs.2510.10 Lacs from AASL (Alliance Air) through Component Servicing/Major Checks/LM handling of ATR A/c.

F. Significant revenue was also earned by servicing of AI-A320 Family Aircrafts (Component Servicing/LM/Major Maintenance) in S/Region. During April 2019 to March'2020 we serviced approx. 37300 Flts, 1804 components and "24" Major checks of Air India A320 Family Aircrafts in S/region.

G. Proposed Marketing Initiatives for Additional Revenue Generation:

- Additional shop Capability Projects in S/R
  1. De-icing boot repair of ATR aircraft.
  2. Weighment of fire extinguisher bottles.
  3. P1 & P2 seat repair of ATR aircraft.
  4. Temperature Control Valve repair of ATR aircraft.
- Servicing of ATR starter generator.
- Servicing of ATR EPSU battery pack, landing lights, wing icing inspection lights, fuel pressure switch, Oil differential pressure switch, Air conditioning thermal switch, Anti-ice pressure switch, Head phone Series.

VII. KOLKATA BASE (EASTERN Region)

Significant events during the year 2019-20 (Fleet –A), were as under:

A. Technical Certification provided to Client Airlines and revenue earned:

- Engineering Certification of Client Airlines Aircraft (A320 family A/c) of M/s Air Vistara, M/s Air Asia, are provided at various Stations in Eastern Region as given under:

No. of Third Party Certification done during 2019-20 (Fleet-A)

Sr. No	Station	Airlines	April'19	MAY'19	JUN'19	JULY'19	AUG'19	SEP'19	OCT'19	NOV'19	DEC'19	JAN'20	FEB'20	MAR'20	TOTAL
1	BBI	Vistara	88	86	90	92	93	91	92	90	93	93	88	61	1057
2	IXR	Vistara	56	62	60	62	62	61	62	60	62	62	58	59	726
3	GAU	Vistara	30	31	30	31	31	30	31	30	55	64	58	48	469
4	IXB	Vistara	60	62	65	61	62	60	67	60	59	62	58	48	724
		Air Asia	120	143	150	155	142	137	155	150	155	155	145	120	1727

5	DIB	Vistara	30	31	30	31	31	30	31	30	31	31	29	24	359
6	IXZ	Vistara	30	31	60	19	17	39	62	54	31	31	29	24	427
7	IXZ	Air Asia	-	-	-	-	-	-	34	86	89	89	83	66	447
8	PAT	Vistara	-	-	-	-	-	-	-	-	-	31	29	22	82
Total			**414**	**446**	**485**	**451**	**438**	**448**	**534**	**560**	**575**	**618**	**577**	**472**	**6018**

- During FY 2019-20, services for certification of flights worth Rs. 541.79 lakhs were provided to third party client airlines by AIESL, ER.
- Line Maintenance was carried out with approximately 7590 PF inspection, 252 Weekly Inspection, 677 Lay Over Inspection & 31 400FH inspection on A-320 family aircraft.
- Line Maintenance at outstations were approximately 13260 PF inspection on A-320 family aircraft.

B. Major Check activity at Base Maintenance:

- At Base Maintenance, the number of checks carried out on A-319 aircraft during 2019-20 was as follows:

1. A-Checks - 53
2. 2A-Checks - 23
3. 4A-Checks - 12
4. Packages(P1-P25) - 66
5. ARC - 19

- By way of providing Engg Hangar facilities for aircrafts of outside parties at Kolkata, we have earned revenue of Rs.11.26 Lakhs during 2019-20.
- A revenue of Rs.9.95 Lakhs during 2019-20 through Miscellaneous works like Loaning of equipment, Fixed charges etc.

C. Engineering Training School, Kolkata: We have earned revenue of approx. Rs.269.47 Lakhs during the period April 2019 to March 2020 by providing training facilities to outside agencies at ETS, Kolkata as per the invoices raised by Finance AIESL, ER.

D. Revenue from IAF: During the April 2019 to March, 2020, we have earned revenue of Rs.88.08 Lakhs from APU servicing & components of IAF as per the invoices raised by Finance AIESL, ER.

E. Production of Overhaul Shops: The number of components serviced at Overhaul shops is as follows:

- AF Accy OH Shop : 2729
- APU & Engine OH Shop : 55
- Electric OH Shop : 372
- Instrument OH Shop : 1027 (including Calibration of Items)
- Radio OH Shop : 330

F. The certification of ATR flight of AASL are as follows:

- Transit Checks : **4203**
- Night Halt : 376
- Lay Over Inspection : 263

- Weekly Inspection : 129
- 400 FH Inspection : 10
- A1 TO A9 Checks : 10

G. Revenue earned from AASL: The revenue from AASL for certification of ATR Flights during 2019-20, is of Rs. 451.68 Lakhs.

VIII. Overseas operations:

A. KATHMANDU

AIESL has registered its Line Maintenance Office at Kathmandu on 11th Sept, 2019 vide Registration No.224110/076/077 from the Company Registrar, Office of Ministry of Industry Commerce and Supplies.

AIESL is already having one office in the Terminal Building and has given proposal to the Director-Tribhuvan International Airport, KTM for obtaining space on Airside (inside the terminal building) for smooth operation of Line Maintenance. After registration of AIESL , we are providing technical support to M/s TATA SIA for their A320 Fleet. Initially, we do have the capability for A320 and there is huge scope for catering the Line Maintenance of B737 fleet. Oman Air, from their mail dated 11th March, 2020 has already shown their interest in us of for Line Maintenance. Tools required for Line Maintenance of B737 has already been positioned at KTM.

We have also hired one consultant at KTM to meet the taxation and other finance related requirement.

B. SAIF ZONE –

AIESL established a branch in SAIFZONE at Sharjah in OCT, 2017. At present AIESL is providing Line Maintenance at three locations in UAE at Sharjah (SHJ), Ras Al Khaimah (RKT) and Dubai (DXB).

1.6.4 IMPLEMENTATION OF OFFICIAL LANGUAGE

In accordance with the Guidelines issued by 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 in consultation with the Rajbhasha Section of Air India.

1.6.5 INDUSTRIAL RELATIONS

Industrial Relations were peaceful with no loss of man hours during the year.

No. of employees under various categories were as under:

- Executives: 2082 (1360 Permanent + 509 Contractual + 213 Retired)
- Staff: 4012 (1811 Permanent+ 2129 Contractual+ 72 Retired)
- Total: 6094 (3171 Permanent+2638 Contractual+ 285 Retired)
- Technical out of the above: 4936 (2845 Permanent+1867 Contract+ 224 Retired)

- Employees on deputation from Air India and other subsidiaries: 415.
- Employees on deputation to other companies: 03

1.6.6 IMPLEMENTATION OF RESERVATION POLICY

Reservation Policy was implemented as per relevant guidelines of the Government.

1.6.7 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 are as under:

- No. of RTI Applications received during the year: 84
- No. of RTI Applications disposed of during the year: 84
- No. of RTI Applications pending as one end of FY: NIL

1.6.8 DISCLOSURE UNDER 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.

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 sexual harassment: 02
- Remedial measures taken by the company: No complaints were received during the year.

2. GENERAL INFORMATION

The Board of Directors of Air India Limited, the parent company, on 7th August, 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 it’s other subsidiaries besides the workload from 3rd Party Customer of domestic and international market.

Accordingly, Cabinet Approval was obtained on 6th September, 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 1st January, 2015.

The name of Company was changed from “Air-India Engineering Services Ltd” to “AI Engineering Services Ltd” w.e.f. 03.08.2020.

Consequently, the logo was also changed pursuant to decision taken in 62nd Board Meeting, held on 28-10-2020. The new logo of the company is as under:

Disinvestment Process

(i) In view of the NITI Aayog recommendations on the disinvestment of 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 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

The Transaction Advisor, Legal Advisor and Asset Valuer have also been appointed to guide the Government and to carry forward the process of Disinvestment.

(ii) The AISAM in its meetings held on September 21, 2017 and October 05, 2017 decided that:

a) The following Four Subsidiaries of Air India be demerged and parked in the newly created Special Purpose Vehicle (SPV):

1. AI Engineering Services Limited (AIESL),
2. AI Airport Services Ltd (AIASL)
3. Alliance Air Aviation Limited, (AAAL)
4. Hotel Corporation of India (HCI)

b) A Special Purpose Vehicle (SPV) be created for warehousing accumulated working capital loan not backed by any asset along with four subsidiaries AIATSL, AASL, AIESL, HCI, non-core assets, paintings & artifacts and other non- operational assets. This entity be named “Air India Assets Holding Limited”.

(iii) Pursuant to the above decision of the AISAM, the SPV Air India Assets Holding Limited (AIAHL) was formed.

(iv) The Ministry of Civil Aviation vide their Letter No. AV.17046/368/2017- AI dated November 03, 2017 directed Air India to demerge the above mentioned four subsidiaries to park it in the SPV. It further directed to transfer the investment in the shares of the subsidiary companies namely AIASL, AASL, AIESL and HCI from Air India to the SPV company at book values (at value shown in the Balance Sheet as at March 31, 2017 with any addition to “Equity” thereto during the year)

(v) The Board of Air India in its 82nd Board meeting held on November 17, 2017 had given in-principle approval for transferring the interest of Air India in the subsidiary companies viz. AIATSL, AIESL, AASL and HCI to the SPV after following the necessary procedures under the Companies Act, 2013 and other legal formalities as may be recommended by the legal advisor.

As on date Ministry of Civil Aviation (MOCA) has not taken any decision for disinvestment of AI Engineering Service Limited (AIESL) and will separately decide the contours of the mode of disposal of AIESL.

3. CAPITAL STRUCTURE

The authorised Share Capital of the company during the year was Rs. 1000 crores divided in to 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 in to 166,66,65,00 equity shares of Rs. 10 each.

No further shares were issued by the company during the year.

4. MANAGEMENT

4.1 Directors and Key Managerial Personnel

The following changes have occurred in the constitution of directors of the company during the FY 2019-20.

S.No	Name	Designation	Date of appointment	Date of cessation
1.	Shri Ashwani Lohani	Chairman	14.02.2019	14.02.2020
2.	Shri Rajiv Bansal	Chairman	14.02.2020	-
3.	Shri Arun Kumar	Govt. Nominee Director	24.01.2019	10.07.2019
4.	Shri Praveen Garg	Govt. Nominee Director	21.08.2019	18.02.2020
5.	Shri V.A Patwardhan	Govt. Nominee Director	20.03.2020	-

Woman Director:

Ms Meenakshi Mallik has been appointed as Woman Director & AI nominee director on Board of company w.e.f. 11-09-2020 by Air India. Consequentially, Shri Vinod Hejmadi has ceased to be on Board of the company w.e.f that date and is Special Invitee for the meetings of Board, as per decision taken by Air India Board / administrative ministry.

4.2 Number of Meetings of the Board of Directors

During the Financial Year 2019-20, the Company held four meetings of the Board of Directors as per Section 173 of Companies Act, 2013 which is summarized below.

S No.	Meeting	Date of Meeting	Board Strength	No. of Directors Present
1.	56th	21.05.2019	4	3
2.	57th	05.08.2019	3	3
3.	58th	08.11.2019	4	4
4.	59th	04.03.2020	3	3

4.3 Composition of Committees and details of changes, if any

Audit Committee:

The constitution of Audit Committee as required under the Companies Act, 2013 was approved by the Board of Directors in its 42nd Meeting held on 31st March 2016 & subsequently in 50th Board Meeting held on 17th January 2018.

The constitution of committee, in ex-officio capacity, as on 31st March 2020 was as under:

1. Govt. Nominee (Shri V.A. Patwardhan) - Chairperson
2. Govt. Nominee (Shri S.K. Mishra) - Member
3. Nominee of Holding Co. (Shri Vinod Hejmadi) - Member
4. CMD, Air India (Shri Rajiv Bansal) - Permanent Invitee

The constitution of Audit Committee was changed in the 62nd Board Meeting held on 28-10-2020.

Subsequently the reconstituted Audit Committee from 31st March 2020 till date is as under:

1. Govt. Nominee (Shri V.A. Patwardhan) - Chairperson
2. Govt. Nominee (Shri S.K. Mishra) - Member
3. CMD, Air India (Shri Rajiv Bansal) - Member
4. Director Finance, AI (Shri Vinod Hejmadi) - Special Invitee

Nomination, Remuneration and Stakeholders Relationship Committee:

Constitution of Nomination and Remuneration Committee (NRC) was to be taken up after the appointment of Independent Directors by Holding company/ Administrative Ministry. As there was no Independent Director on the Board of AIESL, the matter was taken up with the Administrative Ministry by Holding company i.e. Air India Limited.

The appointment of Independent Directors is not applicable in case of AIESL being a wholly owned subsidiary in terms of Rule 4 (2) of Companies (Appointment and Qualification of Directors) Rules 2014 as amended in the year 2017 vide notification no. GSR 839 (E) dated 05-07-2017 and constitution of NRC was subsequently not applicable in terms of Rule 6 of Companies (Meetings of Board and its Powers) Rules 2014 as amended in the year 2017 vide notification no. GSR 880 (E) dated 13-07-2017.

CSR Committee:

The constitution of CSR Committee as required under the Companies Act, 2013 was approved by the Board of Directors in its 58th Meeting held on 08th November 2019, in ex-officio capacity, as under:

1. Govt. Nominee Director (Shri S K Mishra) - Chairperson
2. Govt. Nominee Director (Shri V A Patwardhan) - Member
3. Nominee of Holding Co. (Shri Vinod Hejmadi) - Member

4.4 Company's Policy on Director's appointment and remuneration

Appointment policy:

AIESL is a wholly owned Subsidiary of Air India 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 Air India Limited, 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. Accordingly, the Board structure for the company has been prescribed by AI/MOCA on 26-12-2012.

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 5th June, 2015 of Ministry of Corporate Affairs.

4.5 Board Evaluation

Pursuant to notification No.G.S.R.463(E) dated 5th June, 2015 of 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.

4.6 Remuneration received by Managing / Whole time Director from holding or subsidiary company

There was no Managing / Whole time director on the Board of the company during FY 2019-20.

4.7 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.

4.8 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 Sanjay Gupta & Associates were appointed as Internal Auditors for the financial year 2019-20. The Internal Auditor has carried out an extensive audit, including internal financial controls.

Statutory Auditors are also required to issue the Independent Auditor's Report on the Internal Financial Controls of the Company under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act 2013.

4.9 Disclosure regarding frauds

There were no frauds reported by the Auditor to the Audit Committee or to the Board.

5. DISCLOSURES RELATING TO SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Company does not have any Subsidiary, Joint venture or Associate Company.

6. DETAILS OF DEPOSITS

The Company has not accepted any public deposit during the year ended 31st March, 2020 as covered under the provisions of Section 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

7. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Particulars of loans, guarantees and investment if any, have been disclosed in the financial statements.

8. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts/arrangements/transactions entered by the Company during the financial year with the related parties were in the ordinary course of business and on arm’s length basis. The omnibus approval of Audit Committee and Board was taken for entering into transactions with Air India Group companies (Air India, AAAL, AIXL, AIASL, HCI & AISATS) for providing MRO related services upto the specified limits during FY 2019-20.

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.

9. DISCLOSURES PERTAINING TO CORPORATE SOCIAL RESPONSIBILITY

Provisions of Section 135 of Companies Act, 2013 relating to Corporate Social Responsibility were not applicable to the Company as the company had not earned any profits until FY 2018-19. However, in FY 2019-20, Company earned profits for the first time and accordingly CSR Committee has been constituted by the Company.

10. DETAILS OF REMUNERATION OF EMPLOYEES

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 the Company being a Government Company, pursuant to Notification No. G.S.R.463(E) Dated 5th June, 2015 of Ministry of

Corporate Affairs.

11. 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	41,84,22,225
Outgo	12,45,52,633

12. RISK MANAGEMENT

The Company does not have any Risk Management Policy, at present. Therefore, the process of framing a risk management policy for the company has been initiated.

13. 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.

14. 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 holding company i.e. Air India has a separate Vigilance Department which covers the activities of AIESL also.

15. STATUTORY AUDITOR

Comptroller & Auditor General of India (CAG) had appointed M/s Prakash Chandra Jain & Co, Chartered Accountants as Statutory Auditors of the Company for FY 2019-20.

The Auditors' Report along with Management's replies thereon are **attached.**

The notes on financial statements are self-explanatory, and needs no further explanation.

Comments of Comptroller and Auditor General of India

The NIL comments dated 22-01-2021 of the Comptroller and Auditor General of India (C&AG) under Section 143(6)(b) of the Companies Act, 2013 on the accounts of the Company for the year ended 31st March are attached.

16. SECRETARIAL AUDIT REPORT

Your company had appointed M/s SGS Associates, Practicing Company Secretary as Secretarial Auditor to conduct the Secretarial Audit for FY 2019-20. The Secretarial Audit Report given by him is attached.

The explanations or comments by the Board on Auditor's Report are **attached.**

17. COMPLIANCE WITH SECRETARIAL STANDARDS

The Secretarial Standards issued by ICSI under Section 118(10) of Companies Act, 2013 were compiled with by your company to the extent applicable.

18. EXTRACT OF ANNUAL RETURN

In compliance with the provisions of Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of Annual Return is **attached.**

19. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed Management Discussion and Analysis Report is attached.

20. ACKNOWLEDGEMENTS

The Board sincerely acknowledges the support and guidance received from the, Ministry of Civil Aviation, Comptroller and Auditor General of India, Ministry of Corporate Affairs and other agencies.

For and on behalf of the Board of Directors

Sd/-
Chairman

Place : New Delhi
Date : 16.02.2021

MANAGEMENT DISCUSSION & ANALYSIS REPORT (2019-20)

I. Analysis of Financial Performance:

Revenue

- Total revenue earned during 2019-20 was Rs 1427.58 Crores as against Rs.1206.38 Crores during 2018-19 i.e. an increase of approx Rs. 221 crores.

Expenditure

- The total expenditure incurred during the year 2019-20 was Rs.1351.73 Crores as compared to the previous year's figure of Rs 1411.32 Crores, a decrease of approx. Rs. 59.59 crores.

2. Business Environment Analysis:

A. ASIA PACIFIC MRO Scenario:

In Asia-Pacific, China and India combined represent 22 per cent of the world market. Whereas, India handles approximately one per cent of the global MRO business. Total MRO expenditure is expected to rise to USD 1160 crores by the year 2029, i.e. increased from USD 819 crores in 2019, as per the Global Fleet and MRO Market Forecast 2019-2029 by Oliver Wyman's Aviation Competitive & Market Intelligence team. Singapore has had a viable MRO industry and spare parts base for many global civil aircraft players. Thailand is also emerging as an MRO base. The Indian industry has good models to emulate in the Asian neighborhood. However, in India, very few companies provide heavy maintenance service.

B. Indian Aviation Scenario:

Private non-scheduled operators are required by the Directorate General of Civil Aviation (DGCA) to set up a CAR 145-approved maintenance shop or work with a DGCA approved third-party MRO. Most private operators prefer the outsourced model for line maintenance (on-tarmac checks) and use OEM/DGCA-approved facilities for engine, heavy maintenance and modifications on their aircraft. The Indian business aviation market is complex from a maintenance perspective as it has over 60 different aircraft types operating in a total market of about 350 aircraft (business jets, turboprops and helicopters). Each individual type requires trained technical manpower, tooling and approvals from regulator as well as the OEM to enable an MRO to offer world-class maintenance services.

C. INDIAN MRO Scenario:

The Indian MRO market is currently estimated to be around USD 80 crores and is growing at about eight per cent annually against a four per cent world average. A recent Ernst & Young study reveals that Indian MRO market growth rate will go up to 15 per cent. With India's growing aircraft fleet, it is cost-effective for domestic airlines to have their aircraft serviced within the country. The increasing age of Indian aircraft, both civil and defense, requires frequent maintenance.

MRO abroad involves ferry flight, logistics costs& engine and component hours. Having the flexibility to get the aircraft serviced in India at a local MRO, results in 30 to 40 per cent savings in aircraft maintenance costs for an airline, despite the tax regime on import of spares into the country making them 30 per cent more expensive as compared to international MROs. The other key impediment to growth of airline MRO in India is the lack of availability of hangar space at key international airports. This limits the ability of MROs to tap into the larger potential market of aircraft operating within five to six hours of flying distance from India.

The key MRO segments are defense, commercial aviation and business aviation. Major tasks are of engine overhaul, airframe heavy maintenance and modifications, line/field maintenance, and component overhaul. The Indian MRO industry must meet global standards. Setting up an MRO is highly capital intensive with a long break-even time. There is a need for the right manpower. Also, it requires continuous investment in tooling, certification from Indian and international regulators, and clearance from OEMs. The Indian MRO Market has just begun to grow.

D. Initiatives by government:

Recognising the potential of the MRO business and in line with the 'Make in India' policy, the Government of India has introduced certain policy initiatives recently. These include exemption from customs duty for the tools and tool-kits used by the industry; extension of the one-year timeline for utilisation of duty-free parts to three years so as to enable economies of scale and permission for foreign aircraft brought to India for MRO work to stay for the entire period of maintenance or up to six months. Earlier, foreign aircraft could not come into India for more than 15 days without a cumbersome approval process. Further, aircraft are now allowed to come in with passengers, which were not permitted earlier, leading to losses for the airlines. GST on MRO services reduced from 18 per cent to five per cent is considered great news for MRO in the Defense and Aerospace sector.

E. Private MRO players in India:

Air India has MRO facility at Nagpur. MRO services for GE aviation engines are at Mumbai. HAL and Pratt & Whitney Canada have an engine overhaul facility at Bengaluru. France-based Safran Group announced in December 2019, that it is planning to invest $150 million in a new unit for aircraft engine MRO in India to cater to its airline customers. The other major players in the market are Air Works, Hindustan Aeronautics Limited (HAL), Indamer Private Limited, Deccan Charter, Taj Air, Bird ExecuJet, GMR Aero Technic Limited, and Max MRO Private Limited.

Air Works India (Engineering) Pvt Ltd provides aviation services. The Company offers line maintenance, aircraft cabin interior, commercial aircraft asset management, and safety management solutions. Air Works is CEMILAC and DGAQA certified for MRO services and provides maintenance and warranty support programmes on behalf of OEM to defence establishments in India for airframe-related MRO. Max Aerospace and Aviation Ltd at Juhu airport and Hyderabad Aircraft Maintenance Company (HAMCO) at Hyderabad overhaul avionics and electrical and airframe services. Taneja Aerospace & Aviation Limited (TAAL) is part of the Pune-based Indian Seamless group. 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, it provides only MRO services in India.

F. Joint Ventures/Partnerships

With the increase in the number of civil and military aircraft, more and more global MRO companies are planning to offer engineering services by forming Joint Ventures (JV) with Indian firms. For instance, GMR Hyderabad International Airport (GHIAL) and MAS Aerospace Engineering (MAE), a wholly-owned subsidiary of Malaysia Airlines have set up a 50:50 JV airframe MRO company in Hyderabad. The company would make an initial investment of $50 million. Another 1,000-acre MRO and aerospace park will be developed near the international airport at Devanahalli in Bengaluru. Also, Jupiter Aviation and HAL have already acquired land for MRO in Karnataka. Other JVs include Boeing with Air India, Airbus with Air India, Sabena Technics of TAT Group, France with TAAL, Timco Aviation Services with HAL, EADS with Air India and Jupiter Aviation & Logistics, Eurocopter with Pawan Hans Helicopters for Dauphin fleet, Concor with HAL, SIA

Engineering of Singapore with Wadia group, Pratt and Whitney with HAL (engines), GE Aviation with Air India (engines), Rosoboronexport of Russia and India's Krasny Marine Services for Russian fleet, Taneja Aerospace with Air Works Commercial MRO Services Pvt. Ltd. For MRO, GMR with Lufthansa Technik, EADS with Indian Aero Ventures for airport development and operation, Max Aerospace with Air France-KLM for MRO facility for aircraft components in India and Maini Global Aerospace Pvt. Ltd. (MGA) with GE Aviation, among others.

G. Military MRO Market

The generated revenue from defense aircraft MRO has finally started increasing. The prime reason facilitating this has been the large fleet size of the Indian Air Force (IAF). Moreover, the Indian Navy and the Indian Army have their independent fleet which further increases the demand for aviation MRO. HAL provides aircraft MRO for Kiran, Jaguar, Mirage 2000, MiG-21 Bison, Dornier Do-228, HS-748, An-32, ALH, Cheetah and Chetak helicopters. Most of the revenue is generated from engine overhaul.

Militaries focus more on the periodic maintenance of the fleet in view of the flying risks involved. Technology advancements entail several upgrade contracts which have also propelled the growth of the military aviation MRO market. The increasing complexity of the engine and its parts gets high priority and militaries focus on frequent engine maintenance and periodic checks, irrespective of whether it is flying or not. Engine MRO is also the most expensive one. The quantum of flying being undertaken in each fleet is known and requirement of overhauls can be predicted. There is, therefore, some clarity in the task and job required for overhaul. It will make it is easier for industry to do logistics and economic planning based on such predictions. Success of the industry could also relieve the IAF of some non-core activities. The IAF operates nearly 240 Mi-17 variants. There are civil variants of this platform. This could be a great starting point. The strategic partner route will soon open up manufacture and procurements of aircraft and systems made in India. Production of parts will get the technological fillip. The setting up of aircraft production will certainly create MRO opportunities.

H. Regulatory changes

The below mentioned changes in Civil Aviation requirements have positively aided AIESL:

SL. No.	BRIEF REQUIREMENT	REFERENCE
01	The required Practical aircraft maintenance experience on operating aircraft for issue of Cat A & B1/B2 CAR 66 AME License is 01 & 02 year respectively for the applicant who has successfully completed training in an approved aircraft Maintenance Organization as a part of syllabi of the course he has from a Basic CAR 147 Maintenance training Organization.	Amendment of Rule 61 of Aircraft Rules 1937. CAR 66.AMC.30 (1A), Issue II, R4, dated 05/02/2019
02	Airbus A 319/320/321 (CFM 56 Leap-1A), Boeing 737-7/8/9 (CFM Leap-1B) & Boeing 787-8/9 (GEnx) type rating endorsement in CAR 66 AME License, under Group 1 is introduced.	Appendix 1 to AMC for CAR 66, Issue II, R5, dated 03/12/2019

SL. No.	BRIEF REQUIREMENT	REFERENCE
03	All the Certifying/ Support staff receive sufficient continuation training (Refresher Training) in each 2 Years. These training Modules & other approved trainings of Level 1 standard (without any mandatory Practical element) is permitted By DGCA through Distance online training as per approved MOE. Further, all the meetings required as per CAR 145 may also be conducted online, approved by DGCA.	CAR 145.A. 35 (d), Issue II, R4, dated 12/06/2020. AAC 4 of 2020, dated 05/05/2020 MOE, Section 3, Sub-section 3.4.4 (2) & Sub Section 1.3.4.1, Issue 3, Rev 18, May 2020
04	At least 10 % individuals employed in the Aircraft Maintenance Organization (CS/SS/AMP) are randomly subjected to BA Test, when reported on duty. This is mandatory for compliance as preventive measure of aircraft accident /incident due to use of psychoactive substance.	CAR, Section 5, Series F, Part IV

3. FUTURE OUTLOOK:

Opportunities and Challenges

Announcing the measures to boost the country's aviation sector, Hon'ble Finance Minister Ms Nirmala Sitharaman in May 2020 mentioned that the steps would be taken to make the country a hub for MRO services.

According to the Economic Survey for 2019-20, the annual import of MRO services by Indian carriers is around Rs 9,700 crore.

"With airlines' fleet growing annually by 100, the size of domestic and imported Indian airline MRO is set to grow annually to Rs 21,600 crore in the next five years and to Rs 36,000 crore once the fleet size reaches 2,000 aircraft," the Survey said.

The aircraft component repairs and airframe maintenance segment is worth Rs. 800 Crores and would increase to Rs. 2000 crores in three years.

As per an Advaya Legal Consultancy firm report, when compared to some other countries, India's taxation policies are less favourable for the MRO industry. With high rate of GST, Indian service providers have to compete with overseas players that only pay five per cent tax, that too at cost price. Furthermore, the MRO rentals at the privatised airports in New Delhi and Mumbai are higher than the rates for equivalent facilities in Europe and Turkey. Indian airports also charge a royalty of nearly 20 per cent on maintenance work. GST, royalty and lease rentals needed to be rationalised and made competitive so as to promote the Indian MRO business.The GST on MRO was finally reviewed in the Council meeting chaired by Finance Minister Nirmala Sitharaman, and the change is being implemented w.e.f. April 01, 2020.

Strengths and Weaknesses

The highest MRO revenue comes from defence aircraft. The revenue from commercial aircraft MRO has been the second highest share. The revenue generated from Engine Overhaul is the highest for civil sector. AIESL Overhaul facilities are located in Mumbai, Delhi, Nagpur, Kolkata. The revenue from aircraft heavy maintenance and modifications is the second highest. In India, very few companies provide heavy maintenance services and one stop solutions for almost all MRO services, and therefore, AIESL has an edge in this sphere.

5. GOING CONCERN

The high rate of growth in Indian Economy was resulting in more no. of passengers travelling by Air. The growth in Air Passenger traffic was in double digits prior to COVID-19. This was expected to result in more number of aircraft being operated by Airlines in India. The scenario was however affected due to COVID-19 outbreak which is expected to be temporary phase. Meanwhile, AIESL is focusing on capability enhancements, reduction in manpower costs, providing training facilities etc.

6. DEVELOPMENT ON HUMAN RESOURCE

The details of various categories of employees including permanent, contractual and on deputation has been given as a separate para in the Board's Report.

7. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has Internal Control System commensurate with the size, scale and complexity of its operations. The company has in place adequate internal financial controls for ensuring efficient conduct of its business. M/s Sanjay Gupta & Associates were appointed as Internal Auditors for the financial year 2019-20. The Internal Auditors have carried out an extensive audit including internal financial controls of the company.

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 outlookis 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.

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 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

AIESL is a public sector undertaking and wholly owned subsidiary of Air India Ltd. Its Directors are appointed by holding company / administrative ministry. 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 by Air India Ltd.

Accordingly, the composition of Board of AIESL has been prescribed by MOCA vide its order dated 26-12-2012.

a) Composition of Board as on 31 March 2020

Shri Rajiv Bansal	CMD, AI (Chairman)
Shri Vinod Hejmadi	DF, AI (Nominee of Holding Co.)
Shri S K Mishra	JS, MOCA (Govt Nominee Director)
Shri V.A.Patwardhan	JS&FA, MOCA (Govt. Nominee Director)

Shri Ashwani Lohani ceased to be Chairman effective 14-02-2020 and Shri Rajiv Bansal, who was appointed Chairman & Managing Director of Air India became Chairman of the company, in ex officio capacity, from that date.

Further, Ms Meenakshi Mallik was appointed as Woman Director by Air India vice Shri Vinod Hejmadi w.e.f. 11-09-2020.

The Board placed on record its appreciation of the valuable services rendered by Shri Ashwani Lohani, as Chairman and Shri Vinod Hejmadi as Director on the Board of the Company.

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

b) Meetings of Board:

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

S No.	Meeting	Date of Meeting	Board Strength	No. of Directors Present
1.	56th	21.05.2019	4	3
2.	57th	05.08.2019	3	3
3.	58th	08.11.2019	4	4
4.	59th	04.03.2020	3	3

The gap between two meetings of Board was less than 120 days.

C. Code of Conduct:

In terms of requirements of DPE guidelines on Corporate Governance for CPSEs, 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 Chief Executive Officer of the Company is enclosed with the Report.

Particulars of Directors and their attendance at the meetings:

Name of the Director	**Attendance Particulars**		**Details of other Companies**	
	Board Meetings	Last AGM held on 21/11/2019	Directorships in other companies	Memberships held other Committees
Shri Rajiv Bansal, Chairman	1	No	Chairman: 8 Director: 3	Chairman: 1 Member: 3
Shri V.A. Patwardhan, Director	0	No	Director: 8 Part Time Member: 1	Chairman:4 Member: 2
Shri Arun Kumar, Director	0	No	Government Nominee Director: 8	Member: 6 Chairperson: 3
Shri Praveen Garg, Director	1	No	Government Nominee Director: 8	Member: 6 Chairperson: 3
Shri Vinod Hejmadi, Director	4	Yes	Director: 8	Chairman: 1 Member: 7 Special Invitee: 1 Co-opted Member: 1
Shri S.K. Mishra, Director	4	No	Government Nominee Director: 5	Member: 8

e) Board Procedures:

The meetings of the Board are generally held at the Company's Registered Office in New Delhi. 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 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.

3. 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 has the Audit Committee of the Board.

a) Composition of committee:

As on 31 March 2020, the following were the Members of the Audit Committee, in ex officio capacity:

Name of the Director	Position held in the Committee
JS&FA, MOCA (Shri V.A Patwardhan)	Chairman
JS, MOCA (Shri S.K. Mishra)	Member
DF, AI (Shri Vinod Hejmadi)	Member
CMD, AI (Shri Rajiv Bansal)	Permanent Invitee

b) **Terms of Reference:** Terms of Reference of the Audit Committee are as prescribed under Section 177 (4) of Companies Act 2013:

1. To recommend for appointment, remuneration and terms of appointment of auditors of the company;
2. To review and monitor the auditor's independence and performance, and effectiveness of audit process;
3. To examine the financial statement and the auditors' report thereon;
4. To approve any subsequent modification of transactions of the company with related parties;
5. To scrutiny of inter-corporate loans and investments;
6. Valuation of undertakings or assets of the company, wherever it is necessary;
7. To evaluate internal financial controls and risk management systems;
8. To monitor the end use of funds raised through public offers and related matters.

c. **Meetings of committee:**

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

S No.	Meeting Number	Date of the Meeting	No. of Directors present
1	11th	21.05.2019	2
2	12th	05.08.2019	2
3	13th	08.11.2019	3
4	14th	04.03.2020	2

The gap between two meetings of Board was less than 120 days.

Corporate Social Responsibility (CSR) Committee

In compliance with the requirements of Companies Act 2013, the Board constituted a CSR Committee on 08-11-2019 to approve and review Sustainable Development projects from time to time. The Committee consisted of following members, in ex officio capacity:

Name of the Director	Position held in the Committee
JS, MOCA	Chairman
JS&FA, MOCA	Member

DF, AI	Member
CMD, AI	Permanent Invitee

4. Remuneration to Directors

AIESL being a wholly owned subsidiary Company, the appointment and remuneration payable to its Directors is determined by the holding company/ Ministry. The company does not have any whole-time director.

The part-time (Nominee) Directors do not receive any remuneration from the Company.

Company does not have a policy of paying performance lined 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.

5. Annual General Meetings during the last three years

The details of these meetings are given below:

AGM / EGM	Date and time of the Meeting	Venue of the meeting	Special Resolution
14th AGM	21.11.2019 at 1415 Hrs	RegdOffice :Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	Yes
13th AGM	26.12.2018 at 1730 Hrs	RegdOffice :Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	No
12th Adjourned AGM	19.03.2018 at 1100 Hrs	RegdOffice :Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	No
12th AGM	20.09.2017 at 1600 Hrs	RegdOffice :Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	No
EGM	04.07.2017 at 11.15 Hrs	RegdOffice :Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	Yes
11th Adjourned AGM	04.07.2017 at 11.00 Hrs	RegdOffice :Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	No

M/s Link Intime India Pvt Ltd having its address at C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 are the Registrars and Transfer Agents of the Company.

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 31 March 2020.

Sd/-
(Arun Kumar Bansal)
Chief Executive Officer
AI Engineering Services Limited

Place : New Delhi
Date : 24.12.2020

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2020

(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
(formerly Air-India Engineering Services Limited)
Airlines House, 113, Gurudwara Rakab Ganj Road,
New Delhi – 110001.

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) (formerly Air-India Engineering Services Limited) (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 led 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 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, 2019 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 2020 according to the applicable provisions of:

   i. The Companies Act, 2013 ('the Act') and the rules made there under;

   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, subject to the following observations:

   a) *There were few instances of delay in filing of e-forms under the Act and the rules made there under, but they were regularized by payment of additional fees under the Act.*

   b) *Company needs to appoint a woman director in compliance to Section 149 (1) and Rule 3 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 w.e.f. 24th January 2019.*

   c) *Risk Management Policy:*

   Provisions of Section 134(3)(n) of Companies Act, 2013 provides that there shall be attached to financial statements laid before a company in general meeting, a report by its Board of Directors, which shall include—

   a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company.

It has been clarified that the Company is under process of development of Risk Management Policy.

DPE Guidelines also emphasize that the Board should ensure the integration and alignment of the risk management system with the corporate and operational objectives and that risk management is undertaken as a part of normal business practice.

Queries raised by Statutory auditors of the company in Audit Observations in relation to compliance of Companies Act, 2013 which has been replied by the Management in Directors Report have not been reproduced here.

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; (Not applicable to the company)

(iii) The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder; (Not applicable to the company)

(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

AIESL is approved by the DGCA under CAR 145, and CAR 147, both issued by the DGCA. Both these regulations have been issued under Rule 133B of Indian Aircraft Rule 1937. Besides that, any person certifying the aircraft needs to hold a license issued under the provision of CAR 66, which is a regulation under Rule 61.

For the compliance of the mentioned Regulations,

a) AIESL had made the policy documents called "Maintenance Organization Exposition (MOE)" and "Maintenance Training Organization Exposition (MTOE)". These Documents are approved by the DGCA. Any amendment also needs to be approved by the DGCA.

b) AIESL Quality system needs to carry out frequent internal audits to ensure that each of the sections is in compliance of the regulations and the provision of MOE/MTOE.

c) DGCA conducts yearly scheduled audits. DGCA also carries out spot-checks, and other surprise audits.

d) AIESL is audited by agencies getting work done by AIESL, like the Air India and a number of other airlines.

e) AIESL is also subject to audits by foreign regulators, where AIESL is certifying the aircraft registered in their respective countries.

f) AIESL is also approved by many foreign regulators like EASA and FAA, who carry out surveillance audits.

DGCA has issued Civil Aviation Requirements (CAR) under section 4 of Aircraft Act, 1934 read with Rule 133A of Aircraft Rules, 1937 and the company is required to comply such requirements under DGCA check systems. While the broad principles of law are contained in the Aircraft Rules, 1937, Civil Aviation Requirements are issued to specify the detailed requirements and compliance procedures.

I further report, that the company is generally regular in 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 14th May, 2010 of the Ministry of Heavy Industries and Public Enterprises, Government of India.

c) Being unlisted company, company was not required to enter into any listing agreements with Stock exchange(s).

I have examined the framework, processes and procedures of compliance with respect to following laws applicable to the company on test basis.

Apprentices Act, 1961; Payment of Wages Act,1948; Minimum Wages Act, 1948; Industrial Disputes Act, 1947; Payment of Bonus Act, 1965; Payment of Gratuity Act, 1972; Contract Labour (Regulation and Abolition) Act, 1970; Maternity Benefit Act, 1961; The Child Labour (Prohibition & Regulation) Act, 1986; Equal RemunerationAct,1976; The Employment Exchange (Compulsory Notification of Vacancies) Act,1956,

The Company contributes to Air India and its subsidiary airlines Employees Provident Fund Trusts under the Provident Fund Act, which governs the Provident Fund Plans for eligible employees.

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.

In connection with aforesaid laws, adequate systems and processes are in place to monitor and ensure compliance with such laws.

During the audit, it is observed that the Compliance Management System needs to be further strengthen by taking the following actions:

a) To establish Corporate Compliance Committee and designate a Chief Compliance officer and to maintain centralized mechanism to ensure compliance with all applicable laws;

b) To establish and maintain effective co-ordination of functional units and the compliance department under the overall supervision of the Board;

c) To establish mechanisms to prevent, detect, report and to respond to non-compliances;

d) To present Quarterly compliance Report to the Board;

e) Identification and classification of various compliance risks;

f) Organization of compliance Check list, Audit, feedback, remedies.

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 their presentations 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:

Subject to observation made above, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Nominee 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 the company has:

I) During the financial year, there are no specific events 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 SGS Associates
Company Secretaries
FIRM REGN. NO. S2002DE058200

CS DAMODAR PRASAD GUPTA
FCS No: 2411
CP No: 1509
ICSI UDIN NO. F002411B001695181

Place : New Delhi
Date : 28th December 2020

Note_1: Specific non compliances / observations / audit qualification, reservation or adverse remarks 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,
Air India Engineering Services Limited
(formerly Air-India Engineering Services Limited)
Airlines House, 113, Gurudwara Rakab Ganj Road, New Delhi – 110001
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. Wherever 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 SGS Associates
Company Secretaries
FIRM REGN. NO. S2002DE058200

CS DAMODAR PRASAD GUPTA
FCS No: 2411
CP No: 1509
ICSI UDIN NO. F002411B001695181

Place : New Delhi
Date : 28th December 2020

REPLY TO OBSERVATIONS OF SECRETARIAL AUDITOR FOR FY 2019-20

	Audit Observations	Management Reply
a	There were few instances of delay in filing of e-forms under the Act and the rules made there under, but they were regularised by payment of additional fees under the Act.	Statement of Fact
b	Company needs to appoint a woman director in compliance to Section 149(1) and Rule 3 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 w.e.f. 24th January 2019.	The company (AIESL) was in compliance of these provisions of Companies Act 2013 upto January 2019, as Smt. Gargi Kaul, Govt. Nominee Director was the Woman Director on the Board of company. Subsequent to cessation of Smt. Gargi Kaul on Board of the company in her ex-officio capacity, there was no Woman Director on the Board. Board of company was constituted by Ministry of Civil Aviation vide its order dated 26-12-2012. In terms of Article of Association of the company, directors on Board of company can be appointed by Air India Ltd (AI). Ministry of Civil Aviation (MOCA) was, therefore, requested by Air India to consider appointment of a Woman Director on Board of AIESL in compliance of statutory provisions. Upon directions from MOCA, Ms Meenakshi Mallik has been nominated by AI as Woman Director on Board of AIESL w.e.f. 11-09-2020.
c	Risk Management Policy: Provisions of Section 134(3)(n) of Companies Act, 2013 provides that there shall be attached to financial statements laid before a company in general meeting, a report by its Board of Directors, which shall include- a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company. It has been clarified that the Company is under process of development of Risk Management Policy. DPE Guidelines also emphasize that the Board should ensure the integration and alignment of the risk management system with the corporate and operational objectives and that risk management is undertaken as a part of normal business practice.	In compliance of provisions of Companies Act and DPE guidelines for unlisted CPSEs, the Risk Management policy in AIESL is being framed.

Annexure to Board Report

FORM NO. MGT 9 - EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2020

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) Earlier 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	Airlines House, 113 Gurudwara Rakabganj Road, New Delhi –110001, Ph. No : 011-23422000
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

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	Air India Limited Airlines House, 113,Gurudwara Rakabganj Road, New Delhi, 110 001.	U62200DL2007GOI161431	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 01-04-2019]				No. of Shares held at the end of the year [As on 31-03-2020]				% 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) I Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
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

Shareholding of Promoter-

Sr No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Share-holding 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	Air India Limited along with itsnominees	166,666,500	100	NIL	166,666,500	100	NIL	0.00

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
	At the beginning of the year				
	Air India Limited	166,666,500	100%		
	At the end of the year				
	Air India 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:

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 Air India 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	-	-	-	-
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 2018-19 except 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	Commissionas % of profitothers 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)	-	-	-	-	-	-
2	Other Non-Executive Directors	-	-	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)	-	-			-	-
	Total (B)=(1+2)	-	-	-	-	-	-

Sr No.	Particulars of Remuneration	Name of Directors					Total Amount
	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**
1	Gross salary	29,79,200			**29,79,200**
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	22,96,485	**22,96,485**
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	21,600	**21,600**
	(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	**29,79,200**		**23,18,085**	**52,97,285**

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	-	-	-	-	-

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF AIR INDIA ENGINEERING SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2019.

The preparation of financial statements of **AIR INDIA ENGINEERING SERVICES LIMITED** for the year ended 31 March 2020 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 18 November 2020.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **AIR INDIA ENGINEERING SERVICES LIMITED** for the year ended 31 March 2020 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 gives rise to any comment upon or suppliment to statuory auditor’s report under section 143(6)(b) of the act.

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

(Rina Akoijam)
Principal Director of Audit (Infrastructure) New Delhi

Place : New Delhi

Date : 22 January 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of

Air-India Engineering Services Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Air-India Engineering Services Limited ("the Company"), which comprise the balance sheet as at 31st March 2020, 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.

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 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 March 31st, 2020, and its profit, 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.

Considering the situation due to pandemic "COVID 2019" and lockdown being declared nationwide from March 22, 2020 and restrictions on movement, the process of audit has been modified. Some of the documents /records /returns were not verified physically; however, the documents were made available in electronic mode and were verified based on the representations received from the Company for its accuracy and authenticity. *(Refer Note No. 46)*

Emphasis of Matter

1. Company has not complied certain provisions of The Companies Act 2013, as stated below:

   (i) Second proviso of section 149 (1) relating to appointment of women director

   (ii) Section 149 (4) relating to appointment of Independent Directors

2. 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.

3. The Company has not deducted Income tax at source while accounting for certain expenses and

provision for expenses. The impact of such non-compliance cannot be ascertained.

4. The 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. The Company has not disclosed corrections of prior period errors as required by Ind AS 8 and its corresponding tax effects.

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 financial statements of the current period. These matters were addressed in the context of our audit of the 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 the key audit matters to be communicated in our report.

S. No.	**Key audit matter**	**Auditor's response**
1	**Credit Impairement** Ind AS requires the company to recognize the expected credit losses (ECL) on financial assets consisting mainly debtors which involves significant judgment and estimates to be made by the company.	**Principle audit procedures** ■ As per Ind AS, the shift is from 'Incurred Loss' approach to 'Expected Loss' approach while computing provision for losses on loans and advances. ■ We have relied on the ECL calculations which were done by an expert/ outside agency. ■ The accuracy and completeness of critical data was reviewed. ■ System of Computation of ECL was found satisfactory. ■ *Refer accounting policy No 11(A)(v)*
2.	**Intangible Asset** Expenses of Rs.2713.90 million, incurred prior to the date of obtaining the License, were capitalized in FY 2014-15 as Intangible Assets.	■ Details of the expenses has been sought. ■ The opinion from Expert Advisory Committee of ICAI has been taken into consideration. ■ The said expenses has been adjusted with retained earnings. This restatement has resulted into decrease in retained earnings with corresponding decrease in Asset by Rs. 2713.19 Millions. *(Refer Note No. 43)*

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.

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.

Responsibilities of Management and Those Charged with Governance 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, 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 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, the Board of Directors 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 the Board of Directors 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 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 standalone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("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.

(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 Rule 7 of the Companies (Accounts) Rules, 2014.

(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) 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 Company has not paid/provided the remuneration to its directors during the year.

(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 statements – *Refer Note 27 to notes to financial statements*;

ii. The Company does not foresee any material losses on long term contracts including derivatives 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.

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 , 2020, 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:-

(i) The Company has SAP for maintenance of accounts. Most of the entries passed does not contain supportings attached with it. The system needs to be strengthened regarding the same.

(ii) The company uses the information systems partially for maintenance and processing of payroll.

(iii) 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.

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 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

Prakash Chandra Jain & Co.
Chartered Accountants
Firm Registration No. 002438C

CA Pratibha Sharma
Partner
Membership No. 400755

UDIN-20400755AAAACA5751

Place : Mumbai

Date : 18.11.2020

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)** The Company is in the process of updating its records of fixed assets with respective quantitative details and location thereof.

(b) As explained to us, the Company has a policy of verification of fixed assets on bi-annual basis. As per the information and explanation provided to us, all the tools and equipment capitalized have not been physically verified during the years 2018-20. As regard to other fixed assets (i.e. other than tools and equipment), physical verification has not been carried out by the management during the 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 own any immovable property.

ii The Company has policy of physical verification of Inventories on bi-annual basis. The Company has not conducted physical verification of Inventories of only tools for the last two years.

iii. As per the information and explanation given to us, the Company has not granted loans, secured or unsecured to companies, firms, Limited Liability Partnerships or parties covered in the register maintained under section 189 of the Act. Accordingly, provisions of clause 3(iii) (a), (b) and (c) are not applicable to the Company.

iv. In our opinion and according to the information and explanation given to us, the Company has not given any loans, guarantees & Security to any party covered by the provisions of section 185 of the Act.

The Company has complied with provisions of Section 186 of the Act in respect of investments made or loans or guarantee or security provided to the parties covered under Section 186.

v. The Company has not accepted any deposits during the year from the public within the meaning of the provisions of sections 73 to 76 or any other relevant provisions of the Act and rules made there under. Accordingly, the provisions of clause 3(v) of the Order are not applicable.

vi. According to the information and explanations given to us, the Central Government has not specified maintenance of cost records under Section (1) section 148 of the Act. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

vii. (a) According to the information and explanations given to us and based on the records examined by us, the Company is not regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, value added tax, cess and other statutory dues with the appropriate authorities. Arrears of outstanding statutory dues as on the last day of the financial year 31st March 2020 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 2020**
Goods and Service Tax	49,47,37,370.56
PF	56,62,36,112.83
ESIC	10,16,423.00
TDS	12,64,73,701.00

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 the information and explanations given to us and based on the records examined by us, there are no dues of Wealth tax, sales tax, service tax, duty of customs, duty of excise, goods and service tax and value added tax which have not been deposited on account of any dispute.

viii. According to the information and explanations provided to us and based on the records examined by us, The Company does not have any loans or borrowings from any financial institution, banks, and government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.

ix. According to information and explanation given to us and based on the records examined by us, The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

x. According to the information and explanations provided to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of the audit.

xi. According to information and explanation provided to us and based on the records examined by us, the Company has not paid/provided for managerial remuneration during the year. Therefore the provisions of clause 3(xi) of the Order are not applicable to the company.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

xiii. According to the information and explanation provided to us and based on our examination of records of the Company, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards. *(Refer Note No 38.)*

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable.

xv. According to the information and explanation provided to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with the directors or persons connected with them. Accordingly, provisions of clause 3(xv) of the Order are not applicable.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

For and on behalf of

Prakash Chandra Jain & Co.
Chartered Accountants
Firm Registration No. 002438C

CA Pratibha Sharma
Partner
Membership No. 400755
UDIN-20400755AAAACA5751

Place : Mumbai
Date : 18.11.2020

ANNEXURE – B TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 2(f) 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 Air-India Engineering Services Limited ("the Company") as of March 31st, 2020 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, 2020:

i) The Company did not have an effective internal control system for deduction, timely deposit, filing return.

ii) The Company did not have an effective system for timely accounting of entries, to prevent duplicate accounting entry and maker checker process.

iii) In SAP most of the entries has no supportings to check the validity of entry. Expenses borne by other group companies and then reimbursed by the Company had no supporting s at all.

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

v) The company has Internal Audit on yearly basis. It shall be on Monthly/Quarterly basis. Year end finalization entries may be checked by internal auditors before posting in SAP.

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 2020 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 , 2020 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

Prakash Chandra Jain & Co.
Chartered Accountants
Firm Registration No. 002438C

CA Pratibha Sharma
Partner
Membership No. 400755
UDIN-20400755AAAACA5751

Place : Mumbai
Date : 18.11.2020

COMPLIANCE CERTIFICATE

We have conducted the audit of accounts of Air India Engineering Services Limited for the year ended 31st March, 2020 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 issued to us.

For and on behalf of

Prakash Chandra Jain & Co.
Chartered Accountants
Firm Registration No. 002438C

CA Pratibha Sharma
Partner
Membership No. 400755
UDIN-20400755AAAACA5751

Place : Mumbai
Date : 18.11.2020

AI ENGINEERING SERVICES LIMITED

Management's comments on Statutory Auditors' Report for FY 2019-20

Audit Observation	**Management's Replies**
Emphasis of Matter:	
1. Company has not complied certain provisions of The Companies Act 2013, as stated below:	
(i) Second proviso of section 149 (1) relating to appointment of women director	In compliance with the provisions of the Companies Act, the company through Ministry has now appointed Women Director – Ms. Meenakshi Mallik, CD, AI w.e.f. 11th Sept 2020.
(ii) Section 149 (4) relating to appointment of Independent Directors	The Exemption has been granted by Ministry of Corporate Affairs for appointment of Independent Director for a wholly owned subsidiary.
2. 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.	This is statement of fact.
3. The Company has not deducted Income tax at source while accounting for certain expenses and provision for expenses. The impact of such non-compliance cannot be ascertained.	This is mainly for the booking of expenditure received from group companies, entries for same had been received very late. While all possible efforts were made to receive the invoices in timely manner, however during this year, mainly due to pandemic situation, invoices were not received on time. Our management has already taken a serious note of same for the issuance of invoices by the group companies on month to month basis in timely manner.
4. The 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 of companies, interest has been levied based on average balance. As the company has not availed any loan from financial institutions and the rate of interest charged is based on average rate of borrowing of holding company.
5. The Company has not disclosed corrections of prior period errors as required by Ind AS 8 and its corresponding tax effects.	As per the Accounting Policy of the company the threshold for booking of expenditure as Prior Period Expenditure is Rs. 5 Crore. Since all such expenditure were well below threshold limit, same has been booked as current year's expenditure.

<table>
<tr><th>Audit Observation</th><th>Management’s Replies</th></tr>
<tr><td>Key Audit Matters: Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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 the key audit matters to be communicated in our report.</td><td></td></tr>
<tr><td></td><td></td></tr>
<tr><td><table>
<tr><th>Key audit matter</th><th>Auditor’s response</th></tr>
<tr><td>1. <u>Credit Impairement</u>

Ind AS requires the company to recognize the expected credit losses (ECL) on financial assets consisting mainly debtors which involves significant judgment and estimates to be made by the company.</td><td><u>Principle audit procedures</u>

As per Ind AS, the shift is from ‘Incurred Loss’ approach to ‘Expected Loss’ approach while computing provision for losses on loans and advances.

We have relied on the ECL calculations which were done by an expert/ outside agency.

The accuracy and completeness of critical data was reviewed.

System of Computation of ECL was found satisfactory.

Refer accounting policy No 11(A)(v)</td></tr>
</table></td><td>This is statement of Fact</td></tr>
</table>

<table>
<tr><th>Audit Observation</th><th>Management's Replies</th></tr>
<tr><td><table><tr><td>2. Intangible Asset

Expenses of Rs.2713.90 million, incurred prior to the date of obtaining the License, were capitalized in FY 2014-15 as Intangible Assets.</td><td>Details of the expenses have been sought.

The opinion from Expert Advisory Committee of ICAI has been taken into consideration.

The said expenses has been adjusted with retained earnings. This restatement has resulted into decrease in retained earnings with corresponding decrease in Asset by Rs. 2713.19 Millions.

(Refer Note No. 43)</td></tr></table></td><td>This is statement of Fact</td></tr>
<tr><td>Report on Other Legal and Regulatory Requirements:</td><td></td></tr>
<tr><td>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 , 2020, 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:-</td><td>This is statement of fact.</td></tr>
<tr><td>a (i) The Company has SAP for maintenance of accounts. Most of the entries passed does not contain supporting attached with it. The system needs to be strengthened regarding the same.</td><td>As regard to the expenditure incurred at HQ level, physical documents are kept and since the documents are bulky, it is not possible to attach the invoice copy along with SAP Payment Voucher. As regard to other regions, except WR, all other regions are attaching the copies of duly certified invoices, as the payments are centrally processed at HQ level. Also, we are making efforts to attach the supporting documents in respect of billing received through group companies.</td></tr>
</table>

Audit Observation	Management's Replies
(ii) The company uses the information systems partially for maintenance and processing of payroll.	This is statement of fact.
(iii) The Company has no system of calculation of Interest on outstanding of Inter Company balances. The same has been done manually.	The basis of charging interest among group companies has been decided by the top management and if required, SAP can generate ageing report based on which interest can be calculated, if required.
(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. 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.	This is statement of fact.
(c) Whether funds received/receivable for specific schemes from central/ state 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.	This is statement of fact.
Annexure – A to the Independent Auditor's Report (i) (a) The Company is in the process of updating its records of fixed assets with respective quantitative details and location thereof.	This is statement of fact.
(b) As explained to us, the Company has a policy of verification of fixed assets on bi-annual basis. As per the information and explanation provided to us, all the tools and equipment capitalized have not been physically verified during the years 2018-20. As regard to other fixed assets (i.e. other than tools and equipment), physical verification has not been carried out by the management during the year.	This is statement of fact.
(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 own any immovable property.	This is statement of fact.
(ii) The Company has policy of physical verification of Inventories on bi-annual basis. The Company has not conducted physical verification of Inventories of only tools for the last two years.	This is statement of fact.

<table>
<tr><th>Audit Observation</th><th>Management's Replies</th></tr>
<tr><td>(iii) As per the information and explanation given to us, the Company has not granted loans, secured or unsecured to companies, firms, Limited Liability Partnerships or parties covered in the register maintained under section 189 of the Act. Accordingly, provisions of clause 3(iii) (a), (b) and (c) are not applicable to the Company.</td><td>This is statement of fact.</td></tr>
<tr><td>(iv)In our opinion and according to the information and explanation given to us, the Company has not given any loans, guarantees & Security to any party covered by the provisions of section 185 of the Act.

The Company has complied with provisions of Section 186 of the Act in respect of investments made or loans or guarantee or security provided to the parties covered under Section 186.</td><td>This is statement of fact.</td></tr>
<tr><td>(v)The Company has not accepted any deposits during the year from the public within the meaning of the provisions of sections 73 to 76 or any other relevant provisions of the Act and rules made there under. Accordingly, the provisions of clause 3(v) of the Order are not applicable.</td><td>This is statement of fact.</td></tr>
<tr><td>(vi) According to the information and explanations given to us, the Central Government has not specified maintenance of cost records under Section (1) section 148 of the Act. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.</td><td>This is statement of fact.</td></tr>
<tr><td>(vii) (a) According to the information and explanations given to us and based on the records examined by us, the Company is not regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, value added tax, cess and other statutory dues with the appropriate authorities. Arrears of outstanding statutory dues as on the last day of the financial year 31st March 2020 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 2020</th></tr>
<tr><td>Goods and Service Tax</td><td>49,47,37,370.56</td></tr>
<tr><td>PF</td><td>56,62,36,112.83</td></tr>
<tr><td>ESIC</td><td>10,16,423.00</td></tr>
<tr><td>TDS</td><td>12,64,73,701.00</td></tr>
</table>
</td><td>This is statement of fact.

While all possible efforts are made to deposit the statutory dues in timely manner, however, due to shortage of liquidity due to non-payment of dues mainly by group companies the company not in position to make the payment in timely manner.</td></tr>
</table>

Audit Observation	Management's Replies
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 the information and explanations given to us and based on the records examined by us, there are no dues of Wealth tax, sales tax, service tax, duty of customs, duty of excise, goods and service tax and value added tax which have not been deposited on account of any dispute.	This is statement of fact.
(viii) According to the information and explanations provided to us and based on the records examined by us, The Company does not have any loans or borrowings from any financial institution, banks, and government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.	This is statement of fact.
(ix) According to information and explanation given to us and based on the records examined by us, The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.	This is statement of fact.
(x) According to the information and explanations provided to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of the audit.	This is statement of fact.
(xi) According to information and explanation provided to us and based on the records examined by us, the Company has not paid/provided for managerial remuneration during the year. Therefore the provisions of clause 3(xi) of the Order are not applicable to the company.	This is statement of fact. No managerial remuneration other than Rs. 3.03 Million paid to CEO as salary during the year.
(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.	This is statement of fact.

Audit Observation	Management's Replies
(xiii) According to the information and explanation provided to us and based on our examination of records of the Company, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards. (Refer Note No 38.)	This is statement of fact.
(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable.	This is statement of fact.
(xv) According to the information and explanation provided to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with the directors or persons connected with them. Accordingly, provisions of clause 3(xv) of the Order are not applicable.	This is statement of fact.
(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.	This is statement of fact.
Annexure – B to the Independent Auditor's Report	
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, 2020:	

Audit Observation	Management's Replies
i) The Company did not have an effective internal control system for deduction, timely deposit, filing return.	The company is making all possible efforts for filing of various returns, however due to paucity of funds, company is not able to pay the taxes in timely manner which has resulted in delay in filing return on time.
ii) The Company did not have an effective system for timely accounting of entries, to prevent duplicate accounting entry and maker checker process.	As a procedure, no payment is made unless invoices are entered in SAP and also the invoices are entered in SAP first before raising the invoices on all the customers. The delay is happening mainly for accounting MSA based transaction received from Inter company, for which company is taking proactive steps.
iii) In SAP most of the entries has no supporting to check the validity of entry. Expenses borne by other group companies and then reimbursed by the Company had no supportings at all.	We are taking necessary corrective steps in this regard.
iv) The Company did not have effective system of reconciliation of balance with other parties.	Reconciliation of amount recoverable from all major customers is a continuous process. However, as regard to reconciliation with group companies, we are taking necessary corrective action.
v) The company has Internal Audit on yearly basis. It shall be on Monthly/Quarterly basis. Year-end finalization entries may be checked by internal auditors before posting in SAP.	We have already mandated this requirement at the time of selection of external internal auditor for forthcoming financial year.

BALANCE SHEET AS AT 31ST MARCH 2020

(Amount in Millions)

Particulars	Note No.	As at March 31, 2020		As at March 31, 2019	
ASSETS :					
1) Non-current Assets					
(i) Property, Plant & Equipment	2	593.85		680.35	
(ii) Other Intangible Asset	2	-		2,713.83	
(iii) Financial Assets:					
a) Loans		-		-	
b) Others	3	0.06		0.06	
iv) Income Tax Assets					
v) Other Non-Current Assets	4	-		0.20	
			593.91		3,394.44
2) Current Assets					
i) Inventories	5	752.62		632.39	
ii) Financial Assets:					
a) Trade Receivables	6	26,686.33		14,085.35	
b) Cash and Cash Equivalents	7	82.28		53.67	
c) Bank Balance other than (b) above	8	33.75		25.11	
c) Loans	9	3.91		3.08	
d) Others					
iii) Current Tax Assets	10	1,125.14		715.66	
iv) Other Current Assets	11	245.55		127.19	
			28,929.58		15,642.45
TOTAL			29,523.49		19,036.88
EQUITY AND LIABILITIES :					
1 Equity					
i) Equity Share Capital	12	1,666.67		1,666.67	
ii) Other Equity	13	-23,453.32		-21,498.07	
			-21,786.65		-19,831.40
2 Liabilities:					
Non Current Liabilities					
a) Financial Liabilities					
i) Borrowings		-		-	
ii) Trade Payables		-		-	
iii) Other		-		-	
b) Provisions	14	6,554.09		6,328.17	
c) Other Liabilities		-		-	
			6,554.09		6,328.17
Current Liabilities					
a) Financial Liabilities					
i) Trade Payables					
- MSME	15	-		-	
- Other than MSME	15	4,516.44		659.55	
ii) Other	16	31,954.50		27,532.64	
b) Provisions	17	3,107.25		1,561.71	
c) Other Non Financial Current Liabilities	18	5,177.87		2,786.21	
			44,756.06		32,540.11
TOTAL			29,523.49		19,036.88
Significant Accounting Policies and	1				
Notes forming part of the Financial Statement	2-47				

The accompanying notes are an integral part of the Financial Statements
This is the Balance Sheet referred to in our report of even date.

For and on Behalf of
Prakash Chandra Jain & Co.
Chartered Accountants
Firm Registration No. 002438C

Sd/-
Pratibha Sharma
Partner
Membership No:400755
UDIN: 20400755AAAACA5751

For and on behalf of the Board

Sd/-
Rajiv Bansal
Chairman
DIN - 00245460

Sd/-
V A Patwardhan
Director
DIN - 08701559

Sd/-
Arun Kumar Bansal
Chief Executive Office

Sd/-
Gagan Batra
Company Secretary
ACS-19523

Sd/-
Kapil Aseri
Chief Financial Officer

Place : New Delhi
Date : 18th November, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020

(Amount in Millions)

Particulars		Note No.	2019-20	2018-19
	Revenue			
I	Revenue from Operations	19	**14,028.29**	11,919.66
II	Other Income	20	**247.56**	144.21
III	**Total Reveune (I+II)**		**14,275.85**	12,063.87
IV	**Expenses**			
	Employee Benefit Expenses	21	**8,573.70**	8,960.06
	Finance Costs	22	**1,442.60**	1,448.50
	Depreciation and Amortization Expense	23	**126.45**	193.93
	Other Expenses	24	**3,061.06**	3,270.15
	Total Expenditure		**13,203.81**	13,872.64
	Total Expenditure After Prior Period Adj		**13,203.81**	13,872.64
V	**Profit/ (Loss) before Exceptional Items and Tax (III-IV)**		**1,072.04**	-1,808.77
VI	Exceptional Items		**-**	-
VII	**Profit/ (Loss) before Extraordinary Items and Tax (V+VI)**		**1,072.04**	-1,808.77
VIII	Tax Expenses :		**-**	-
	i) Current Tax		**0.16**	-
	ii) Tax Adjustment relating to earlier year		**-**	-
	iii) Deferred Tax		**-**	-
IX	**Profit/ (Loss) after Tax for the period (IX-X)**		**1,071.88**	-1,808.77
X	**Other Comprehensive Income**			
	Acturial Gain/(Loss) on Defined benefit obligation		**-313.30**	-240.60
	Total Comprehensive Income		**758.58**	-2,049.37
XI	**Earning per Share of Rs. 10 each**			
	Basic	25	**6.43**	-10.85
	Diluted	25	**6.43**	-10.85
Significant Accounting Policies		**1**		
Notes forming part of the Financial Statement		**2-47**		

The accompanying notes are an integral part of the Financial Statements
This is the Balance Sheet referred to in our report of even date.

For and on Behalf of
Prakash Chandra Jain & Co.
Chartered Accountants
Firm Registration No. 002438C

Sd/-
Pratibha Sharma
Partner
Membership No:400755
UDIN: 20400755AAAACA5751

For and on behalf of the Board

Sd/-
Rajiv Bansal
Chairman
DIN - 00245460

Sd/-
V A Patwardhan
Director
DIN - 08701559

Sd/-
Arun Kumar Bansal
Chief Executive Office

Sd/-
Gagan Batra
Company Secretary
ACS-19523

Sd/-
Kapil Aseri
Chief Financial Officer

Place : New Delhi
Date : 18th November, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

(Amount in Millions)

A. Equity Share Capital	As at 31.03.2020		As at 31.03.2019	
	No. of Share	Amount	No. of Share	Amount
Balance at the beginning of the reporting period	**166,666,500**	**1,666.67**	166,666,500	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	**166,666,500**	**1,666.67**	**166,666,500**	**1,666.67**

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	
Opening Balance as at 1 April 2018	**-19,448.70**	-	-19,448.70
Profit/(Loss) for the period	-1,808.77	-	-1,808.77
Other Comprehensive Income/(loss)	-	-240.60	-240.60
Balance as at 31 March 2019	**-21,257.47**	-	-21,498.07
Opening Balance as at 1 April 2019	**-21,257.47**	-	**-21,498.07**
Effect of Deferred Tax Asset of earlier years	-	-	-
Profit/(Loss) for the period	1,071.88	-	1,071.88
Add/Less: Prior Period Adjustments	-2,713.83	-	-2,713.83
Other Comprehensive Income/(loss)	-	-313.30	-313.30
Balance as at 31 March 2020	**-22,899.42**	**-313.30**	**-23,453.32**

For and on Behalf of
Prakash Chandra Jain & Co.
Chartered Accountants
Firm Registration No. 002438C

Sd/-
Pratibha Sharma
Partner
Membership No:400755
UDIN: 20400755AAAACA5751

For and on behalf of the Board

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Chief Executive Office

Sd/-
Gagan Batra
Company Secretary
ACS-19523

Sd/-
Kapil Aseri
Chief Financial Officer

Place : New Delhi
Date : 18th November, 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

(Amount in Millions)

	Particulars	As at March 31, 2020		As at March 31, 2019	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net (Loss) / Profit Before Taxes:		**1,072.04**		-1,808.77
	Adjustment for :				
	Depreciation and amortisation	**126.45**		193.93	
	Net (Loss) / Profit from sale of Assets	**0.01**		-0.14	
	Interest on Call & Fixed Deposit	**-0.95**			
	Interest Expense	**1,442.60**		1,454.97	
	Other Adjustments	**-313.30**	**1,254.81**	-240.60	1,408.16
	Operating (Loss) / Profit Before Working Capital Changes		**2,326.85**		-400.61
	Change in Assets & Liabilities				
	Trade and Other Receivables	**-12,600.98**		-6,359.61	
	Trade and Other Payables	**3,856.89**		-1,332.86	
	Other Financial Assets & Other Assets	**-657.54**		729.35	
	Other Financial Liabilities & Other Liabilities	**8,584.97**	**-816.66**	8,715.02	1,751.91
	Cash flow from operations		**1,510.19**		1,351.31
	Income Tax Paid		**0.16**		-
	Net Cash Flow (used in)/ from Operating Activities		**1,510.03**		1,351.31
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Acquisition of fixed assets	**-39.97**		-14.32	
	Acquisition of other non current assets	**0.20**		156.74	
	Interest Income	**0.95**	**-38.82**	-	
	Net Cash Flow used in Investing Activities		**-38.82**		142.42
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Interest Expense	**-1,442.60**		-1,454.97	
	Net Cash Flow from/(used in) Financing Activities		**-1,442.60**		-1,454.97
	Net increase/ (Decrease) in Cash and Cash equivalents		**28.61**		38.75
	Cash and Cash equivalents (Opening balance)		**53.67**		14.92
	Cash and Cash equivalents (Closing balance)		**82.28**		53.67

Notes

1 The Cash Flow Statement has been prepared under the “Indirect Method” as set out in the Accounting Standard 3 (AS-3) 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
Prakash Chandra Jain & Co.
Chartered Accountants
Firm Registration No. 002438C

Sd/-
Pratibha Sharma
Partner
Membership No:400755
UDIN: 20400755AAAACA5751

For and on behalf of the Board

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Sd/-
Gagan Batra
Company Secretary
ACS-19523

Sd/-
Kapil Aseri
Chief Financial Officer

Place : New Delhi
Date : 18th November, 2020

Notes forming part of the financial statements as at and for the year ended March 31, 2020

NOTE “1”

A. CORPORATE INFORMATION

AI Engineering Services Limited (a wholly owned subsidiary of Air India 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: Airlines House 113, Gurudwara Rakabganj Road, New Delhi-110001. The company secured DGCA approval for providing MRO services from 1st January, 2015. The Company has entered into MOUs with its parent company, Air India Ltd and subsidiary companies of Air India Ltd, viz. ‘Air India Express Ltd’ and ‘Airline Allied Services Ltd’ for rendering their aircraft engineering related services. The company is also providing the Line Maintenance Services and MRO services to Indian and Foreign Third parties, mainly airlines.

B. ACCOUNTING CONVENTION

The Company has prepared these Financial Statements which comprise the Balance Sheet as at March 31, 2020, 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. Basis of preparation and 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 year, 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 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 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 (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. The standalone Financial Statements for the year ended 31st March, 2020 have been approved by Board of Directors of the Company in their meeting held on 18th November, 2020.

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 have 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.

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 recognised 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 recognised as and when fees are received.

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 method 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 consist of contributions to Employees Provident Fund and Employees State Insurance Scheme. As regard to the permanent employees of Air India Limited transferred to the company, the PF dues are deposited in the PF trusts created by Air India Limited. As regard to the other employees, PF dues are deposited with the office of EPFO by the company.

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, Leave Encashment and medical are actuarially determined under the Projected Unit Credit Method at the end of the financial year.

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 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 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.

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. THRESHOLD LIMIT

The Company has adopted following materiality thresh hold limits in the classification of expenses/

incomes and disclosure:

Thresh hold Items	Unit	Thresh hold Value
Prior Period Expenditure/Revenue		
- Restatement based on individual limits	Million	50.00
- Restatement based on overall limits	Million	1% of Total Revenue of previous financial year
Fair Valuation of Financial Instruments	Million	50.00

NOTE “2” : PROPERTY PLANT AND EQUIPMENT

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION				NET BLOCK	
		As at April 01, 2018	Add-itions	Other Adjust-ments	Deductions / Adjust-ments	As at March 31, 2019	As at April 01, 2018	For the year	Deductions / Adjust-ments	Total Upto March 31, 2019	As at March 31, 2019	As at April 01, 2018
TANGIBLE ASSETS :												
a)	Land	-										
b)	Buildings	-										
c)	Plant & Equipment											
	Workshop Equipment,		4.13	-	-0.81	1,405.52	628.86	178.73	-0.77	806.83	598.69	773.34
	Instruments,	1,402.20										
	Machinery and Plants	86.11	5.81	-	-0.71	91.21	19.93	10.12	-0.60	29.46	61.75	66.18
d)	Furniture & Fixtures	7.41	2.63	-	-	10.04	1.37	0.95	-	2.32	7.72	6.04
e)	Electrical Fittings	0.20	0.11	-	-	0.30	0.04	0.03	-	0.07	0.24	0.16
f)	Computer System	2.23	2.94	-	-	5.16	1.36	1.64	-	2.99	2.17	0.87
g)	Vehicles	10.26	-	-	-2.60	7.65	1.34	0.91	-0.29	1.95	5.70	8.92
h)	Office Equipment	6.81	1.31	-	-	8.12	2.50	1.55	-	4.05	4.07	4.31
TOTAL FOR TANGIBLE ASSETS		**1,515.22**	**16.93**	**-**	**-4.12**	**1,528.02**	**655.40**	**193.93**	**-1.66**	**847.67**	**680.34**	**859.82**
INTANGIBLE ASSETS :		-	-	-	-	-	-	-	-	-	-	-
a)	Goodwill	-	-	-	-	-	-	-	-	-	-	-
b)	Brands/trademarks	-	-	-	-	-	-	-	-	-	-	-
c)	Computer Software	-	-	-	-	-	-	-	-	-	-	-
d)	Licenses & Franchise		-	-	-	2,713.83	-	-	-	-	2,713.83	2,713.83
		2,713.83										
TOTAL FOR INTANGIBLE ASSETS		2,713.83	-	-	-	2,713.83	-	-	-	-	2,713.83	2,713.83
TOTAL		4,229.04	16.92	-	-4.12	4,241.85	655.40	193.93	-1.66	847.67	3,394.18	3,573.65
PREVIOUS YEAR		4,112.84	116.84	-	-0.64	4,230.31	423.31	232.69	-0.60	655.40	3,573.65	3,689.53

Note : 1. As per MOU entered between Air India Limited (AIL) & Air India Engineering Services Limited (AIESL) dated 5th April, 2013 Air India Limited shall trasnfer all its movable assets such as machinery, equipment etc. pertaining to MRO unit of AIL to AIESL at a written down value of such moveable assets as on 01-04-2014. It was clarified by MOU that written down value of movable assets trfansferred from AIL to AIESL shall be the cost of these assets transferred and shall form part of initial equity contribution.

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION				NET BLOCK	
		As at April 01, 2019	Addi-tions	Other Adjust-ments	Deductions / Adjust-ments	As at March 31, 2020	As at April 01, 2019	For the year	Deductions/ Adjust-ments	Total Upto March 31, 2020	As at March 31, 2020	As at March 31, 2019
TANGIBLE ASSETS :												
a)	Land	-	-	-	-	-	-	-	-	-	-	-
b)	Buildings	-	-	10.42	-	10.42	-	0.16	4.79	4.95	5.47	-
c)	Plant & Equipment	-	-	-	-	-	-	-	-	-	-	-
	Workshop Equipment,		26.40	-	-0.09	1,431.83	806.83		-0.07	917.22	514.61	598.69
	Instruments,	1,405.52						110.47				
	Machinery and Plants	91.21	0.62	-	-	91.83	29.46	10.00	-	39.46	52.37	61.75
d)	Furniture & Fixtures	10.04	1.52	-	-	11.56	2.32	1.10	-	3.42	8.14	7.72
e)	Electrical Fittings	0.30	0.17	-	-	0.47	0.07	0.04	-	0.11	0.36	0.24
f)	Computer System	5.16	2.40	-	-	7.57	2.99	1.74	-	4.74	2.83	2.17
g)	Vehicles	7.65	-	-	-	7.65	1.95	0.87	-	2.83	4.83	5.70
h)	Office Equipment	8.12	3.22	-	-	11.34	4.05	2.06	-	6.10	5.24	4.07
TOTAL FOR TANGIBLE ASSETS		**1,528.02**	**34.33**	**10.42**	**-0.09**	**1,572.67**	**847.67**	**126.44**	**4.72**	**978.83**	**593.85**	**680.34**
INTANGIBLE ASSETS :		-	-	-	-	-	-	-	-	-	-	-
d)	Licenses & Franchise		-	-	-2,713.83	-	-	-	-	-	-	2,713.83
		2,713.83										
	(Refer Note 43)	-	-	-	-	-	-	-	-	-	-	-
TOTAL FOR INTANGIBLE ASSETS		2,713.83	-	-	-2,713.83	-	-	-	-	-	-	2,713.83
TOTAL		4,241.85	34.34	10.42	-2,713.91	1,572.69	847.67	126.44	4.71	978.84	593.85	3,394.18
PREVIOUS YEAR		4,229.04	16.92	-	-4.12	4,241.84	655.40	193.93	-1.66	847.67	3,394.18	3,573.65

Note : 1. As per MOU entered between Air India Limited (AIL) & Air India Engineering Services Limited (AIESL) dated 5th April, 2013 Air India Limited shall trasnfer all its movable assets such as machinery, equipment etc. pertaining to MRO unit of AIL to AIESL at a written down value of such moveable assets as on 01-04-2014. It was clarified by MOU that written down value of movable assets trfansferred from AIL to AIESL shall be the cost of these assets transferred and shall form part of initial equity contribution.

NOTE "3" : OTHER NON CURRENT FINANCIAL ASSET

(Amount in Millions)

Particulars	As at March 31st, 2020	As at March 31st, 2019
Deposits - Others (More than 12 Months)	**0.06**	0.06
TOTAL	**0.06**	0.06

NOTE ''4" : OTHER NON- CURRENT ASSETS

(Amount in Millions)

Particulars	As at March 31st, 2020	As at March 31st, 2019
Advances Recoverable in Cash or Kind	**-**	-
Capital Advances	**-**	-
Security deposit with DGCA	**-**	0.20
Other	**-**	-
TOTAL	**-**	0.20

NOTE "5" : INVENTORY

(Amount in Millions)

Particulars	As at March 31st, 2020	As at March 31st, 2019
Stores and Spare Parts	**20.53**	19.06
Loose Tools	**453.56**	399.25
Fuel, Gas, Coal, Oil and lubricants	**1.14**	1.34
Non-Aircraft Inventory	**6.38**	6.38
Other Inventory	**271.01**	206.35
TOTAL	**752.62**	632.38

NOTE "6" : TRADE RECEIVABLES

(Amount in Millions)

Particulars	As at March 31st, 2020	As at March 31st, 2019
Secured, Considered Good		
Unsecured, Considered Good	**26,686.33**	14,085.35
Trade Receivables having significant increase in Credit Risk	**446.97**	284.75
Trade Receivables - Credit Impaired	**-**	-
	27,133.30	14,370.10
Less : Allowance for Doubtful	**446.97**	284.75
TOTAL	**26,686.33**	14,085.35

NOTE “7” : CASH AND BANK BALANCES

(Amount in Millions)

Particulars	As at March 31st, 2020	As at March 31st, 2019
Balances with Banks		
a) In Current Accounts	**82.07**	53.03
b) In Deposit Accounts (Maturity less than12 months)	**-**	-
C) Cash in Hand	**0.15**	0.63
Cheques, Drafts on Hand	**0.06**	0.01
TOTAL	**82.28**	53.67

NOTE ‘’8” : BANK BALANCES OTHER THAN CASH EQUIVALENTS

(Amount in Millions)

Particulars	As at March 31st, 2020	As at March 31st, 2019
Balance with Banks		
In Margin Money Deposits (3 < Maturity < 12)	**33.75**	25.11
TOTAL	**33.75**	25.11

NOTE ‘’9” :CURRENT LOANS

(Amount in Millions)

Particulars	As at March 31st, 2020	As at March 31st, 2019
Advances		
Secured - Considered Good		
Unsecured-Considered Good (Inter Company)	**-**	-
Security Deposits	**3.91**	3.08
TOTAL	**3.91**	3.08

NOTE “10” : CURRENT TAX ASSETS

(Amount in Millions)

Particulars	As at March 31st, 2020	As at March 31st, 2019
Total Advance payment for Income Tax and TDS	**1,125.14**	715.66
Balances with Statutory / Govt Authorities	**-**	-
TOTAL	**1,125.14**	715.66

NOTE "11" : OTHERS-CURRENT ASSET

(Amount in Millions)

Particulars	As at March 31st, 2020	As at March 31st, 2019
Prepaid Expenses	**16.38**	-0.00
Advances Recoverable in Cash or Kind	**227.06**	125.85
Interest accrued on investment	**2.11**	1.34
TOTAL	**245.55**	127.19

NOTE "12" : SHARE CAPITAL

(Amount in Millions)

	Particulars	As at March 31, 2020		As at March 31, 2019	
		No. of Shares	Amount	No. of Shares	Amount
a)	**AUTHORISED**				
	1000,000,000 Equity Shares (Previous Year : 10,000,000) of Rs.10 each	**1,000,000,000**	**10,000.00**	1,000,000,000	10,000.00
		1,000,000,000	**10,000.00**	1,000,000,000	10,000.00
b)	**ISSUED, SUBSCRIBED AND FULLY PAID-UP SHARES**				
	1666,66,500 Equity Shares of Rs. 10 each	**166,666,500**	**1,666.67**	166,666,500	1,666.67
		166,666,500.00	**1,666.67**	166,666,500.00	1,666.67

c) Reconciliation of number of shares :

(Amount in Millions)

	Particulars	As at March 31, 2020		As at March 31, 2019	
		No. of Shares	Amount	No. of Shares	Amount
	Equity Shares at the beginning of the year	**166,666,500**	**1,666.67**	166,666,500	1,666.67
	Add : Equity Shares Allotted during the year	**-**	**-**	-	-
	Equity Shares at the end of the year	**166,666,500**	**1,666.67**	166,666,500	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. 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 distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

e) Details of Shares held by the Holding Company, Subsidiary & Associates

(Amount in Millions)

	Particulars	As at March 31, 2020		As at March 31, 2019	
		No. of Shares	**Amount**	**No. of Shares**	**Amount**
	Shares held by Holding Company				
	Air India Limited	**166,666,500**	**1,666.67**	166,666,500	1,666.67

f) Details of Shareholders holding more than 5%

(Amount in Millions)

	Particulars	As at March 31, 2020		As at March 31, 2019	
		No. of Shares	**Amount**	**No. of Shares**	**Amount**
	Air India Limited	166,666,500	1,666.67	166,666,500	1,666.67

g) Details of Shares Issued & Allotted as fully paid up pursuant to contract without payment being received in cash

(Amount in Millions)

	Particulars	As at March 31, 2020		As at March 31, 2019	
	1666,16,500 Equity 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)	-	-	-	-

NOTE "13" : OTHER EQUITY

(Amount in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Surplus / (Deficit) as per Statement of Profit & Loss		
Opening Balance	-21,498.07	-19,448.70
Add/Less Prior Period Adjustments	-2,713.83	-
Profit / (Loss) for the year	758.58	-2,049.37
Closing Balance	-23,453.32	-21,498.07
TOTAL	**-23,453.32**	**-21,498.07**

NOTE "14" : NON CURRENT PROVISIONS

(Amount in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Employee Benefits		
a) Gratuity	**2,596.61**	2,624.90
b) Leave Encashment	**1,766.51**	1,796.37
c) Medical	**2,190.97**	1,906.90
TOTAL	**6,554.09**	6,328.17

NOTE "15" : TRADE PAYABLES

(Amount in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Due to Micro and Small Enterprises	**-**	-
Others Payables	**4,516.44**	659.55
(Refer Point no. '13' of Note No. 21)		
TOTAL	**4,516.44**	659.55

NOTE "16" : OTHER CURRENT FINANCIAL LIABILITY

(Amount in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Security Deposit	**21.02**	19.66
Earnest Money Deposit	**4.55**	4.17
Loan & Advances	**104.50**	129.84
Payable to Employees	**417.19**	348.60
Holding Company - Air India Limited- Current Account	**-**	-
Inter company Payable/Receivable	**31,327.01**	27,003.84
Others	**80.23**	26.52
TOTAL	**31,954.50**	27,532.63

NOTE "17" : CURRENT PROVISIONS

(Amount in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision		
For employees Benefits		
a) Gratuity	**626.28**	593.98
b) Leave Encashment	**451.63**	454.57
c) Other Benefits	**107.22**	90.04
Other than employees	**1,922.12**	423.12
TOTAL	**3,107.25**	1,561.71

NOTE "18" : OTHER CURRENT LIABILITIES

(Amount in Millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Other Payables(Net)	**-**	-
Advance from Customers	**-**	-
Forward Sales	**-**	-
others	**-**	-
Statutory Dues	**5,177.87**	2,786.21
TOTAL	**5,177.87**	2,786.21

NOTE "19" : REVENUE FROM OPERATION

(Amount in Millions)

Sr. No.	Particulars	2019-20	2018-19
1	**Sales of Services**		
	Technical Handling Services Reveune	**3,390.27**	142.38
	Other Servicing Revenue	**10,167.88**	11,494.27
		13,558.15	11,636.65
2	**Other Operating Revenue**		
	Engineering Training Reveune	**253.37**	43.52
3	**Incidental Revenue**	**216.78**	239.49
	Total reveune from operation	**14,028.29**	11,919.66

NOTE "20" : OTHER INCOME

(Amount in Millions)

Sr. No.	Particulars	2019-20	2018-19
1	Other Income	**35.86**	1.95
2	Interest Income	**211.70**	142.26
	TOTAL	**247.56**	144.21

NOTE "21" : EMPLOYEE BENEFIT EXPENSES

(Amount in Millions)

Sr. No.	Particulars	2019-20	2018-19
1	Salaries, Wages & Bonus	**7,221.98**	7,593.38
2	Contribution to Provident and Other Funds	**316.01**	363.63
3	Staff Welfare Expenses	**415.34**	402.23
4	Provision for Gratuity	**341.83**	323.07
5	Provision for Leave Encashment	**278.55**	277.75
	TOTAL	**8,573.71**	8,960.06

NOTE "22" : FINANCE COST

(Amount in Millions)

Sr. No.	Particulars	2019-20	2018-19
1	Interest Expenses	**1,442.60**	1,448.50
	TOTAL	**1,442.60**	1,448.50

NOTE "23" : DEPRECIATION AND AMORTIZATION EXPENSE

(Amount in Millions)

Sr. No.	Particulars	2019-20	2018-19
1	Depreciation of Tangible Assets	**126.45**	193.93
	TOTAL	**126.45**	193.93

NOTE "24" : OTHER EXPENSES

(Amount in Millions)

Sr. No.	Particulars	2019-20	2018-19
1	Insurance Expenses	**33.37**	0.71
2	Material Consumed-Aircraft	**161.93**	222.01
3	Outside Repairs-Aircraft	**-**	-
4	Handling Charges	**244.54**	283.70
5	Communication Charges	**10.18**	8.71
6	Travelling Expenses	**143.11**	152.08
7	Rent	**1,158.06**	1,156.11
8	Rates and Taxes	**97.58**	40.55
9	Conveyance Expenses	**-**	-
10	Repair Maintenance:		
	i) Buildings	**27.11**	9.46
	ii) Others	**255.15**	340.34
11	Hire of Transport	**112.73**	80.24
12	Hire of Manpower	**-**	-
13	Fees to DGCA	**3.69**	2.50
14	Electricity & Heating Charges	**393.18**	400.67
15	Consumption of Gas & Fuel	**-**	-
16	Water Charges	**8.18**	17.10
17	Publicity & Sales Promotion	**0.40**	0.46
18	Printing and Stationery	**4.76**	14.03
19	Professional & Legal Charges	**18.08**	14.01
20	Auditors' Remuneration and Expenses		

Sr. No.	Particulars	2019-20	2018-19
	i) Audit Fees	**0.33**	0.22
	ii) Other Expenses	**0.03**	0.02
21	Other Audit Expenses	**3.18**	0.61
22	Bank Charges	**0.35**	0.18
23	Other Expenses	**222.90**	235.35
24	Exchange Variation	**-**	6.47
25	Loss on Sale of Assets/Scrap	**0.01**	-0.14
26	Passenger Amenities	**-**	-
27	Provision for Doubtful Debts	**162.22**	284.75
	TOTAL	**3,061.07**	3,270.14

NOTE “25” : EARNING PER SHARE

Disclosure of Earnings Per Share (EPS) computation as per Indian Accounting Standard -33 of the Institute of Chartered Accountants of India:

(Amount in Millions)

Particulars	2019-20	2018-19
Profit available for appropriation as per Profit & Loss Account	**1,071.88**	-1,808.77
Weighted average No. of equity shares outstanding during the year	**166,666,500**	166,666,500
Basic and Diluted EPS (Amount in Rupees)	**6.43**	-10.85
Face value per equity share	**10.00**	10.00

Notes forming part of the financial statements as at and for the year ended March 31, 2020

26. Disinvestment Process:

(i) In view of the NITI Aayog recommendations on the disinvestment of 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 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

The Transaction Advisor, Legal Advisor and Asset Valuer have also been appointed to guide the Government and to carry forward the process of Disinvestment.

(ii) The AISAM in its meetings held on September 21, 2017 and October 05, 2017 decided that :

a) The following Four Subsidiaries of Air India be demerged and parked in the newly created Special Purpose Vehicle (SPV):

i) AI Engineering Services Limited (AIESL),

ii) AI Airport Services Ltd (AIASL)

iii) Alliance Air Aviation Limited, (AAAL)

iv) Hotel Corporation of India (HCI)

b) A Special Purpose Vehicle (SPV) be created for warehousing accumulated working capital loan not backed by any asset along with four subsidiaries AIATSL, AASL, AIESL, HCI, non-core assets, paintings & artifacts and other non- operational assets. This entity be named "**Air India Assets Holding Limited**".

(iii) Pursuant to the above decision of the AISAM, the SPV **Air India Assets Holding Limited** (AIAHL) was formed.

(iv) The Ministry of Civil Aviation vide their Letter No. AV.17046/368/2017- AI dated November 03, 2017 directed Air India to demerge the above mentioned four subsidiaries to park it in the SPV. It further directed to transfer the investment in the shares of the subsidiary companies namely AIASL, AASL, AIESL and HCI from Air India to the SPV company at book values (at value shown in the Balance Sheet as at March 31, 2017 with any addition to "Equity" thereto during the year)

(v) The Board of Air India in its 82nd Board meeting held on November 17, 2017 had given in-principle approval for transferring the interest of Air India in the subsidiary companies viz. AIATSL, AIESL, AASL and HCI to the SPV after following the necessary procedures under the Companies Act, 2013 and other legal formalities as may be recommended by the legal advisor.

As on date Ministry of Civil Aviation (MOCA) has not taken any decision for disinvestment of AI Engineering Service Limited (AIESL) and will separately decide the contours of the mode of disposal of AIESL.

27. Contingent Liabilities:

Disputed Claims / Levies (Including Interest, if any):

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:

Amount in Millions

Sr no.	Description	Balance as on March 31, 2020	Balance as on March 31, 2019
(i)	Income Tax Demand Notices received by the Company which are under Appeal (*)	641.71	Nil
(ii)	Other Claims on account of Staff/Civil/Arbitration Cases pending in Courts	Amount not ascertainable	Amount not ascertainable
	TOTAL	641.71	Nil

<u>**Explanatory Statement in respect of Other Contingent Liabilities**</u>

Income Tax Demand Notices received by the Company which are under Appeal:

FY	Amount of Rent	Amount of Interest	Total amount of Default u/s 210(1)	Total Amount of Interest u/s 210(1A)	Total Demand
2014-15	16,23,70,374		1,62,37,037	1,16,90,666	2,79,27,703
2015-16	21,32,31,680	5,63,90,370	2,69,62,205	1,61,77,323	4,31,39,528
2016-17	23,90,18,420	18,18,36,002	4,20,85,442	2,02,01,012	6,22,86,454
2017-18	25,85,99,324	1,09,85,91,060	13,57,19,038	4,88,58,853	18,45,77,891
2019-20	1,15,61,14,683	1,45,49,70,001	26,11,08,468	6,26,66,032	32,37,74,500
	2,02,93,34,481	**2,79,17,87,433**	**48,21,12,190**	**15,95,93,886**	**64,17,06,076**

28. Capital Commitments

Capital Commitments are in respect of estimated amount of contracts remaining to be executed on Capital Account is NIL. (Previous Year NIL)

29. Confirmations/Reconciliations

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 obtained the balance confirmation of balances receivables from the holding company and all the subsidiary companies and sister concern of the holding company, which consist of 94.51% (Pervious year 94.34%) of receivables of the company and reconciliation has been completed and balance confirmations have been obtained.

30. Physical Verification & Reconciliation

a. Property, Plant and Equipment (PPE)

As per policy of the company, the biennial exercise of physical verification of PPE which was due to be completed in the Biennial year 2018-20 could not be completed due to Global pandemic of COVID-19.

b. Physical Verification of Inventory

As per policy of the company, exercise of physical verification of inventory which was due to be completed in the Biennial year 2019-20 could not be completed due to Global pandemic of

COVID-19.

31. 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.

32. Revenue Related Matters:

The total revenue from Operation during FY 2019-20 is Rs. 14,028.29 Million as against Rs. 11,919.66 Million during FY 2018-19, leading to increase of Rs. 2,108.63 Million. The percentage of revenue from group Co. is 86.95% (PY 91.08%) and percentage of revenue from third party is 13.05% (PY 8.92%). Out of the total increase in Operating Revenue is mainly because of increase in revenue from Group Cos. to the tune of Rs. 2,108.63 Million and third party revenue from 1,063.81 Million to 1,831.38 Million. The Master Service Agreement (MSA) between AIESL and AIL during FY 2017-18 and 2018-19 was based on Block Hour basis, however, Block Hour rate was revised w.e.f. 1st April, 2019 which is based on activities. This revision in the MSA has been done to further rationalize and have related party transactions at arms- length price.

33. Segment Reporting :

The company is engaged in MRO (Maintenance, Repair & Overhaul of aircraft, engines & components) services, which is its primary and only reportable business segment.

34. Retirement Benefits

i. Contributions to Defined Contribution Schemes such as Provident Fund are charged to the Profit & Loss Account as follows:

Provident Fund Rs. 310.21 Million (Previous Year Rs. 353.35 Million)

ii. The Company also 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 IndAS19 issued by the Institute of Chartered Accountants of India.

a. Privilege Leave Encashment is payable to all eligible employees at the time of retirement, which is unfunded. Leave Encashment liability for the current financial year is Rs. 2,218.14 Million (Previous Year Rs. 2250.94 Million).

b. Defined Benefit Plan-Gratuity (Unfunded) :

The Company has a defined benefit gratuity plan in India (unfunded). The company's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund. Gratuity is paid from company as and when it becomes due and is paid as per company scheme for Gratuity. During the year, there were no plan amendments, curtailments and settlements.

Movement in net Defined Benefit (Asset) / Liability:

Gratuity & Medical

a) **Reconciliation of balances of Defined Benefit Obligation**:

(Amount in Million)

Particulars	Gratuity – Unfunded		Medical – Unfunded	
	2019-20	2018-19	2019-20	2018-19
Defined Obligation at the beginning of the year	3,218.9	3252.5	1976.9	1682.7
Interest Cost	247.5	250.8	153.8	130.6
Current Service Cost	86.3	72.9	23.7	28.7
Past Service Cost	-	-	-	-
Liability transferred out/Disinvestments	-	-	-	-
Benefits Paid directly by the employer	(518.1)	(461.5)	(6.3)	(1.5)
Benefit paid from the fund	-	-	-	-
Actuarial (Gain) / Losses on obligation				
Demographic Assumptions	-	-	-	-
Changes in financial Assumptions	105.4	2.5	(243.9)	(4.6)
Experience Adjustments	82.9	101.7	(118.9)	(141.0)
Defined Benefit Obligation at the end of the year	3,222.9	3218.9	2,273.1	1976.9

Amount recognized in Balance Sheet:

(Amount in Million)

Particulars	Gratuity – Unfunded		Medical – Unfunded	
	2019-20	2018-19	2019-20	2018-19
Liability at the end of the year	(3,222.9)	(3,218.9)	(2,273.1)	(1,976.9)
Funded Status Surplus/(Deficit)	(3,222.9)	(3,218.9)	(2,273.1)	(1,976.9)
Amount Recognized in the Balance Sheet	(3,222.9)	(3,218.9)	(2,273.1)	(1,976.9)

b) **Amount Recognized in Statement of Profit & Loss**

(Amount in Million)

Particulars	Gratuity – Unfunded		Medical – Unfunded	
	2019-20	2018-19	2019-20	2018-19
Current Service Cost	86.3	72.9	23.7	28.7
Interest Cost	247.5	250.8	153.8	130.6
Past Service Cost	-	-	-	-
Interest Income	-	-	-	-
Expenses for the year	333.8	323.7	177.5	159.3

Amount Recognized in Other Comprehensive Income

(Amount in Million)

Particulars	Gratuity – Unfunded		Medical – Unfunded	
	2019-20	2018-19	2019-20	2018-19
Actuarial (Gains)/Losses on Obligation For the Period	188.3	104.2	125.0	136.4
Return on Plan Assets	-	-	-	-
TOTAL	**188.3**	**104.2**	**125.0**	**136.4**

c) **Major Actuarial Assumptions**

Particulars	Gratuity – Unfunded		Medical – Unfunded	
	2019-20	2018-19	2019-20	2018-19
Discount Rate (%)	7.83%	7.69%	6.81%	7.78%
Salary Escalation / Inflation (%)	5.50%	5.50%	-	-
Medical Cost Inflation	-	-	4.00%	4.00%
Rate of Employee Turnover	2.00%	2.00%	2.00%	2.00%
Expected Return on Plan Assets (%)	-	-	-	-

d) **Sensitivity Analysis**

Sensitivity Analysis for significant actuarial assumptions, showing how the defined benefit obligation would be affected, considering increase / decrease of 1% as at 31 March 2020 and 31 March 2019 is given below:

(Amount in Million)

Particulars	Gratuity		Medical	
	2019-20	2018-19	2019-20	2018-19
+1 % change in rate of Discounting	(121.8)	(119.9)	(250.8)	(209.6)
-1 % change in rate of Discounting	133.3	130.7	309.6	256.5
+1 % change in rate of Medical cost Inflation	-	-	315.6	264.1
-1 % change in rate of Medical Cost Inflation	-	-	(259.1	(218.3)
+1 % change in rate of Salary Increase	92.8	96.0	-	-
-1 % change in rate of Salary Increase	(93.0)	(95.3)	-	-
+1 % change in rate of Employee Turnover	13.7	18.8	-	-
-1 % change in rate of Employee Turnover	(14.7)	(20.1)	-	-

35. 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 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.

36. Deferred tax assets / (liabilities)

The company had losses since inception except current financial year i.e. 2019-20 and 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 IndAS 12 “Income Taxes” the existence of unused tax losses is strong evidence that future taxable profit may not be available. Hence based on the same Deferred Tax assets / Liabilities has not been created.

37. Uncertainty over Income Tax Treatments (Appendix – C to Ind AS 12)

Ind AS 12 Appendix – C, Uncertainty over Income tax treatments: On March 30, 2019 the ministry of corporate affairs has notified Ind AS 12 Appendix – C, Uncertainty over Income tax treatments, which is to be applied while performing the determination of taxable profit (loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments that company have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining tax profits (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

38. 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 2019-20.

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	Air India Limited	Holding Company

ii. List of Fellow Subsidiary Companies:

Sr. No.	Name of Company	Relationship
1	Hotel Corporation of India Limited (HCI)	Fellow Subsidiary
2	Air India Airport Services Limited (AIASL)	Fellow Subsidiary
3	Air India Express Limited (AIEL)	Fellow Subsidiary
4	Alliance Air Aviation Limited (AAAL)	Fellow Subsidiary
5	Air India SATS Airport Services Private Limited (Other than Government related entities)	Fellow Joint Venture

A. Board of Directors

Sr. No.	Name of Director	Designation	Remark
1	Shri Ashwani Lohani	CMD, Air India Limited	Chairman (up to 14th Feb. 2020)
2	Shri Rajiv Bansal	CMD, Air India Limited	Chairman (w.e.f. 14th Feb. 2020)
3	Shri Arun Kumar	AS&FA, MOCA	Government Nominee Director (up to 10th Jul. 2019)
4	Shri Satyendra Kumar Mishra	Jt. Secretary, MOCA	Government Nominee Director
5	Shri Vimalendra Anand Patwardhan	JS & FA, MOCA	Government Nominee Director w.e.f. 20th Mar. 2020

Sr. No.	Name of Director	Designation	Remark
6	Praveen Garg	AS & FA, MOCA	Government Nominee Director w.e.f. 21st Aug 2019 Up to 28th Jan. 2020
7	Shri Vinod Hejmadi	Director – Finance, Air India Limited	Air India Nominee Director (up to 11th Sep. 2020)
8	Ms. Meenakshi Mallik	Director – Commercial, Air India Limited	Air India Nominee Director & Woman Director w.e.f. 11th Sep. 2020

B. Key Managerial Personnel

Sr. No.	Name of Key Managerial Personnel	Designation
1.	Shri H.R. Jagannath	Chief Executive Officer Up to 31st Oct. 2020
2.	Shri Arun Kumar Bansal	Chief Executive Officer w.e.f. 1st Nov. 2020
3.	Shri Kapil Aseri	Chief Financial Officer
4.	Shri Gagan Batra	Company Secretary

C. Related Party Transactions

i. There are no transactions with Key Managerial Personnel except remuneration and perquisites to Chief Executive Officer. During the year 2019-20 an amount of Rs. 3.03 Million (PY Rs. 3.03 Million) has been paid as remuneration to Chief Executive Officer.

ii. Transactions such as providing MRO 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 during the year.

iv. 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	2019-20 (Amount in Million)	2018-19 (Amount in Million)
1.	**Air India Ltd (AIL)**		
	Revenue from operation	**10495.65**	**9,448.62**
	Expenditure		
	Interest on dues to AI	1,351.78	1,358.65
	Rent Premises	1146.97	1,154.05
	Electricity & Heating Charges	341.81	351.02
	Cost of goods Sold	17.45	170.09
	Salaries - Staff / Hire of Man power	(-)473.92	113.76

	Staff Medical Expenses	104.95	113.06
	Maintenance of IT Equipments	42.18	60.65
	Salaries - Casual Labour	38.44	52.10
	Other Expenses	181.80	249.09
	Total Expenditure	2751.46	3,622.47
	Closing Balance (Payable)	**14,209.85**	**17,181.66**
	Alliance Air Aviation Limited (AAAL)		
	Income		
	Revenue from operation	553.16	417.16
	Other Income (Interest)	89.02	44.58
	Expenditure		
	Total Expenditure	23.31	43.47
	Closing Balance (Receivable)	**1,310.24**	**757.11**
	Air India Airport Services Limited (AIASL)		
	Revenue from Operation	23.67	77.48
	Expenditure		
	Handling Charges	76.79	9.82
	Manpower Cost	9.52	23.31
	Interest on dues AIATSL	90.79	86.27
	Closing Balance (Payable)	**1,014.70**	**1003.55**
	Air India Express Limited (AIXL)		
	Income		
	Revenue from operation	1124.14	912.20
	Other Income (Interest)	107.11	96.03
	Expenditure		
	Total Expenditure	12.97	43.47
	Closing Balance (Receivable)	**1,342.51**	**1,144.89**
	Air India SATS Airport Services Private Limited (AISATS)		
	Revenue from operation	**0.27**	**0.39**
	Expenditure		
	Handling Charges	142.50	239.84
	Hire of Manpower on contract	12.43	15.18
	Closing Balance (Payable)	**737.84**	**558.79**
	Centaur Hotel (HCI)		
	Expenditure		
	Hotel Expenses- Staff on Duty	17.18	36.03
	Closing Balance (Payable)	**34.99**	**51.29**

39. Corporate Compliance

As per Companies Act 2013, Sec 149(4), the Company has not appointed independent director. Consequently, the Audit Committee has no independent director. There is no remuneration committee as per Section 178.

40. Remuneration to Auditors

The details of the Statutory audit fees and expenses of the Auditors:

(Amount in Million)

Particulars	**2019-20**	**2018-19**
Statutory Audit Fees - For the Year	0.33	0.22
Out of Pocket Expenses	0.03	0.02
Total	0.36	0.24

41. Fair value measurement and financial instruments

a. 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, 2020 **(Amount 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*			26,686.43	26,686.43	-	-	-
Loans			-	-	-	-	-
Cash & Cash Equivalents*			81.24	81.24	-	-	-
Bank Balance other than above			33.75	33.75	-	-	-
TOTAL			**26,801.48**	**26,801.48**	-	-	-
Financial liabilities							
Non-Current			-	-	-	-	-
Current							
Trade Payables*			4,516.50	4,516.50	-	-	-
Other Financial Liabilities			30,664.36	30,664.36	-	-	-
TOTAL			**35,180.86**	**35,180.86**	**-**	-	-

As on 31 March 2019 **(Amount 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			0.26	0.26	-	-	-
Current							
Trade Receivable*			14085.35	14085.35	1,902.00	-	-
Loans			3.08	3.08	-	-	-
Cash & Cash Equivalents*			53.67	53.67	53.67	-	-
Bank Balance other than above			25.11	25.11	25.11	-	-
TOTAL			**14,167.47**	**14,167.47**	**1,980.78**	-	-
Financial liabilities							
Non-Current			-	-	-	-	-
Current							
Trade Payables*			659.55	659.55	-	-	-
Other Financial Liabilities			27,485.23	27,485.23	18,744.00	-	-
TOTAL			**28,144.78**	**28,144.78**	**18,744.00**	-	-

(i) 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.

b. 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.

42. 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 receivable as at year end primarily includes Rs. 26,652.46 Million as on 31st March 2020 (Previous Year as on 31st March 2019 Rs. 14,085.35 Million) relating to revenue generated from MRO services.

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. 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.

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 providing using following rates:

Bucket	As at March 31, 2020	As at March 31, 2019
Government Company past due more than three years	100.00 %	0.00 %
Group Company	0.00 %	0.00 %
Other Parties past due greater than one year and up to three years	2.11%	0.00 %
Other Parties past due more than three years	100.00 %	100.00 %
Specific Credit Risk impairment on individual basis	100.00 %	100.00 %

The Companies exposure to credit risk for trade receivables is as follows:

(Amount in Million)

Particulars	As at 31st March 2020		As at 31st March, 2019	
	Gross Carrying Amount	Loss Allowance	Gross Carrying Amount	Loss Allowance
Debts not due	0.00	0.00	0.00	0.00
Debts over due	14,085.35	14,085.35	7725.74	7725.74
	14,085.35	14,085.35	7725.74	7725.74

Movement in the allowance for impairment in respect of trade receivables:

(Amount in Million)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Balance at the beginning of the Year	284.75	Nil
Movement during the year	162.22	284.75
Balance at the end of the Year	446.97	284.75

(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 amount are gross and undiscounted, and includes interest accrued but not due on building.

(Amount in Million)

As at 31st March 2020	Carrying amount	Contractual Cash Flows				
		Upto 1 year	1-3 Year	3-5 Year	More than 5 years	Total
Current						
Trade Payables	4,516.50	4,516.50	-	-	-	4,516.50
Other Financial Liabilities	30,664.36	30,664.36	-	-	-	30,664.36

(Amount in Million)

As at 31st March 2019	Carrying amount	Contractual Cash Flows				
		Upto 1 year	1-3 Year	3-5 Year	More than 5 years	Total
Current						
Trade Payables	659.55	659.55	-	-	-	**659.55**
Other Financial Liabilities	27,485.23	27,485.23	-	-	-	**27,485.23**

(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.

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 31 March 2020 and 31 March 2019 are as below:

As at 31st March 2020

Particulars	USD	EUR	GBP	AED	NPR	OMR	SGD	THB	CHF	QAR	AUD
Financial Assets	-										
Trade Receivables	-	-	-	-	-	-	-	-	-	-	-

Particulars	USD	EUR	GBP	AED	NPR	OMR	SGD	THB	CHF	QAR	AUD
Cash and Cash equivalents	-	-	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-	-
Other Financial Assets	-	-	-	-	-	-	-	-	-	-	-
Total Financial Assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Financial Liabilities	-	-	-	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-	-	-	-
Other Financial Liabilities	-	-	-	-	-	-	-	-	-	-	-
Trade Payables	-	-	-	-	-	-	-	-	-	-	-
Total Financial Liabilities											

As at 31st March 2019

Particulars	USD	EUR	GBP	AED	NPR	OMR	SGD	THB	CHF	QAR	AUD
Financial Assets	-										
Trade Receivables	-	-	-	-	-	-	-	-	-	-	-
Cash and Cash equivalents	-	-	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-	-
Other Financial Assets	-	-	-	-	-	-	-	-	-	-	-
Total Financial Assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Financial Liabilities	-	-	-	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-	-	-	-
Other Financial Liabilities	-	-	-	-	-	-	-	-	-	-	-
Trade Payables	-	-	-	-	-	-	-	-	-	-	-
Total Financial Liabilities											

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 amounts 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, 2020	Strengthening	Weakening
0.5% Movement	NIL	NIL
USD	NIL	NIL
Effect in INR (before tax)	**Profit or Loss**	

Effect in INR (before tax)	Profit or Loss	
For the year ended on 31st March, 2019	Strengthening	Weakening
0.5% Movement	NIL	NIL
USD	NIL	NIL

43. Intangible Assets - DGCA License

The Company has received DGCA – CAR 145 license dated 1st January, 2015. During the period up to 1st January, 2015 before the business of the Company was set up, expenses of Rs.2713.90 million, incurred prior to the date of obtaining the License, were capitalized in FY 2014-15 as Intangible Assets. The same were not amortized till 2018-2019.

The Company has sought opinion from Expert Advisory Committee (EAC) of Institute of Chartered Accountants of India (ICAI) during the year for the accounting treatment of Intangible asset. As per the opinion sought the said expenses has been adjusted with opening retained earnings. This restatement has resulted into decrease in retained earnings with corresponding decrease in Asset by Rs. 2713.19 Millions.

44. Standards issued but not effective

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2019: (Ind-AS 8, Para 28)

a. Ind-AS 116, Leases

b. Amendment to Ind-AS 19, Employee Benefits

c. Amendment to Ind-AS 109, Financial Instruments

d. Appendix-C, Uncertainty Over Tax Treatments to Ind-AS 12, Income Taxes

Most of the other amendments listed above did not have any impact on the amounts recognized according to applicable standards and are not expected to have significantly effect on the current or future periods.

45. IND AS 115: Performance Obligations and remaining Performance Obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of reporting period and an explanation as to when the company expects to recognize these amounts in revenue. Remaining performance obligation estimates are subject to change and are affected by the several factors, including terminations of contract, changes in scope of contracts etc.

The aggregate value of performance obligations that are completely or partially unsatisfied as at 31st March, 2020, is Rs. Nil (Rs. Nil as on 31st March, 2019). The Company expects to recognize the revenue for the same within next one year.

46. Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

47. 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 IndAS, to the extent of information being available and required for compilation.

Signatures to the schedules forming part of the Balance Sheet and Statement of Profit and Loss and to the above notes**.**

For and on Behalf of
Prakash Chandra Jain & Co.
Chartered Accountants
Firm Registration No. 002438C

Sd/-
Pratibha Sharma
Partner
Membership No:400755
UDIN: 20400755AAAACA5751

For and on behalf of the Board

Sd/-
Rajiv Bansal
Chairman
DIN - 00245460

Sd/-
V A Patwardhan
Director
DIN - 08701559

Sd/-
Arun Kumar Bansal
Chief Executive Office

Sd/-
Gagan Batra
Company Secretary
ACS-19523

Sd/-
Kapil Aseri
Chief Financial Officer

Place : New Delhi
Date : 18th November, 2020

AIR INDIA EXPRESS LIMITED

CONTENTS

BOARD OF DIRECTORS (AS ON 30.12.2020)

Shri Rajiv Bansal	Chairman
Shri V. Hejmadi	
Shri Pranjol Chandra	
Smt. Kusum Lata Sharma	

CHIEF EXECUTIVE OFFICER

Shri Aloke Singh

CHIEF FINANCIAL OFFICER

Smt. Ranjita Kumari

COMPANY SECRETARY

Smt. Aditi Khandekar

AUDITORS

M/s. M A Parikh & Co.
Chartered Accountants
Mumbai.

LEGAL ADVISORS

M/s. Kini & Co.

BANKERS

ICICI Bank
HDFC Bank
State Bank of India
Bank of Baroda
Bank of India
Citi Bank

REGISTERED OFFICE

1st Floor, Old Operations Building
Air India Complex, Old Airport
Santacruz (East)
Mumbai 400 029

CHAIRMAN'S MESSAGE

Dear Shareholders,

It gives me immense pleasure to present to you the 49th Annual Report of the Company for the year 2019-20.

I am happy to inform you that in a year that was extremely challenging in terms of increased fuel costs and intense competition, Air India Express has turned in net profits once again for the fifth consecutive year in FY 2019-20. The net profit of Rs. 412.77 Crore achieved in FY 2019-20 is also the highest ever net profit that the Airline has earned.

In line with the Company's consistent growth record over the past 5-6 years, the Company's revenues in FY 2019-20 grew by about 25% going up from Rs. 4171.56 Crore to Rs. 5219.44 Crore.

The key to the commendable outcomes has been high degree of utilization of assets in terms of aircraft, manpower and materials and enhanced operational efficiencies in key areas such as scheduling, on-time performance, revenue management, customer services, flight dispatch etc. Consequently, the Airline was able to increase the capacity offered in terms of Available Seat Kilometers by about 6% even as the daily average aircraft utilization went past all previous years' achievements to 13.4 hours per day. The growth in Revenue Passenger kilometers at 11% was way higher than the growth in capacity as the Airline's Passenger Load Factor went up by 5 percent points from 79.6% to 83.5%.

During FY 2019-20, the number of passengers carried by Air India Express grew by 11% from 4.36 Million to 4.84 Million, including 4.66 Million passengers who travelled on the international sectors operated by the Airline. Consequently, the Airline's market share of the traffic carried from / to India increased from 6.5% in FY 2018-19 to 7.1% in FY 2019-20.

I wish to now present the Civil Aviation scenario in India in order to provide a brief background of the market and circumstances in which the Company operated and what appears to be the future outlook for the industry as at this time.

Civil Aviation Scenario

For the first time ever in over a decade, the Indian Aviation industry reported only a marginal growth of 0.6% on the domestic sectors and a decline of about 5.4% on the international sectors. As per data published by DGCA for FY 2019-20, the Indian domestic air market is estimated to have grown from 140.78 Million in FY 2018-19 to 141.65 Million passengers; while the international traffic to / from India is estimated to have declined from 63.76 Million passengers in FY 2018-19 to 60.35 Million passengers in FY 2019-20.

Challenges being faced by the Industry

Aviation has been one of the worst affected industries in the aftermath of the COVD-19 pandemic. Airlines have lost billions of dollars in passenger revenues due to suspension of flight operations and drastic reduction in advance bookings.

The fear of falling prey to the COVID-19 virus and the unpredictability of lockdowns and quarantine rules imposed by various countries are making consumers averse to travel.

Passengers who had already booked on flights during the lockdown when flight operations were suspended, are demanding refunds. The airlines with minimal Revenue streams and restricted cash flows are tremendously challenged in meeting this demand. Most airlines have offered credit shells or travel vouchers to such passengers to be used for future travel.

The recovery of the Aviation sector largely depends on how quickly and effectively the pandemic is controlled and vaccines developed, approved and distributed.

Impact of COVID-19 on Air India Express

The outbreak of the COVID-19 pandemic, saw the suspension of international flights to China the epicenter of the corona virus outbreak in February 2020. As the pandemic spread, international airlines across the Globe suspended operations to the affected countries and travel restrictions were further extended amounting to extensive suspension of international operations.

To contain the spread of COVID-19, travel restrictions were imposed by various countries, including India. From late February 2020, Air India Express reduced its operations to Singapore. Operations to destinations in the Gulf region had to be curtailed significantly starting from the beginning of the 2^{nd} week of March 2020, due to travel restrictions imposed by regulatory authorities in the Gulf countries. The Airline had to cease all its international operations from 22 March 2020, as per directions issued by the DGCA suspending all scheduled international operations effective that date. This was followed by another Order from the DGCA suspending all scheduled domestic operations effective 25 March 2020.

The reduced operations starting from 01 February 2020 had significant impact on the Airline's performance in the last Quarter of FY 2019-20.

The travel bans and orders for cessation of scheduled international & domestic flights continued to be operative well into the First Quarter of FY 2020-21, until DGCA issued Order for calibrated resumption of domestic services with effect from 25 May 2020. Operations on International sectors were commenced from 7 May 2020 in the form of non-scheduled flights under the Vande Bharat Mission (VBM) announced by the Indian Government to bring home distressed Indian nationals who were stuck in various foreign countries due to the sudden closure of international air services by all countries.

To mitigate the impact of COVID 19 outbreak, the Management swung into action and took various steps like operating Cargo flights, availing Working Capital loans under the Emergency Funding Scheme announced by Reserve Bank of India, moratorium on payment of interest on Working Capital loans and aircraft loans, moratorium on payment of aircraft lease rentals, reduction in salary and allowances of employees, allowing employees to work from home, control of payment to various station vendors from Head Office, operating flights under VBM and air bubble transport arrangement, etc. These steps have helped the Company sail through the unprecedented environment created by the Pandemic.

Accident to IX 1344 aircraft on 07 August 2020

With great pain I wish to inform you that the AIXL aircraft VT-AXH operating a flight under the VBM from Dubai to Kozhikode on 7 August 2020 overshot the Table Top Runway at Kozhikode International Airport, met with an accident. There were 174 passengers, 10 infants, 2 Pilots and 4 Cabin Crew on board the aircraft. Unfortunately, we lost 2 pilots and 19 passengers in the accident. AIXL team along with Air India officials immediately moved into action and coordinated the Crisis Management very efficiently. As of now, 167 of the injured persons including the cabin crew have been discharged from the hospitals. Two passengers are still hospitalized and receiving treatment for their injuries. The Airline has met all the hospitalization expenses and settled the amounts directly to the concerned hospitals. Interim compensation has already been released in case of all the deceased / injured passengers and crew.

The aircraft was fully insured and the Insurance Company has released the amount towards the hull claim. The final compensation in respect of the inured / deceased passengers & crew is being processed.

On behalf of the Company I wish to extend our gratitude to the District Administration of Mallapuram and Kozhikode, Airport Authority and CISF personnel posted at Kozhikode international airport, the local Police and Fire Force and the local community for their spontaneous, prompt, well-coordinated and effective rescue and relief activity. The Management and Board of AIXL are committed to assist in mitigating the loss / distress of the passengers of the ill-fated aircraft to the best extent possible.

Major projects / achievements

Air India Express bagged the Management Excellence Award for the turnaround performance in 2019 at the 12th International Civil Aviation Conference organized by ASSOCHAM. The award was presented by the Honourable Union Minister of State for Civil Aviation (I/C).

Air India Express received the prestigious Dalmia Bharat CSR Impact Award for its CSR Project ‘Care India Express-Simply Cleanliness’ from amongst 102 entries as well as the CSR Times Award. These awards served to place the Company among some of the best in the area of CSR activities. This Care India Express – Simply Cleanliness project was implemented at Edakkad village of Kozhikode in association with Mathrubhumi Printing & Publishing Co.

On International Customs day, Air India Express Limited received the recognition for becoming the top cargo handling airline from Kochi Airport for the year 2019.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Board has constituted a CSR Committee and laid down the CSR Policy with the objective of making positive contribution to the society through high impact, sustainable programs. During the year the Company spent Rs. 86 Lakhs towards the CSR projects from the budget approved for the year 2017-18. To utilize the balance funds available from the budget allocated for CSR expenditure in FY 2017-18, the Company has approved few new CSR Projects in FY 2019-20.

A detailed report on the CSR activities forms part of the Directors' Report.

In view of the amendments dated 19 September 2018 to the provisions of section 198 of the Companies Act, 2013 for FY 2019-20, the Company is not required to allocate any funds for CSR expenditure.

ACKNOWLEDGEMENT

I take this opportunity to thank my colleagues on the Board for their valuable guidance. I would like to congratulate the Management Team and to thank all the employees of Air India Express Limited for the exemplary efforts taken by them displaying to all stakeholders the strength and resilience of our team spirit in pursuit of excellence. I want to thank each one of our employees for contributing their mite whether it be the employees in marketing, sales and other support departments, the front-liners at the airports, the cabin crew, the pilots or the engineers, for having risen up to the occasion and helping to uphold and enhance the image of Air India Express Limited.

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

Sd/-
(Rajiv Bansal)
Chairman

VISION

- Become India's most efficient and preferred LCC on regional international & domestic routes and extending the Airline's reach to other potential markets over the long term;
- Constantly exceeding passenger expectations in terms of quality, convenience and comfort.

MISSION

- Offer the best flight schedules at the most competitive fares having clients' needs at the core of all corporate / strategic decisions;
- Pay paramount attention to safety, punctuality and convenience of services;
- Constantly embrace technological advancements to upgrade services, systems and processes and increase value proposition to passengers, employees, travel partners, vendors and owners;
- Benchmark work practices / methods against best in industry and achieve the greatest levels of productivity from all assets;
- Develop and maintain adequate pool of competent and motivated employees;
- Grow and expand operations with focus on improving productivity & profitability complementing the parent company's operations.

DIRECTORS' REPORT

To

The Shareholders,

The Directors take pleasure in presenting the 49th Annual Report of the Company together with the Audited Statement of Accounts, Auditor's Report and the Report of the Comptroller & Auditor General of India for the year ended 31 March 2020.

REVIEW OF PERFORMANCE

SUMMARISED FINANCIAL PERFORMANCE (FY 2019-20):

	Rupees in Crore
Operating Revenue	5,219.44
Operating Expenses	4,478.93
Operating Profit	740.51
Total Revenue	5,230.60
Total Expenses	4,812.41
Profit before taxation & Exceptional Items	418.19
Provision for Taxation relating to earlier year	4.01
Other Comprehensive Income	1.40
Net Profit	412.77
Balance brought forward from previous years	1,628.64
Net Loss carried forward	1244.46
Cash Profit for FY 2019-20	921.26

SUMMARISED PHYSICAL / REVENUE PERFORMANCE (FY 2019-20 Vs. FY 2018-19)

	FY 2019-20	FY 2018-19	Variance
ASK (million)	14,982	14,173	6%
Carriage (million)	4.84	4.36	11%
RPK (million)	12,512	11,277	11%
Load Factor (%)	83.5	79.6	5%
Operating Revenue (Rs. Cr.)	5,219.44	4,171.56	25.12%
Yield/RPK (Rs)	3.99	3.57	12%
RASK (Rs.)	3.34	2.84	17%
*Block Hours	1,22,260	1,15,279	6%

*Source –IOCC Reports

*Yield per RPK – Pax revenue + EBG/ RPK

*RASK – Pax revenue + EBG/ ASK

SHARE CAPITAL

Authorized Share Capital

As on 31 March 2020 the Authorized Share Capital of the Company was Rs.1,000 Crore divided into 10 Crore Equity Shares of Rs.100 each.

Issued, Subscribed and Paid up Share Capital

As on 31 March 2020, the Issued, Subscribed and Paid up Share Capital of the Company was Rs.780 Crore divided into 7.8 Crore Equity Shares of Rs.100 each.

CHANGES IN THE SHARE CAPITAL, IF ANY

During the year there was no change in the paid up share capital of the Company.

REDEMPTION OF NON-CONVERTIBLE DEBENTURES

As a part of Aircraft Financing, the Company had issued 950 Non-Convertible Debentures worth Rupees 95 Crore in March 2008. These debentures were fully redeemed on 26 March 2020.

CHANGE IN NATURE OF BUSINESS

During the year there was no change in the nature of business of the Company.

CREDIT RATING FOR THE COMPANY

During the year, the Company got the Credit rating done through an External Credit rating agency and the rating obtained is ‘A4+’.

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 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.

AIRCRAFT FINANCING

As on 31 March 2020, the position of foreign currency borrowing for Aircraft was as under:

	Rupees in Cr.
Total Loan due as on 1 April 2019	387.27
Less: Amount repaid during April 2019 to March 2020	213.15
Add: Exchange adjustments due to revision in rates of currencies	20.42
Balance as on 31 March 2020	194.54

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 2020

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
1451	249	17.16	64	4.41	337	23.22

IMPLEMENTATION OF OFFICIAL LANGUAGE

The Company is taking effective steps for the implementation of the provisions of the Official Language Act and Rules framed under the Act.

VIGILANCE

The Company is controlled directly by the Air India Vigilance Mechanism which strives to build a corruption free work environment. The ultimate objective of Vigilance Department in a PSU is to empower the organization to do business within the extent framework of systems, rules and procedures more efficiently, effectively, ethically and profitably by optimum utilization of productive resources. In doing so the Vigilance Department ensures transparency with a 'stakeholder centric approach'.

Vigilance Department has undertaken various preventive activities specific to the Company. A number of station inspections, surprise checks and periodical checks have been conducted in areas like crew pilferage, cabin cleaning, Cargo, Excess baggage, Catering uplift, procurement of entertainment systems etc. Vigilance recommendations made based on the observations have resulted in systemic reforms and setting up of SOPs to strengthen the already existing procedures.

With a vision to enhance vigilance awareness and encourage probity and righteousness among all its employees, Air India and its subsidiaries celebrated the Vigilance Awareness Week 2019 with the theme ***'Eradicate Corruption- Build a New India'.*** A week long program had several activities designed to sensitize the employees, promote integrity and eradicate corruption with active support of its employees and wholehearted public participation.

COMPLIANCE WITH THE RTI ACT, 2005

As required under the provisions of section 4 of the Right To Information (RTI) Act 2005, the Company has displayed essential information on its website under the head RTI. Management has also notified CPIO and the Appellate Authority in compliance with the requirements of the RTI Act.

During the year a total of 65 applications were received and 53 applications were disposed off by providing requisite information.

INFORMATION ABOUT SUBSIDIARY/JV/ASSOCIATE COMPANY

The Company does not have any Subsidiary, Joint Venture or Associate Company.

MATERIAL CHANGES AND COMMITMENTS

Impact of COVID-19 on Air India Express

The outbreak of the COVID-19 pandemic, saw the suspension of international flights to China the epicenter of the corona virus outbreak in February 2020. As the pandemic spread, international airlines across the Globe suspended operations to the affected countries and travel restrictions were further extended amounting to extensive suspension of international operations.

To contain the spread of COVID-19, travel restrictions were imposed by various countries, including India. From late February 2020, Air India Express reduced its operations to Singapore. Operations to destinations in the Gulf region had to be curtailed significantly starting from the beginning of the 2nd week of March 2020, due to travel restrictions imposed by regulatory authorities in the Gulf countries. The Airline had to cease all its international operations from 22 March 2020, as per directions issued by the DGCA suspending all scheduled international operations effective that date. This was followed by another Order form the DGCA suspending all scheduled domestic operations effective 25 March 2020.

The reduced operations starting from 01 February 2020 had significant impact on the Airline's performance in the last Quarter of FY 2019-20.

The travel bans and orders for cessation of scheduled international & domestic flights continued to be operative well into the First Quarter of FY 2020-21, until DGCA issued Order for calibrated resumption of domestic services with effect from 25 May 2020. Operation on International sectors were commenced from 7 May 2020 in the form of non-scheduled flights under the Vande Bharat Mission announced by the Indian Government to bring home distressed Indian nationals who were stuck in various foreign countries due to the sudden closure of international air services by all countries.

From 7 May 2020 to 30 September 2020 the Airline operated 1538 flights and carried 3,45,000 passengers (Outbound 87,844 and Inbound 2,57,206) and earned a revenue of Rs. 615 Crore.

To mitigate the impact of COVID 19 outbreak, the Management swung into action and took various steps like operating Cargo flights, availing Working Capital loans under the Emergency Funding Scheme announced by Reserve Bank of India, moratorium on payment of interest on Working Capital loans and aircraft loans, moratorium on payment of aircraft lease rentals, reduction in salary and allowances of employees, allowing employees to work from home, control of payment to various station vendors from Head Office, operating flights under VBM and air bubble transport agreement, etc. These steps have helped the Company sail through the unprecedented environment created by the Pandemic.

Accident to IX 1344 aircraft on 07 August 2020

AIXL aircraft VT-AXH operating Dubai-Kozhikode VBM flight IX-1344 on 07 August 2020 overshot the Table Top Runway at Kozhikode International Airport at about 1940 hrs., slid and fell to the ground about 35 ft below. There were 170 passengers, 10 infants, 2 Pilots and 4 Cabin Crew on board the aircraft. Unfortunately, 2 pilots and 19 passengers were lost in the accident.

Within few hours of accident Emergency Response Centres were activated at Mumbai and Delhi. CEO AIXL camped at Kozhikode from 8 August till 12 September 2020 and coordinated the crisis management. Air India team under the leadership of their ED-South was also present for 2 weeks at Kozhikode along with the members of Angels of Air India. Within few hours of the accident the Company could establish direct contact with the family members of the affected passengers and provided all immediate support to mitigate their hardships. In association with an NGO the Company provided groceries to sustain 14 days to 600 families whose men had continuously participated in the rescue operation and thereafter quarantined as per COVID protocol.

The Company had completed the disbursement of Interim Compensation to all passengers by the 2nd week of September 2020. The total Interim Compensation of Rs. 4.15 Crore has been paid. Till now 167 injured passengers and crew have been discharged from various hospitals after obtaining their complete fitness. 2 passengers who are in stable condition continue to receive treatment in hospitals. The Company has settled hospital bills and miscellaneous expenditure of all the passengers.

An agency M/s Kenyon International was involved in the retrieval / restoration of the baggage and personal belongings of the passengers. The Company has successfully re-associated 474 items out of which 469 items have already been handed over to the rightful owners. The aircraft was fully insured and the Insurance Company has released the amount towards the hull claim. The final settlement of claims in respect of the passengers / crew is currently being processed. The expenses towards the hospital expenditure in respect of all the passengers / crew will also be settled by the Insurance Company.

The accident is being investigated by AAIB. The officials / employees of the Company are fully cooperative with the AAIB. The local community has been appreciative of the efforts taken by the Airline in association with AI to attend to the needs of the kith and kin of the deceased and the injured passengers for the efforts taken to restore their baggage and valuables and for expeditiously disbursing the Interim Compensation. The Company has thanked the local community through its official social media handlers. Thousands of people mostly from Kozhikode and Malappuram, have acknowledged the efforts of the Airline.

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 2019-20 as detailed below:

Sr. No.	Date of Meeting	Board Strength	No. of Directors Present
1	23.04.2019	4	4
2	30.07.2019	4	4
3	31.10.2019	4	3
4	07.02.2020	4	4

DIRECTORS' RESPONSIBILITY STATEMENT

(i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;

(ii) 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 or loss of the Company for that period;

(iii) The Directors have taken proper and sufficient care 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;

(iv) The Directors have prepared the Annual Accounts on a 'going concern' basis.

(v) 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

The Audit Committee comprised of three Directors. In the absence of Independent Directors on the Board of the Company, the Audit Committee is chaired by the Government Director. During the year 2019-20 following were the members of the Audit Committee:

Name of the Director	Position held in the Committee	Category of the Director
Shri Angshumali Rastogi (ceased w.e.f 20.01.2020)	Chairman	Government Director
Smt. Kusum Lata Sharma (appointed w.e.f 20.01.2020)	Chairperson	Government Director
Shri Pranjol Chandra	Member	Government Director
Shri Vinod Hejmadi	Member	Nominee Director - AI

AUDITORS

The Comptroller & Auditor General of India has appointed M/s M A Parikh & Company, Chartered Accountants, Mumbai as Statutory Auditors of the Company for the financial year 2019-20.

Management clarification/explanation to the qualifications or adverse remarks in the Auditors' Report is annexed to this Report.

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL OF INDIA

The Comments of the Comptroller & Auditor General of India under Section 143(6) of the Companies Act, 2013 on the accounts of the Company for the year ended 31 March 2020 are annexed to this report.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 the Board has appointed M/s Dholakia & Associates, Practicing Company Secretaries, Mumbai, to conduct Secretarial Audit for the financial year 2019-20.

The Secretarial Audit Report and Managements' Comments thereon for the financial year ended 31 March 2020 are Annexed to this Report.

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

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.

DEPOSITS

The Company has not accepted any deposits during the year.

SIGNIFICANT & MATERIAL ORDERS

During the year 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 Company has constituted Corporate Social Responsibility (CSR) Committee as under, 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;

(i)	Shri V Hejmadi	:	Chairman
(ii)	*Shri Angshumali Rastogi	:	Member
(iii)	Shri Pranjol Chandra	:	Member
(iv)	*Smt. Kusum Lata Sharma	:	Member
(v)	Shri K Shyam Sundar	:	Member / Convenor

* Shri Angshumali Rastogi ceased to be a member of the CSR Committee effective 20 January 2020, upon his cessation as a Director on the Board of the Company and Smt. Kusum Lata Sharma was appointed as a Member of the CSR Committee in his place.

The Board in its meeting held on 17 January 2018 had approved an expenditure of Rs.3.98 Crore to be spent on CSR activities for the year 2017-18. Accordingly, from the budget allocated for CSR expenditure in FY 2017-18, the following CSR activities which were approved in FY 2017-18 & FY 2018-19, continued in FY 2019-20.

- Sponsorship: During FY 2017-18 approved sponsorship for education of 8 students of B.Voc- in Travel and Tourism course of three years, conducted by M/s. Kuttukaran Foundation, Kochi & Fair Mont Academy, Thiruvananthapuram. The project is coordinated through TISS. Total cost involved is Rs. 1.92 Lakhs p.a. totalling to Rs. 5.76 Lakhs. This is the third & final year of the project.

- Reducing malnutrition in Tribal Area - The purpose of the project is to explore the possibility of rapid reduction in severe and acute malnutrition among young children in two blocks of Akkalkua and Dhadgaon from Tribal District of Nandurbar, Maharashtra, using support of the civil society and medium sized private hospital to help the efforts of the district administration in reducing malnutrition and mortality in the district. The Project started from end March 2018 and is being implemented through CITARA, IIT Mumbai at a total cost of Rs.7.50 Lakhs p.a. for 2 years i.e. Rs. 15 Lakhs.

- Upgradation of Government General Hospital, Ernakulam- During the FY 2018-19 approved the project to upgrade major facilities including the upgradation of emergency & trauma care at the

Govt. General Hospital, Ernakulum at a cost of Rs. 86.30 Lakhs

- Care India Express-Simply Cleanliness' - This project which was inaugurated on 17 May 2018 was implemented through 'The Matrubhumi Printing & Publishing Co. Ltd' in Kerala at a cost of Rs. 47 Lakhs. This end-to-end waste management pilot project titled "EnteEdakkad" involved every stakeholder - citizens, NGO's, Residents Association, Self-help groups, Local Administration, Police and People's elected representatives in the area.

To utilize the balance funds available from the budget allocated for CSR expenditure in FY 2017-18, the following CSR activities were approved in FY 2019-20:

- 'Care India Express-Simply Cleanliness' – This project which was implemented in FY 2018-19 bagged the prestigious Dalmia Bharat CSR Impact Award from amongst 102 entries as well as CSR Times Award which had given good publicity to the Company throughout the year. Considering the high impact of this project, the publicity & awards fetched by it, its impact in reducing carbon footprint, the CSR Committee approved renewal of this project for one more year at a cost of Rs. 47 Lakhs

- Sponsorship for underprivileged children for the Diploma in Geriatric Care course -The project is to train 30 under privileged children i.e. (20 at Mitra Niketan, Thiruvananthapuram & 10 at the Hope House, Vellore), in Diploma in Geriatric Care course for a period of 1 year at a cost of Rs. 15000 per student, totaling to Rs. 4.5 Lakhs. This project is coordinated through TISS.

- Distribution of Menstrual Cups – This project is to provide 10,000 Menstrual Cups free of cost to women in Kochi Municipal Corporation and to communicate regarding use of the product and its advantages with the help of medical professionals and local NGOs. This project also aims to provide support and clarify doubts/address any concerns of the ladies for three months. The Project will also help to considerably reduce solid waste generated by disposal of sanitary pads. This project will be implemented by HLL Management Academy and the total cost of the project is Rs. 25.54 Lakhs. The MOU was signed on 13 February 2020. Due to the situation created by COVID-19, the project could not be started.

- Transformation of 6 Zilla Parishad Schools in Nandurbar, Maharashtra – This project is aimed to improve the school infrastructure of 6 Zilla Parishad Schools, to train the teachers and parents on the IAHV model of experiential and conceptual learning in order to improve the performance of these schools in the Aspirational District of Nandurbar in Maharashtra. The total cost of this project is Rs. 51.09 Lakhs. This project will be implemented through an NGO IAHV. An MOU was signed on 13 March 2020. Due to lockdown created by COVID-19 pandemic the project could not be started.

- Development of Operation Theater in the Government Maharajas Taluk Hospital, Karuvelipady, Kochi- This project is to develop Operation Theater in the Government Maharajas Taluk Hospital, Karuvelipady, Kochi at a cost of Rs.10 Lakhs.

- Upgrading the Department of Palliative Care at General Hospital, Ernakulam, Kochi – This project is for procuring material such as wound dressing materials, wheelchairs, lymphodema sleeves, oxygen cylinders, infusion pumps and tracheostomy care at a cost of Rs. 24,63,690/- for the Department of Palliative Care at General Hospital, Ernakulam, Kochi.

COMPLIANCE WITH THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

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 redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary & trainees) are covered under this policy.

During the year 2019-20, two new cases were registered with ICC. Both the cases were dismissed as in one case the ICC had concluded that the complainant has failed to prove the allegations of sexual harassment against the respondent. In the second case the respondent had admitted all the allegations and apologized to the complainant in front of the ICC Committee. Respondent resigned from the services of the Company before submission of the Enquiry Report.

CORPORATE GOVERNANCE

The Company has complied with the requirements of Corporate Governance with the exception of appointment of Independent Directors on the Board. This matter is being pursued with the Administrative Ministry through Air India.

A report on Corporate Governance is annexed at **Annexure A.**

RELATED PARTY TRNSACTIONS

All Related Party transactions that were entered into during the financial year were on an arm's length basis and in the ordinary course of business. There were 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. The Company has obtained approval of the Board in its 223rd Meeting held on 27 October, 2020 to enter into contracts with Air India Ltd, Airline Allied Services Ltd., Air India Air Transport Services Ltd, Air India Engineering Services Ltd, Hotel Corporation of India Ltd and AISATS Airport Services Pvt. Ltd. for an amount of Rs. 407.94 Crore, Rs. 0.038 Crore, Rs. 43.24 Crore, Rs. 136.64 Crore, Rs. 0.36 Crore and Rs. 17.25 Crore respectively during FY 2019-20.

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 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.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of Annual Return in form MGT 9 is uploaded on the website of the

Company i.e. www.airindiaexpress.in.

DECLARATION OF INDEPENDENCE

As per Article 117 of the Articles of Association of the Company, all the Directors on the Board are appointed by Air India Limited, our holding Company in consultation with the Government of India. Air India has requested the Ministry of Civil Aviation to nominate at least two Independent Directors on the Board of AIXL and appointments are awaited.

DIRECTORs and KMPs

During the financial year 2019-20 the following changes have occurred in the constitution of Directors of the Company:

Sr. No	Name	Designation	Date of appointment	Date of cessation	Mode of Cessation
1	Shri Anghumali Rastogi	Director, MOCA	12 May 2017	20 January 2020	Ceased to be Director
2	Smt. Kusum Lata Sharma	Director, MOCA	20 January 2020	-	Appointed as Director
3	Shri Ashwani Lohani	CMD, AIL	14 February 2019	14 February 2020	Ceased to be Chairman
4	Shri Rajiv Bansal	CMD, AIL	14 February 2020	-	Appointed as Chairman

Details of Key Managerial Personnel of the Company:

Sr. No	Name	Designation	Date of appointment
1	Shri K Shyam Sundar	CEO	27 March 2015
2	Shri M Manoharan	CFO	27 March 2015
3	Smt. Aditi Khandekar	Company Secretary	27 March 2015

During the financial year 2019-20 there was no change in the KMPs of the Company.

In view of the exemption granted vide Notification dated 5 June 2015 of the Ministry of Corporate Affairs, information on the following points has not been given:

i. Performance Evaluation of Board, its Committees and individuals.

ii. Policy for selection and appointment of Directors and their remuneration.

iii. Remuneration Policy - Remuneration to Executive Directors and Non-Executive Directors.

ACKNOWLEDGEMENTS

The Board sincerely appreciates the Company's valued customers in India and abroad for using the services of Air India Express and looks forward to their continued support and confidence.

The Board also gratefully acknowledges the support and guidance received from Air India Ltd., Air India

Engineering Services Ltd., Air India Air Transport Services Ltd., Air India SATS Airport Services Pvt. Ltd, Ministry of Civil Aviation and various Ministries of the Government of India, to the Company's operations and development plans. The Board also expresses their grateful thanks to the DGCA, Comptroller and Auditor General of India, the Ministry of Corporate Affairs, the Statutory Auditors, Secretarial Auditor, Internal Auditors, Airports Authority of India, other Govt. Departments, airlines, agents, Indian Financial Institutions and banks including the EXIM bank of USA.

For & on behalf of the Board

Sd/-
(Rajiv Bansal)
Chairman

Place : New Delhi
Dated : 24 December 2020

MANAGEMENT DISCUSSION & ANALYSIS REPORT

1. AIR INDIA EXPRESS OPERATIONS

Fleet Size

During FY 2019-20, Air India Express continued its operations with a fleet of 25 B 737-800 NG aircraft including 8 leased aircraft.

Operations

Air India Express commenced Summer Schedule 2019 with 649 departures per week which marginally increased to 651 weekly departures during Winter 2019.

Highlights of Schedule Changes in FY 2019-20

New Routes / additional flights introduced during the year:

Additional capacity was deployed at Kannur Airport, which had been commissioned in December 2018.

During Summer 2019, additional capacity was deployed on following routes:

- Kannur-Muscat-Kannur : 3 weekly flights
- Kannur-Bahrain-Kuwait-Kannur : 2 weekly flights
- Surat - Sharjah - Surat : Frequency increased from 2 to 4 weekly flights
- Kannur - Abu Dhabi/Kannur : The frequency was increased from 3 to 5 weekly flights
- Kannur – Sharjah – Kannur : Frequency increased from 4 to 7 weekly flights

During Winter 2019, the frequency of the Kannur - Doha - Kannur flights was increased from 4 to 5 weekly flights.

The route-wise breakup of the flights operated by the Airline in 2019-20 is given below:

Sr. No.	Sector	Frequency/ week	
		Summer 2019	Winter 2019
1	India- Dubai	80	80
2	India- Abu Dhabi	37	37
3	India- Sharjah	55	55
4	India- Muscat	27	27
5	India- Dammam	7	7
6	India- Bahrain	7	7
7	India- Doha	25	26
8	India- Al Ain	2	2

Sr. No.	Sector	Frequency/ week	
		Summer 2019	Winter 2019
9	India- Ras Al Khaimah	2	2
10	India- Salalah	2	2
11	India- Bahrain- Kuwait	5	5
12	India- Singapore	28	28
13	India- Riyadh	7	7
14	India- Kuwait	5	5
15	Domestic	12	12
	Total	**301**	**302**

Online Stations

As on 31 March 2020 there were 20 online stations in India and 13 abroad:

India: Kozhikode, Kochi, Thiruvananthapuram, Kannur, Bengaluru, Mangaluru, Chennai, Tiruchirappalli, Vijayawada, Mumbai, Pune, Delhi, Amritsar, Lucknow, Chandigarh, Jaipur, Varanasi, Madurai, Coimbatore and Surat.

International: Dubai, Abu Dhabi, Sharjah, Ras-Al-Khaimah, Al Ain, Muscat, Salalah, Bahrain, Doha, Kuwait, Dammam, Riyadh and Singapore.

Capacity offered, PLF, Yields and Revenues

The Airline continued to improve the aircraft utilization. In FY 2019-20, daily average aircraft utilization went up from 13.3 hours recorded in 2018-19 to 13.4 hours per day per aircraft with a fleet of 25 aircraft taking the total block hours to 1,22,260.

The capacity offered by the Airline in terms of ASK in FY 2019-20 grew by 6% from 14,173 Million in FY 2018-19 to 14,982 Million. On the strength of increase in Passenger Load Factor that went up from 79.6% in FY 2018-19 to 83.5%, Air India Express recorded a much higher growth of 11% in RPK. The RPK in FY 2019-20 increased to 12,512 Million from 11,277 Million achieved in FY 2018-19. Despite disruption to services beginning from about the first week of March 2020 due to the outbreak of COVID-19, the number of passengers carried by the Airline rose by 11% going up from 4.36 Million in FY 2018-19 to 4.84 Million in FY 2019-20.

The Airline's Operating Revenue grew by 25.12 % from Rs. 4172 Crore to Rs. 5219 Crore. The Yield per RPKM has increased by 12 % from Rs. 3.57 to Rs. 3.99 while Revenue per ASKM also increased by 17% from Rs. 2.84 in FY 2018-19 to Rs.3.34 achieved in FY 2019-20.

On Time Performance

The On Time Performance (OTP) achieved in FY 2019-20 was 78% while the schedule reliability was 98.4%

Aircraft Dispatch Reliability

The aircraft dispatch reliability for FY 2019-20 was 98.68 %.

Code Sharing with Air India

The Code Sharing arrangement between Air India and Air India Express continued in FY 2019–20 and included the following sectors:

a) Mumbai - Doha - Mumbai

b) Delhi - Abu Dhabi - Delhi

c) Coimbatore - Singapore - Coimbatore

d) Delhi - Madurai - Delhi

e) Delhi - Coimbatore - Delhi

f) Mumbai - Vijayawada - Mumbai

2. FUTURE OUTLOOK

To revive the economy and commence air traffic activities, the Governments is working on resuming air connectivity in a strategic manner. The Government of India introduced the Vande Bharat Mission on 07 May 2020, to repatriate stranded Indians across the globe back to the country. Air India and Air India Express were the main airlines that operated these flights initially. Air India Express operated 1548 international flights between 07 May and 30 September 2020 under the Vande Bharat mission and the Air Transport Bubble arrangements with other countries and carried 3.45 Lakh passengers between the Middle East/ South East Asia and India.

The Airlines are following all safety measures and guidelines issued by Ministry of Health and Family Welfare and the Ministry of Civil Aviation in this regard to provide a safer travel experience to passengers.

Airlines and Airports around the world are upgrading and realigning their passenger and baggage processing systems in keeping with the focus on health and safety of passengers and staff.

As close to about 15 million Indians are residents of the countries that represent the key overseas markets of the company and they share very close ties with their families in India, it is expected that revival of demand in these markets could begin to recover before the others. From the economic view point, the Indians resident in these countries contribute significantly by way of foreign inward remittances to India and by way of being the most economical / competent work force to the countries where they are employed. As such the gloomy forecast of IATA for recovery of global air travel may not be quite exactly applicable to the markets served by the Company which is constituted largely by Indian Expats; VFR and Leisure segments.

3. GOING CONCERN

The various measures taken by the Company towards improving operational efficiency especially in all key areas notably in the area of asset utilization have helped to improve the Airline's financial position. The Airline's strategy of keeping the unit costs lower than any of its competitors and focusing on serving niche markets has seen the Airline chalk up net profits consistently over the past 5 years. The net profit achieved in FY 2019-20 was the highest ever net profit that the Airline has earned. The Airline's core markets account for about 40% of the total traffic to / from India. There are many more such niche markets which the Airline can expand its operations to that are within the range and capability of the Airline's resources. As the Airline's current / potential markets are in fact home and place of work to many millions of Indians, and the main reason for travel on these routes are predominantly compelling, personal ones, it can be expected that the disruption in air travel brought out by the COVID pandemic would have the shortest impact on the Airline's core routes.

4. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The staff strength as on 31 March 2020 was 1451.

Staff strength of 1451 includes 10 employees (Pilots and Ground Staff) on deputation from the holding Company, Air India Limited.

As on 31 March 2020 there was one employee with disabilities, in the services of the Company.

Relations with the work force continued to be cordial during the financial year 2019-20.

HR Initiatives during the year 2019-20

- Group Medical/ Health Insurance policy for Air India Express Ltd. employees was renewed from February, 2020 for 1 year.
- Under Swachh Bharat Scheme, action plan was initiated to upkeep cleanliness of premises and office.
- Under Swachh Bharat Scheme, Air India Express staff in association with NSS Youth Volunteers from Maharajas College, Ernakulam had undertaken cleaning drive of Roads/Area adjoining to CMFRI & High Court at Kochi on September 28, 2019 in liaison with Municipal Corporation of Kochi.
- In respect of COVID-19, necessary protective items like masks, gloves and hand sanitizers were provided to staff employed at various offices.
- In respect of COVID-19 paid leaves were sanctioned for all quarantined employees.
- In view of Lockdown due to COVID-19, facility of work from home is provided to key employees with access to ERP systems to enable them to be productive.

5. INFORMATION TECHNOLOGY

Major achievements during the year

- IT setup for Flight Operations Control Centre (OCC) done successfully.
- WQAR Server Configuration for Flight safety and Engineering at Mumbai and Trivandrum Data Centre respectively.
- SAP – ATF Invoice Data Integration project completed.
- SAP – On board sale integration and kitting for drystores and other catering items at BOM and COK done successfully.
- Configured Work from Home VPN facility for Finance and HR team due to COVID situation in the last week of March 2020.
- Implementation of DFDR flight data upload facility for all station in Server located at AIXL TRV data

Centre. Engineering teams can upload data remotely from their respective stations. Data is stored centrally in TRV Data Centre.

6. RISK MITIGATION STRATEGIES

The Company continuously monitors the risk perceptions and takes preventive action for mitigation of risks on various fronts.

7. INTERNAL CONTROL SYSTEMS

The Company has appointed M/s ARKS & Associates as Internal and Concurrent auditors for the year 2019-20 to carry out various internal audit assignments and special reviews such as compliance of accounting standards, CENVAT credit, Inventory accounting etc.

Annexure A

REPORT ON CORPORATE GOVERNANCE

1. BOARD OF DIRECTORS

As per the Articles of Association of the Company, the number of Directors shall not be less than three and not more than fifteen.

BOARD OF DIRECTORS AS ON 31 MARCH 2020

Shri Rajiv Bansal	CMD- Air India Ltd.	Chairman
Shri Pranjol Chandra	Director, Ministry of Civil Aviation	
Smt. Kusum Lata Sharma	Director, Ministry of Civil Aviation	
Shri Vinod Hejmadi	Director (Finance), Air India Ltd.	

During the year, all meetings of the Board were chaired by the Chairman. The Board met four times during the year to review the performance of the Company and to discuss important issues which *inter alia* included, Evaluation of MOU (2018-19) by DPE, Amendment to CSR Policy, Related Party Transactions with AI and group companies, Novation of the leases of two B737-800 NG aircraft VT-GHA (MSN 60694) and VT-GHB (MSN 60695), Revised Instruments of delegation of Financial and Administrative Powers, Registration with Trade Receivable Electronic Discounting System (TReDS) for payment to MSME suppliers etc

2. BOARD PROCEDURE

The meetings of the Board of Directors are generally held at Air India's Headquarters in New Delhi. 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 at the first instance and then put up to the Chairman/Board for final approval. 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 if required. Action Taken Reports are put up to the Board on regular basis. 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 there at, Directorships and Committee positions held by the Directors are as under:

Board Meetings :

Board Meetings were held during the financial year 2019-20 on the following dates:

23 April 2019	(217^{th} Meeting)
30 July 2019	(218^{th} Meeting)

31 October 2019 (219th Meeting)

07 February 2020 (220th Meeting)

Particulars of Directors including their attendance at the Board/Shareholders' Meetings during the financial year 2019-20:

Name of the Director	Academic Qualifications	Attendance out of 4 Board Meetings	Details of Directorships held in other Companies	Memberships held in Committees
Shri Ashwani Lohani CMD – Air India Ltd. Chairman Ceased as Chairman eff. 14.2.2020	Mechanical Engineer and Fellow of Chartered Institute of Logistic and Transport	4	<u>Chairman & Managing Director</u> Air India Limited <u>Part-Time Chairman</u> AI Airport Services Limited (Formerly known as Air India Air Transport Services Ltd) Air India Engineering Services Ltd Alliance Air Aviation Limited (Formerly known as Airline Allied Services Ltd) Hotel Corporation of India Ltd. Air India SATS Airport Services Pvt. Ltd. Air India Assets Holding Ltd. <u>Director</u> Air Mauritius Limited Air Mauritius Holdings Limited	**AIL** <u>Member</u> Nomination & Remuneration Committee **AIATSL** <u>Chairman</u> Corporate Social Responsibility Committee <u>Member</u> Audit Committee **HCI** <u>Member</u> Audit Committee

Name of the Director	Academic Qualifications	Attendance out of 4 Board Meetings	Details of Directorships held in other Companies	Memberships held in Committees
Shri Rajiv Bansal CMD – Air India Ltd. Chairman (appointed as Chairman eff 14.2.2020)	Civil Engineer from IIT Delhi, Diploma in Finance, ICFA, Hyderabad Exe Masters in International Business, IIFT, Delhi	-	Chairman & Managing Director Air India Limited Part-Time Chairman AI Airport Services Limited (Formerly known as Air India Air Transport Services Ltd) Air India Engineering Services Ltd Alliance Air Aviation Limited (Formerly known as Airline Allied Services Ltd) Hotel Corporation of India Ltd. Air India SATS Airport Services Pvt. Ltd. Air India Assets Holding Ltd. Director Air Mauritius Limited Air Mauritius Holdings Limited Bharat Yantra Nigam Limited	**AIL** Member Nomination & Remuneration Committee **AIASL** Chairman Corporate Social Responsibility Committee Member Audit Committee **HCI** Member Audit Committee

Name of the Director	Academic Qualifications	Attendance out of 4 Board Meetings	Details of Directorships held in other Companies	Memberships held in Committees
Shri Vinod Hejmadi Director – Finance Air India Ltd.	B.Com, ACA	4	Director Air India Ltd AI Airport Services Limited (Formerly known as Air India Air Transport Services Ltd) Air India Engineering Services Ltd Alliance Air Aviation Limited (Formerly known as Airline Allied Services Ltd) Hotel Corporation of India Ltd Air India SATS Airport Services Pvt Ltd Air India Assets Holding Ltd.	Chairman CSR Committee Member Audit Committee HR cum Nomination & Remuneration Committee **AIL** Member Share Allotment Committee Selection Committee Flight Safety Committee HR Committee CSR Committee **AIASL** Member Corporate Social Responsibility Committee Audit Committee **HCI** Member Audit Committee **AIESL** Member Audit Committee **AAAL** Chairman HR Committee Member Audit Committee Flight Safety Committee **AISATS** Chairman CSR Committee

Name of the Director	Academic Qualifications	Attendance out of 4 Board Meetings	Details of Directorships held in other Companies	Memberships held in Committees
Shri Angshumali Rastogi Director(Finance), Ministry of Civil Aviation (ceased as Director eff 20.01.20)	Fellow, Institution of Mechanical Engineers, London. Chartered Engineer (Mechanical Engineering), registered with Engineering Council, London	2	Director Alliance Air Aviation Limited (Formerly known as Airline Allied Services Ltd) AAI Cargo Logistics & Allied Services Company Ltd	Chairman Audit Committee Member CSR Committee **AAAL** Chairman Audit Committee
Smt. Kusum Lata Sharma Director, Ministry of Civil Aviation (appointed as Director eff 20.01.20)	LLM	1	Director Alliance Air Aviation Limited (Formerly known as Airline Allied Services Ltd) AAI Cargo Logistics & Allied Services Company Ltd	Chairman Audit Committee Member CSR Committee HR cum Nomination & Remuneration Committee **AAAL** Chairman Audit Committee Member HR Committe

Name of the Director	Academic Qualifications	Attendance out of 4 Board Meetings	Details of Directorships held in other Companies	Memberships held in Committees
Shri Pranjol Chandra Director, Ministry of Civil Aviation	B.E. Mechanical	4	Director Alliance Air Aviation Limited (Formerly known as Airline Allied Services Ltd)	Chairman HR cum Nomination & Remuneration Committee Member Audit Committee CSR Committee **AAAL** Chairman Flight Safety Committee Member Audit Committee

3. AUDIT COMMITTEE

As part of the Corporate Governance process and in compliance with the provisions of the Companies Act, 2013 and DPE Guidelines, the Audit Committee of the Board has been constituted.

As on 31 March 2020 the following were the members of the Audit Committee :

Smt. Kusum Lata Sharma	Chairperson
Shri Pranjol Chandra	Member
Shri Vinod Hejmadi	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 discuss with the external auditor, before the audit commences, the nature and scope of the audit and to ensure coordination where more than one audit firm is involved;
- 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 Airlines Business and is provided adequate resources and representation within the Company;
- To review/examine the half-yearly and annual financial statements and the auditors' report thereon;

- To discuss problems and reservations arising from the interim and final audits and any matter that the auditor may wish to discuss in the absence of Management where necessary;
- 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 other matters as defined by the Board.

The Audit Committee met three times during the year to review various issues including *inter alia* Internal Audit reports, Annual Accounts and Related party transactions of the Company for the year before submission to the Board, on the following dates:

20 June 2019 (32nd Meeting)

30 July 2019 (33rd Meeting)

07 February 2020 (34th Meeting)

Attendance at the Audit Committee Meetings

Name of the Member	No. of Meetings Attended
Shri Angshumali Rastogi	2
Shri Pranjol Chandra	3
Smt Kusum Lata Sharma	1
Shri Vinod Hejmadi	3

4. Annual General Meetings during the last three years

The details of these meetings are given below :

	Date and time of the Meeting	Venue
46th Annual General Meeting	25 September 2017 At 1100 hrs	Conference Room, 22nd Floor, Air India Building, Nariman Point, Mumbai-400 021.
47th Annual General Meeting	27 December 2018 At 12 Noon	1st Floor, Old Operations Building, Air India Complex, Old Airport, Santa Cruz (East), Mumbai 400 029
48th Annual General Meeting	14 October 2019 At 1400 hrs	1st Floor, Old Operations Building, Air India Complex, Old Airport, Santa Cruz (East), Mumbai 400 029

Special resolutions passed in the previous three AGMs : NIL

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 31 March 2020.

Sd/-

(K Shyam Sundar)
Chief Executive Officer
Air India Express Limited

Place : New Delhi
Date : 27 October 2020

REPORT ON CSR ACTIVITIES FOR FY 2019-20

Sr. No.	Particulars
1	**A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs**
	The Board of Directors of the Company have adopted a CSR Policy, which includes implementation of CSR activities such as Education, Skill Development, Women Empowerment, Environment and community development, Health, Drinking Water, sanitation, Rural development/slum development, child care, conservation of natural resources, etc. The Company's Policy is to focus on making positive contribution to the society through high impact, sustainable programs. At least 50% of the CSR budget would be allocated for CSR activities in and around areas of Company's operations. 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 which has been uploaded on Company's website www.airindiaexpress.in. 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 whom would be based on the laid down criteria.
2	**The Composition of the CSR Committee**
	We have a Board Level Sub Committee (CSR Committee) that inter-alia formulates the CSR Policy, recommends CSR Budget for approval of the Board, approve CSR projects with a monetary value of Rs.25 Lakhs and above and monitor CSR policy to ensure that the CSR objectives are met.
	As on 31 March 2020 the CSR Committee comprised of : Shri Vinod Hejmadi — Chairman Shri Pranjol Chandra — Member Smt.Kusum Lata Sharma — Member Shri K Shyam Sundar — Member
	The CSR Working Committee comprised of : Chief of HR — Chairman Company Secretary Chief of Finance Chief of Corporate Communications
	This Committee reviews the proposals for CSR Projects/Programmes/activities received from various locations and approve the proposals of value less than Rs.25 Lakhs against approved allocated Budget.

3	**Average net profit of the company for last three financial years**
	N. A. in view of amendment to Section 198 of the Companies Act 2013
4	**Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)**
	N.A. in view of amendment to Section 198 of the Companies Act 2013
5	**Details of CSR spent during the financial year**
	(a) Total amount to be spent for the financial year
	Nil
	(b) Amount unspent, if any
	Nil
	(c) Manner in which the amount spent during the financial year
	Amount spent Rs.85.79 Lakhs (From the amount carried forward from FY 2017-18). For details see Annexure attached
6	**In case company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report**
	To utilize the balance funds available from the budget allocated for CSR expenditure in FY 2017-18, the Company has approved few CSR Projects in FY 2019-20. Effective 19 September 2018, the provisions of Section 198 of the Companies Act, 2013 have been amended, whereby, while computing the average net profits, the "excess of expenditure over income" incurred before 01 April 2014 as against such reduction post 01 April 2014 pre amendment, has to be reduced. Consequently, the losses incurred prior to 01 April 2014 are deductible in computing the "net profits", which in the case of the Company has resulted into negative net profits for the year computed under the said Section 198 of the Companies Act 2013. Accordingly, the Company is not required to incur the expenditure towards Corporate Social Responsibility u/s 135 of the Companies Act, 2013 for FY 2019-20.
7	**A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR Objectives and Policy of the Company**
	We hereby affirm that the CSR Policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of the CSR projects and activities in compliance with our CSR Objectives.

For AIR INDIA EXPRESS LIMITED

Sd/-	Sd/-
(Vinod Hejmadi)	**(K Shyam Sundar)**
Chairman of CSR Committee	CEO

ANNEXURE TO PROJECT REPORT ON CSR ACTIVITIES

(Amount in Rs.)

Sr. No. (1)	CSR Project or activity identified (2)	Sector in which the project is covered (3)	Location of the Project or Program (4)	Amount Outlay (Budget) FY 2019-20 (5)	Amount spent on the Projects or Programs (6)	Cumulative expenditure up to the reporting period (7)	Amount spent Direct or through Implementing Agency (8)
1	**IIT BOM-Reducing Malnutrition in Tribal area (2Years Project)**	Community Development	Akkalkua & Dhadgaon, Tribal Districts of Nandurbar, Maharashtra	15,00,000	7,50,000	11,25,000	Through Agency CTARA IIT BOM
2	**Care India Express, Simply Cleanliness, Ente Edakkad Project**	Environment	Calicut, Kerala	47,00,000	9,40,000	9,40,000	Through Agency Mathrubhumi Printing and Publishing Ltd
3	**Upgradation of Govt Hospital, Ernakulam**	Health	Ernakulam Kerala	86,30,000	64,71,994	64,71,994	Direct Payment
4	**TISS Diploma in travel &tourism 2019-20**	Education/Skill Development	Kochi Thiruvananth-apuram	1,92,000	1,92,000	1,92,000	Through Agency TISS
5	**Sponsor under privideged children (20 at Mitra Niketan, Thiruvananthapuram & 10 at the Hope House, Vellore) for the Diploma in Geriatric Care course**	Education/Skill Development	Kochi Thiruvananth-apuram	4,50,000	2,25,000	2,25,000	Through Agency TISS
6	**KSWA- -Skill Development Project: Training to 750 underpriveledged youth**	Education/ Skill Development	Puari Khurd & other Villages, Varanasi, UP	15,00,000	0	12,50,000	Through Agency KSWA
7	**HLL-Distribution of Menstural Cups**	Health	Kochi	25,54,000	0	0	Direct Payment

Sr. No. (1)	CSR Project or activity identified (2)	Sector in which the project is covered (3)	Location of the Project or Program (4)	Amount Outlay (Budget) FY 2019-20 (5)	Amount spent on the Projects or Programs (6)	Cumulative expenditure up to the reporting period (7)	Amount spent Direct or through Implementing Agency (8)
8	**IAHV -Transformation of 6 Zilla Parishad Schools**	Education/Skill Development	Maharashtra	51,50,000	0	0	IAHV
9	**Development of Operation Theater in the Government Maharajas Taluk Hospital, Karuvelipady, Kochi**	Health	Kochi	10,00,000	0	0	Direct Payment
10	**Department of Palliative Care at General Hospital, Ernakulam, Kochi**	Health	Kochi	24,63,690	0	0	Direct Payment

For AIR INDIA EXPRESS LIMITED

Sd/-	Sd/-
(Vinod Hejmadi)	**(K Shyam Sundar)**
Chairman of CSR Committee	CEO

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

[Issued in pursuance to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 with modifications as deemed necessary, without changing the substance of format given in MR-3]

To,
The Members,
Air India Express Limited
(Erstwhile known as Air India Charters Limited)
1st Floor, Old Operations Building,
Air India Complex, Old Airport,
Santacruz (East),
Mumbai – 400029.

We have conducted the secretarial audit through electronic platform namely online means to verify the documents by our authorized person(s) during the lock down period and telephonic interactions with the officials of the Company, of the compliance of applicable statutory provisions and the adherence to good corporate practices by Air India Express Limited (CIN: U62100MH1971GOI015328) (hereinafter called 'the Company') for the financial year ended 31st March, 2020. 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.

A. In expressing our opinion, it must be noted that-

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

ii) We have followed the audit practices and processes as were appropriate to obtain reasonable assurances 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 of our opinion.

iii) We have not verified correctness and appropriateness of financial records and books of accounts of the Company.

iv) Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

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

vi) 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.

B. Based on online verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and made available to us 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, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-process (duly evolved) and compliance-mechanism in place to the extent and as applicable to the Company, in the manner and subject to the reporting made hereinafter:

C) We have conducted an online examination of the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 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;

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 External Commercial Borrowings. The Company has no Foreign Direct Investment and Overseas Direct Investment.

v) None of the Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’) are applicable to the Company except:-

a) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 to the extent applicable in respect of the compliance under the Companies Act and Listing Regulations and dealing with client in respect of listed securities;

b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulation,2008 till 26th March,2020 being the date of redemption of the entire listed securities.

vi) Having regard to the compliance system prevailing in the Company and on the basis of the Management Representation Letters issued by the designated officers of the Company, the Company has complied with the following laws applicable specifically to the Company:

a) Aircraft Act, 1934 and the Rules made thereunder;

b) Carriage by Air Act 1972 and the Rules made thereunder;

c) The Aircraft (Carriage of Dangerous Goods) Rules,2003 and the Rules made thereunder;

d) Civil Aviation Requirements issued by Directorate General of Civil Aviation.

e) Acts prescribed under Environmental Protection.

D. We have also examined compliance with the applicable clauses of the following:

i) Secretarial Standards in respect of Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.

ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) with respect to Listed Unsecured Non-convertible Debentures till 26th March,2020

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. except the following;

a) Non-Appointment of 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 for the period from 1st April,2019 till 26th March,2020 and consequent non-compliance relating to composition of Corporate Social Responsibility Committee under section 135(1); Audit Committee under section 177 (2) and Nomination and Remuneration Committee under section 178 of the Companies Act,2013. Upon redemption of Listed Unsecured Non-convertible Debentures on 26th March, 2020, the status of the Company has changed to Unlisted Public Company being a wholly owned subsidiary of a Public Company, covered under the exemption granted under Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

b) Non-appointment of woman director for the period 1st April, 2019 to 19th January, 2020 as required under section 149(1) of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

E. We further report that--

i) Subject to what is stated herein above as regards the appointment of Independent Directors and Woman 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.

ii) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent well in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

iii) Majority decision is carried through and there was no instance of any director expressing any dissenting views.

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

G. We further report that during the audit period:

The Company has redeemed its 950 –9.38% Unsecured Redeemable Non-convertible Debentures of face value of Rs.10 Lakh each (listed) and repaid the principle amount to its Debenture holders on 26th March, 2020.

i) Except the above, none of the following events has taken place-

ii) Public/Rights/Preferential Issue of Shares/Debentures/Sweat equity etc.

iii) Major decision taken by the members in pursuance to Section 180 of the Companies Act, 2013.

iv) Merger/Amalgamation/Reconstruction, etc.

v) Foreign Technical Collaborations

For DHOLAKIA & ASSOCIATES LLP
(Company Secretaries)
UDIN: F010032B001076856

Sd/-
CS Nrupang B. Dholakia
Designated Partner
FCS-10032 CP No. 12884

Place : Mumbai
Date : 27 October 2020

MANAGEMENT'S COMMENTS ON THE SECRETARIAL AUDITOR'S OBSERVATIONS FOR FINANCIAL YEAR 2019 -20

Observation	Management's Comments
(a) Non-Appointment of 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 for the period from 1st April,2019 till 26th March 2020 and consequent non-compliance relating to composition of Corporate Social Responsibility Committee under section 135(1); Audit Committee under section 177 (2) and Nomination and Remuneration Committee under section 178 of the Companies Act,2013.	Air India Express Limited (AIXL) is a wholly owned Subsidiary of Air India Limited (AIL), a Government Company. Presently, there is no Independent Director on the Board of AIXL. In terms of Article 117 of the Articles of Association of the Company, Air India has taken up with the Ministry of Civil Aviation for appointment of Independent Directors on the Board of AIXL.
(b) Non-appointment of woman director for the period 1st April, 2019 to 19th January, 2020 as required under section 149(1) of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014.	Smt. Kusum Lata Sharma has been appointed as a Director on the Board of the Company on 20 January 2020.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF AIR INDIA EXPRESS LIMITED FOR THE YEAR ENDED 31 MARCH 2020

The preparation of financial statements of **Air India Express Limited** for the year ended 31 March 2020 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 October 2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Air India Express Limited** for the year ended 31 March 2020 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/-
Tanuja Mittal
Principal Director of Commercial Audit,
Mumbai

Place : Mumbai
Date : 21 December 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Air India Express Limited

Report on the Audit of Financial Statements

1. Qualified Opinion

We have audited the accompanying Ind AS financial statements of Air India Express Limited ("the Company") which comprises the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), 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.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects/possible effects of the matters described in the Basis for Qualified Opinion section of our report, the aforesaid Ind AS 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 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 31st March, 2020, and profit including (including other comprehensive income), the changes in equity and its cash flows for the year ended on that date.

2. Basis for Qualified Opinion

In respect of non-compliance with certain provisions of the Act to the extent stated below:

i. *Non-Appointment of 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 for the period from 1st April,2019 till 26th March,2020 and consequent non-compliance relating to composition of Corporate Social Responsibility Committee under section 135(1); Audit Committee under section 177 (2) and Nomination and Remuneration Committee under section 178 of the Companies Act,2013. Upon redemption of Listed Unsecured Non-convertible Debentures on 26th March, 2020, the status of the Company has changed to Unlisted Public Company being a wholly owned subsidiary of a Public Company, covered under the exemption granted under Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014.*

ii. *Non-appointment of woman director for the period 6th November, 2018 to 19th January, 2020 as required under section 149(1) of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014.*

We have conducted our audit 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 financial statements under the provisions of the Act and the Rules made thereunder, and 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 qualified opinion on the financial statements.

3. **Emphasis of Matter**

We invite attention to the following:

i. In respect of non-compliance with Regulation 52 of Listing Obligation and Disclosures Requirements (Amendment) Regulation, 2017 (LODR) regarding delay in submission of Half yearly Financial Results to Bombay Stock Exchange.

ii. Note No. 47(B) regarding penal interest amounting to Rs. 832.47 Million for delayed payment of Guarantee Commission to Government of India.

iii. Non-filling of form 3CEB from F. Y. 2012-13 to F.Y. 2015-16 (Refer note no. 57).

iv. Flight Interruption Manifest and Code-Share revenue are considered as “Interline Transactions” and hence, GST liability in respect of the same is not charged and paid by the Company for the reason refer to in note no. 40.

v. Reconciliation / rectification: The Company has made provision for repairs expenditure of Rs. 293.84 Million as referred to in note no. 41(d).

vi. The Company has not deducted income tax at source while making provision for expenses but has deducted the same and paid to the government at the time of making payment of expenses, the impact of such non-compliance will be accounted for in the year in which it is paid.

vii. Note no.45 regarding write off out of opening balance of insurance claim receivable. We are informed that out of total write off, amount of Rs. 196.02 Million is on account of rejection of the claim by the insurance agency and insurance claim receivable of Rs. 30.17 Million is reversed as at year end as the same is not confirmed by the insurance agency.

viii. Note no.46 regarding additional charge of Rs. 345.81 Million for insurance cost allocated by Holding Company for the year on account of increase in insurance premium for FY 2019-20 attributable to Company’s high claim ratio for the damages claim from the insurance company during prior years. This being the technical matter, we have relied on the representation provided to us in respect of the basis of allocation between the Holding Company and the Company.

ix. Note No. 34 in respect of various disputes for demands raised against the Company by Service tax and Customs authorities and its financial impact on the financial statements of the Company. Total amount of disputed taxes in respect of Service tax and Customs duty as disclosed in contingent liabilities is Rs.1,172.98 Million. In the opinion of the management, these matters are pending outcome of the appeals and involves peculiar issues of aviation industry which are not yet resolved. In the opinion of the management there are valid technical grounds based on which demands are disputed and hence, no provision is considered necessary and disclosure as contingent liability is appropriate.

x. Note no. 60 regarding unreconciled Airport Tax payable of Rs. 176.88 Million.

xi. Note No. 36 in respect of adoption of threshold level for retrospective restatement for prior period items during the year. We are informed that the Company has adopted the threshold level for retrospective restatement of prior period item in line with the criteria followed by the Holding Company. Consequently, prior period expense (net) of Rs. 117.75 Million pertaining to FY 2018-19 and prior period expenses (net) of Rs. 83.68 pertaining to period prior to FY 2018-19 are accounted for in current year.

xii. In respect of delay in filing of form MSME-1 for the half year ended 30th September, 2019.

Our opinion is not qualified in respect of above matters. Para nos. i to vi were also reported under emphasis of matter in previous year and our opinion was not qualified for those matters.

4. **Information Other than the Financial Statements and Auditor's Report Thereon**

The other information obtained at the date of this auditor's report in Director's report including annexures thereon, is prepared by the Board of Directors and 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this report, 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.

5. **Responsibilities of Management and those charged with governance for the Ind AS financial statements**

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these 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 accounting principles generally accepted in India. This responsibility also includes 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 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, the Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so

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

6. **Auditor's Responsibilities for the Audit of Ind AS Financial Statement**

1. 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 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 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 all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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.

7. **Other Matters**

   i. The Company conducted physical verification of part of inventories at Mumbai location subsequent to year end. We have relied on the physical verification of inventories carried out by the management and independent firm of chartered accountants and the report of the said firm.

   ii. Due to Covid-19 and consequent lockdown, we were unable to visit the business area located outside Mumbai and hence we had rely upon the documents / returns provided to us for our verification by the said business areas.

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

   A. As required by the Companies (Auditor's Report) Order, 2016 ("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.

   B. As required under Section 143(5) of the Act, we enclose herewith, as per **Annexure "B"**, our report on the directions issued by the Comptroller & Auditor General of India.

   C. 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 and proper returns adequate for the purpose of our audit have been received from Business Areas which were not visited by us.

      c) The Balance Sheet, the Statement of Profit and Loss (Including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in equity read with Notes to Accounts dealt with by this Report are in agreement with the books of account and with the returns received from Business Areas which were not visited by us.

      d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

      e) The Company being a Government Company as defined in section 2(45) of the Companies Act, 2013 is exempted from the applicability of the provision of the section 164(2) of the said Act, vide Circular No.G.S.R.463(E) dated 5th June 2015 issued by the 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 "C"** and

      g) The Company being a Government Company as defined in section 2(45) of the Companies Act, 2013 is exempted from the applicability of the provision of the section 197 of the said Act, vide Circular No.G.S.R.463(E) dated 5th June 2015 issued by the Ministry of Corporate

Affairs.

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 (as amended), in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us

   i. The Company has disclosed the impact of pending litigation on its financial position in its financial statement – Refer to Note No.34.

   ii. The Company does not have any long-term contracts including derivative contracts for which there could be any material foreseeable losses and hence, the question of making provision for such losses does not arise.

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

For M.A. Parikh & Co
Chartered Accountants
Firm Registration No: 107556W

Sd/-
Mukul Patel
Partner
Membership No.: 032489
UDIN : 20032489AAAABW3597

Place : Mumbai
Date : 28 October 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2020

The Annexure referred to in paragraph 8(A) under the heading 'Report on other legal and regulatory requirements' of our Independent Auditor's Report to the members of **Air India Express Limited** ('the Company') on financial statements for the year ended 31st March 2020. We report that:

i. In respect of the Property, Plant and Equipment

   a. *The Company is in the process of updating its Property, Plant and Equipment register with respect to quantitative details and location thereof.*

   b. The Company has a program of Physical Verification of Property, Plant and Equipment on rotational basis biennially so that every asset is verified once every four years which in our opinion is adequate. Company has conducted physical verification of Property, Plant and Equipment during the financial year ended 31st March, 2019 and as per the program assets were not due for physical verification during the financial year ended 31st March, 2020 and hence question of our comment on discrepancies not arise.

   c. According to the information and explanation given to us, the Company does not own any immovable property. Therefore, clause (i) (c) of para 3 of the Order is not applicable to the Company.

ii. According to the information and explanations given to us, on account of lockdown, the Company has conducted physical verification of only part of the inventory at the Mumbai location subsequent to the year end and Trivandrum location during the financial year 2019-20. In our opinion, for the inventories verified, frequency of physical verification is reasonable. The verification has been conducted by the Management and an independent agency and discrepancies noticed during the verification were material and have been properly dealt with in the books of account (Refer Note No. 41). However, with respect to the balance part of inventories at Mumbai and Trivandrum location and all the inventories at other locations (including inventory lying with third parties), in absence of physical verification, we cannot comment on the reasonableness of frequency and discrepancies, if any, which may have remained undetected & unadjusted.

iii. According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms / LLPs or other parties covered in the register maintained under section 189 of the Act. Therefore, the requirements of clause (iii)(a), (iii)(b) and (iii)(c) of paragraph 3 of the Order are not applicable to the Company.

iv. As per information and explanation given to me, the Company has not granted any loans or made any investments, given any guarantee or provided security in connection with any loan for which compliance under section 185 or 186 of the Act is required. Therefore, question of our comment on compliance with section 185 and 186 of the Act does not arise.

v. In our opinion and according to the explanations given to me, the Company has not accepted any deposits. Therefore, question of reporting compliance with 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 rules framed thereunder does not arise. We are informed that no order relating to the Company in this regard has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

vi. Based on the information & explanation provided to us by the management, maintenance of cost records has not been prescribed by the Central Government under sub-section (1) of section 148 of the Act in respect of the Company's services. Accordingly, clause (vi) of paragraph 3 of the Order is not applicable to the Company.

vii. In respect of statutory dues:

According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues and there were no dues in arrears, as at 31st March, 2020 for a period of more than six months from the date on which they became payable, *except the following:*

a. *Profession Tax: Rs. 1.11 Million on account of pendency of determination of jurisdiction by the concerned authority.*

b. *Provident Fund: Rs. 0.18 Million.*

c. *Payment of Tax Deducted at Source (TDS) u/s 194 C, 194 H, 194 J & 194 I of the Income Tax Act, in respect of:*

i. As the Company makes adhoc TDS payments for expenses other than salary every month which are pending reconciliation in absence of proper linkage between deduction and deposit of TDS, we are not in a position to offer any comments, as regards delay if any.

ii. Unascertained amount towards interest and penalty, if any, in respect of delayed/unpaid TDS on account of Company's policy of not deducting tax at source while providing for expenses but deducting and paying while payment of expenses.

d. *Statutory dues, if any, in respect of foreign Business Areas not covered during our audit, since the records 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 timely basis*.

1. According to the records of the Company and information and explanations given to us, there are no dues outstanding in respect of Income Tax, Wealth Tax, Service Tax, Good and Service Tax, Cess or other statutory dues on account of any dispute except as mentioned below:

(Rupees in Million)

Sr. No.	Name of the Statute	Gross Demand	Amount Deposited	Unpaid Demand	Nature and forum where the dispute is pending
1	Service Tax for Financial Year 2005-06 to 2016- 17	1,126.99	-	1,126.99	Commissioner of GST and Central Excise
2	Customs Duty	45.99	0.20	45.79	Commissioner of Central Excise, Customs & Service Tax
3	Employees State Insurance Corporation June 2003- July 2012	21.63	2.0	19.63	Director of Employees State Insurance Corporation

viii. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to its banks and to debenture holders *except for the following:*

Name of the Bank	Amount of Installment Rs. In Million	Period of Default No of Days
Apple Bank for Savings	63.44	1
Apple Bank for Savings	63.81	2
JP Morgan Chase Bank N.A	62.47	2
JP Morgan Chase Bank N.A	63.90	2
JP Morgan Chase Bank N.A	63.80	2

Further, the Company not raised loans or borrowed from financial institution and government.

ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year and hence paragraph 3 (ix) of the Order is not applicable. Therefore, the question of utilization of funds for the purpose for which it was taken does not arise.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no fraud on the Company by its officer and employees has been noticed or reported during the year and nor have we been informed of such case by the management.

xi. As per the Notification GSR 463(E) of Ministry of Corporate Affairs, Dated 5th June 2015, Section 197 of the Companies Act 2013 is not applicable to Government Companies. Therefore, the paragraph 3 (xi) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Thus, paragraph 3(xii) of the Order is not applicable.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act and where applicable, the details of such transactions have been disclosed in the financial statements as required by Indian Accounting Standard 24.(Refer Note No. 51)

xiv. According to the information and explanations give to us and based on our examination of the records of the Company, during the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore, the provisions of clause (xiv) of paragraph 3 of the Order are not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with the directors or persons connected with them and hence, paragraph 3(xv) of the Order is not applicable.

xvi. According to the information and explanations given to us and based on our examination of the records of the Company it is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For M.A. Parikh & Co
Chartered Accountants
Firm Registration No: 107556W

Sd/-
Mukul Patel
Partner
Membership No.: 032489
UDIN : 20032489AAAABW3597

Place : Mumbai
Date : 28 October 2020

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

As referred to in our Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31st March, 2020, we report that :

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, 2020.

Sr No	Directions / Sub-Directions	Statutory Auditor's Comments
1.	**Whether the Company has system in place to process all the accounting transactions through the IT system? If yes, the implications of processing of accounting transactions outside IT system on integrity of the accounts along with the financial implications, if any, may be stated**	Based on the information and explanations given to us, the Company generally has a system in place to process all the accounting transactions through IT system except to the extent as stated hereunder: (i) The entries being made manually on periodic basis in respect of sales/revenue with the accounting software (SAP) basis reconciliation prepared by an independent outside agency. (ii) Payroll records are partially maintained manually. (iii) Depreciation on PPE is computed manually and thereafter, entered into SAP. (iv) Cargo revenue, flight interruption manifest and code shade Revenue are accounted manually on the basis of information from the Holding Company. (v) Non aircraft inventories are not maintained in 'RAMCO System' As per the information and explanations given to us, the above records outside SAP system are manually verified before entering into SAP system for their appropriate integration therein.
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**	Based on information and explanation given to us, there were no cases of restructuring of an existing loan or cases of any waiver/write-off of debts/loan/ interest made by the lender.

Sr No	Directions / Sub-Directions	Statutory Auditor's Comments
3.	**Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for / utilized as per its term and conditions? List the cases of deviation**	Based on information and explanation given to us, the company has not received any funds for specific schemes from central/state agencies.

For M.A. Parikh & Co
Chartered Accountants
Firm Registration No: 107556W

Sd/-
Mukul Patel
Partner
Membership No.: 032489
UDIN : 20032489AAAABW3597

Place : Mumbai
Date : 28 October 2020

ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2020.

[Referred to in paragraph 8(C)(f) under the heading "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")

Qualified Opinion

We have audited the internal financial controls over financial reporting of **Air India Express Limited** ("the Company") as of 31st March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

According to the information and explanations given to us and based on our audit, material weaknesses have been identified in the Company's internal financial controls over financial reporting as at 31st March, 2020 in respect of:

a) The company did not have an effective interface between various functional software relating to Revenue and Payroll with the accounting software resulting in accounting entries being made manually on periodical basis.

b) Cargo revenue, flight interruption manifest and code shade Revenue are accounted manually on the basis of information from the Holding Company.

c) The company did not have an appropriate internal control system for reconciliation of Control Accounts in relation to the Sales/Revenue, Inventory and Payroll.

d) Controls over planning and monitoring of financial closing process.

e) Controls over spreadsheets used in financial closing process.

f) The company did not have an appropriate internal control system for deduction, timely deposit and reconciliation of statutory dues.

g) The company did not have an appropriate internal control system for obtaining confirmation of balances on a periodic basis and reconciliation of unmatched Receivables and Payables. The same has been done as at the end of the year.

h) The Company did not have an effective internal control system for reconciliation of onboard "Bar Sales" with consumption and realization.

i) The company did not have an effective system for timely accounting of entries.

j) Maker checker process needs to be strengthened.

k) System of verification of reconciliation provided by outsourced agency relating to revenue needs to be strengthened.

l) During the year, due to lockdown, the Company has not conducted physical verification of inventories at all the locations and has relied on the inventory reports generated from the system.

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

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of 31st March, 2020, 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, and *except for effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria*, the Company’s internal financial controls over financial reporting were operating effectively as of 31st March, 2020.

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 the financial statements of the Company for the year ended 31st March, 2020, and these material weaknesses have affected our opinion on the financial statements of the Company and we have issued a qualified opinion on the financial statements.

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, safeguarding of its assets, prevention and detection of frauds and errors, 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 prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls with reference to the 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 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 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

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.

For M.A. Parikh & Co
Chartered Accountants
Firm Registration No: 107556W

Sd/-
Mukul Patel
Partner
Membership No.: 032489
UDIN : 20032489AAAABW3597

Place : Mumbai
Date : 28 October 2020

MANAGEMENT COMMENTS TO THE INDEPENDENT AUDITOR'S REPORT OF THE STATUTORY AUDITORS FOR THE FINANCIAL YEAR 2019-20

Sl. No.	Audit Observation	Management Comments
	Qualified Opinion	
1.	*Non-Appointment of 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 for the period from 1st April,2019 till 26th March,2020 and consequent non-compliance relating to composition of Corporate Social Responsibility Committee under section 135(1); Audit Committee under section 177 (2) and Nomination and Remuneration Committee under section 178 of the Companies Act,2013. Upon redemption of Listed Unsecured Non-convertible Debentures on 26th March, 2020, the status of the Company has changed to Unlisted Public Company being a wholly owned subsidiary of a Public Company, covered under the exemption granted under Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014.*	Air India Express Limited (AIXL) is a wholly owned subsidiary of Air India Ltd (A Government Company) and as per Article 117 of the Articles of Association of the Company, all the Directors of the Company are appointed by Air India Ltd in consultation with the Government of India / Ministry. AIXL has requested AI to nominate at least two independent Directors on its board and the same was not materialized. As per the provisions of Section 135(1) of the Companies Act, CSR committee of the Board shall consist of three or more directors including at least one independent director. As per the provisions of Section 177 (2) of the Companies Act, Audit Committee shall consist of a minimum of three Directors with independent Directors forming a majority. As required under section 178, the nomination and the remuneration committee should consist of three or more non-Executive Director out of which not less than one half should be independent Directors. At present there is no independent Directors on the Board of AIXL and the matter has been escalated to AI for necessary nomination. Upon redemption of Listed Unsecured Non-convertible Debentures on 26th March, 2020, the status of the Company has changed to Unlisted Public Company being a wholly owned subsidiary of a Public Company,

		covered under the exemption granted under Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014.
2.	*Non-appointment of woman director for the period 6th November, 2018 to 19th January, 2020 as required under section 149(1) of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014*	The same has been complied with the appointment of Smt. Kusum Lata Sharma as Director on 20th January, 2020.
Emphasis of Matter (not qualified)		
1.	Reference number 3(i): In respect of non-compliance with Regulation 52 of Listing Obligation and Disclosures Requirements (Amendment) Regulation, 2017 (LODR) regarding delay in submission of Half yearly Financial Results to Bombay Stock Exchange	As per the regulation under section 52 of LODR, the unaudited financials has to be approved by the Board and signed by the independent Chartered Accountant besides filing online. In the current financial year the company has filed half yearly financial result limited reviewed by Independent Auditor and approved by the Board on 7th February, 2020. Due to the delay in limited review there was delay in submission of Limited Reviewed Half yearly Financial Results , to Bombay Stock Exchange.
2.	Reference number 3(ii): Note No. 47 regarding penal interest amounting to Rs. 832.47 Million for delayed payment of Guarantee Commission to Government of India.	The Company has provided the guarantee fees payable to the Government at the rate of 0.5% on the amount of the respective liabilities as outstanding at the end of every financial year. However, since the Company has paid the entire amount of guarantee fees payable in full and since it has represented to the Government for waiver of the penal interest amounting to Rs. 832.47 Million and also the Company had not received any claim from the Government of India for such penal interest as aforesaid, no provision for the same has been made in the financial statements.
3.	Reference number 3(iii): *Non-filling of form 3 CEB for the F. Y. 2012-13 to F.Y. 2015-16 (Refer note no. 54).*	Company has completed income tax assessment upto FY 2017-18.

4.	<u>Reference number 3(v):</u> Reconciliation / rectification: The Company has made provision for repairs expenditure of Rs. 293.84 Million as referred to in note no 41(d).	Inventories at the yearend includes balance under in-house repairing jobs being carried as Work order suspense – Internal / External which contain material used and repair charges. On these balances the Company creates liability provision as necessary.
5.	<u>Reference number 3(vi):</u> The Company has not deducted income tax at source while making provision for expenses but has deducted the same and paid to the government at the time of making payment of expenses, the impact of such non-compliance will be accounted for in the year in which it is paid.	The Company, as per the practice, while creating the provision in the books of accounts comply with deduction of TDS if such provisions are made before April. For all provisions made beyond April, the Tax is considered accordingly while discharging the liability. Further, as per the section 40 A IA, the TDS paid on such expenses can be allowed to be claimed by the Company in the respective Financial year in which the payments are made and TDS liability is discharged.
6.	<u>Reference number 3(vii):</u> Note no.45 regarding write off out of opening balance of insurance claim receivable. We are informed that out of total write off, amount of Rs. 196.02 Million is on account of rejection of the claim by the insurance agency and insurance claim receivable of Rs. 30.17 Million is reversed as at year end as the same is not confirmed by the insurance agency.	The Company has adopted the stated Accounting policy during the financial year 2019-20 for accounting of claims receivable on the acceptance of claim by the insurance company.
7.	<u>Reference number 3(x):</u> Note no. 61 regarding unreconciled Airport Tax payable of Rs. 176.88 Million	The Company is in the process of reconciling Airport Tax Payable of Rs. 176.88 Million and the same will be adjusted in the year in which the said process is completed.
8.	<u>Reference number 3(xi):</u> Note 36 in respect of adoption of threshold level for retrospective restatement for prior period items during the year. We are informed that the Company has adopted the threshold level for retrospective restatement of prior period item in line with the criteria followed by the Holding Company. Consequently, prior period expense (net) of Rs. 117.75 Million pertaining to FY 2018-19 and prior period expenses (net) of Rs. 83.68 Million pertaining to period prior to FY 2018-19 are accounted for in current year.	We have adopted the threshold limit for accounting of prior period in line with Parent Company policy.

9.	Reference number 3(xii): *Delay in filling of form MSME-1 for the half year ended 30th September, 2019.*	There was a delay in filing of form MSME-1 for the half year ended 30th September,2019. Necessary steps have been taken on ensure timely filing of MSME Returns and strict control has been put in place for making timely payments to all MSME Vendors. As a result, company has filed form MSME -1 for the half year ended 31st March, 2020 within due date. Further, company has filed form MSME -1 for the half year ended 30th September, 2020 on 26.10.2020. (due date is 31.10.2020)

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act

1.	Reference number: Annexure A i(a): (i) *In respect of the Property, Plant and Equipment* a. *The Company is in the process of updating its Property, Plant and Equipment register with respect to quantitative details and location thereof.*	The Company has carried out the updation process effective FY 2015-16 and prior period exercise due complexities are still in process.
	Reference number: Anneuxre A (ii): *ii.* According to the information and explanations given to us, on account of lockdown, the Company has conducted physical verification of only part of the inventory at the Mumbai location subsequent to the year end and Trivandrum location during the financial year 2019-20. In our opinion, for the inventories verified, frequency of physical verification is reasonable. The verification has been conducted by the Management and an independent agency and discrepancies noticed during the verification were material and have been properly dealt with in the books of account (Refer Note No. 41). However, with respect to the balance part of inventories at Mumbai and Trivandrum location and all the inventories at other locations (including inventory lying with third parties), in absence of physical verification, we cannot comment on the reasonableness of frequency and discrepancies, if any, which may have remained undetected & unadjusted	Effective FY 2017-18, the Company has adopted the process of physical verification of Inventory on annual basis and the same is undertaken by the external Auditors. Due to COVID 19 and complete lockdown from 24th Mar'20 physical verification could not be carried out at all locations . .

	Reference number: Anneuxre A (vii): *In respect of statutory dues:* According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues and there were no dues in arrears, as at 31st March, 2020 for a period of more than six months from the date on which they became payable,except the following:	
	a. Profession Tax: Rs. 1.11 Million on account of pendency of determination of jurisdiction by the concerned authority.	The Company in the past has made several attempts to remit the PT dues to the authorities. Since most of the employees have resigned, the matter was referred to the external consultant to guide us in the matter. Upon receipt of the guidance appropriate action would be initiated
	b. Provident Fund: Rs. 0.18 Million	The UAN number for the respective employees are under process by the PF department and upon confirmation, the UAN number would be validated in the system and the PF dues would be remitted accordingly.
	c. Payment of Tax Deducted at Source (TDS) u/s 194 C, 194 H, 194 J & 194 I of the Income Tax Act, in respect of:	
	i. As the Company makes adhoc TDS payments for expenses other than salary every month which are pending reconciliation in absence of proper linkage between deduction and deposit of TDS, we are not in a position to offer any comments, as regards delay if any.	The Company is remitting TDS based on the SAP extracts of monthly liability as per the provisions made. However, the Company remit the adhoc payment of TDS for the month of Mar 2020 to avoid late filing and interest, etc and the same is already mapped with the respective vendors and reconciled. Further, all unconsumed challans list mapped with SAP had been provided to the Auditors along with vendor closing balances and necessary confirmations.
	ii. Unascertained amount towards interest and penalty, if any, in respect of delayed/unpaid TDS on account of Company's policy of not deducting tax at source while providing for expenses but deducting and paying while payment of expenses.	The Company does not have any unascertained amount towards interest and penalty. Further, the Company had provided TDS-CPC default statement effective FY 2007-08 onwards till FY 2019-20 and also the above is reflected in the Form 26 AS for FY 2019-20.

	d. Statutory dues, if any, in respect of foreign Business Areas not covered during our audit, since the records 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 timely basis. <u>Reference number: Anneuxre A (viii):</u> Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to its banks and to debenture holders except for the followings: Name of Bank / Amount of Installment / Period of default – No of days 1. Apple Bank 63.44 1 2. Apple Bank 63.81 2 3. JP Morgan Chase Bank 62.47 2 4. JP Morgan Chase Bank 63.90 2 5. JP Morgan Chase Bank 63.80 2	All compliances in respect of Foreign stations are complied with as per the certification / confirmation provided by the respective Foreign stations. 1 & 2). The payment was delayed due to shortage of funds as COVID-19 impacted Company's revenue. 3, 4 & 5). Finance Department Officials have identified error in the invoice raised by the Bank and intimated the same to Bank. The revised invoice was received on October 9, 2019 i.e. 2 days after the due date of October 7, 2019. Hence, there was a delay in making the payment of the installment.

Management reply to Annexure - B to the Independent Auditor's Report

	1. Whether the Company has system in place to process all the accounting transection through IT system? If yes, the implications of processing of accounting transaction outside IT system on integrity of the accounts along with the financial implications, if any, may be stated	Based on the information and explanations given to us, the Company has a system in place to generally process all the accounting transactions through IT system except to the extent as stated hereunder: (i) Non aircraft inventories are not maintained in 'RAMCO System' As per the information and explanations given to us, the above records used from the outside SAP system are verified before entering into SAP system for their appropriate integration therein.	Non aircraft inventories are being maintained in SAP MM Module.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")			
	a)	The company did not have an effective interface between various functional software relating to Revenue, Payroll and Inventory Management with the accounting software resulting in accounting entries being made manually on periodical basis.	However, the Company has appointed a consultant to review the SAP processes and guide us further process. As on date, the complete fuel payments are being linked with SAP on real time basis. Integration of Bar Sale with SAP has been done at Kochi & Mumbai .Due to Covid it could not be done at other locations HR Attendance management system integration with SAP is in process.. The integration of catering process with SAP is in progress and will go live during FY 2020-2021.
	b)	Cargo revenue, flight interruption manifest and code share Revenue are accounted manually on the basis of information from the Holding Company.	This is a Statement of fact.
	c)	The company did not have an appropriate internal control system for reconciliation of Control Accounts in relation to the Sales/Revenue, Inventory and Payroll.	The Company has appointed the Internal and concurrent auditor in FY 2019-20. The concurrent auditor are verifying control accounts and issuing reports on quarterly basis which Is discussed with the audit committee on a quarterly basis.
	d)	Controls over planning and monitoring of financial closing process.	Necessary steps have been taken for implementing half yearly & monthly financial closing process. During FY 2019-2020, company has filed with SEBI, half yearly financial result (H1) limited reviewed by Independent Auditor. During FY 2020-2021, monthly closure of accounts has been implemented.
	e)	Controls over spreadsheets used in financial closing process.	Only Managers and CFO has access to the files used.
	f)	The company did not have an appropriate internal control system for deduction, timely deposit and reconciliation of statutory dues.	The Company is exercising complete controls on Compliance and Statutory regulation and remittances are made on or before the due dates. The reports from SAP are being generated and manual controls are also exercised in this regard. In FY 20-21 most of the reconciliations are done on a monthly basis.

	g)	The company did not have an appropriate internal control system for obtaining confirmation of balances on a periodic basis and reconciliation of unmatched Receivables and Payables however the same has been done as at the end of the year.	The Company has followed the system of obtaining the confirmations from Vendors / Customers on quarterly/half yearly basis in FY 19-20 . Certification is obtained from external Audit Firm on annual basis.
	h)	The Company did not have an effective internal control system for reconciliation of onboard “Bar Sale” with consumption and realization.	Bar Sales are being streamlined and suitable controls are vested with Airport Coordinators, Airport cashiers and station Finance Officers for effective follow up through System. Further, BAR sales had been integrated with SAP during January 2020 at Mumbai location and on 7 February 2020 at Kochi. Due to COVID19 issue, currently there are no scheduled flights and Bar upliftment is not happening. Hence, the process of integration at remaining locations is under hold currently. The integration process will be started once we receive tentative date for the commencement of scheduled flights.
	i)	The company did not have an effective system for timely accounting of entries.	Entries are getting accounted on real time basis. The entries of Rs. 5 Lakhs and above are being verified by Concurrent auditors and after their verification entries are posted in SAP. From 2020-2021 there is effective system for timely accounting of entries.
	j)	Maker checker process needs to strengthened.	All the transactions are being verified by the maker with supporting documents and entries are entered in SAP. The entries of Rs. 5 Lakhs and above are being verified by Concurrent auditors and after their verification entries are posted in SAP. Entries below RS 5 lacs are booked by maker and posted by checker
	k)	System of verification of reconciliation provided by outsourced agency relating to revenue needs to be strengthened.	The internal auditor on concurrent basis, reviews the various reconciliation.
	l)	During the year, due to lockdown, the Company has not conducted physical verification of inventories at all the locations and has relied on the inventory reports generated from the system.	This is a Statement of fact

BALANCE SHEET AS AT 31ST MARCH 2020

(Rupees in Million)

Particulars	Note No.	As at 31st March 2020		As at 31st March 2019	
ASSETS :					
Non-Current Assets					
(a) Property, Plant and Equipment	4	18,078.41		28,774.10	
(b) Right of use assets	4	21,617.56		-	
(c) Intangible Assets	4	1.88		0.04	
(d) Capital work in Progress		-		95.32	
(e) Financial Assets	5	266.90		165.43	
(f) Other Non-Current Assets	6	1,447.21		60.14	
Total Non Current Assets			41,411.96		29,095.03
Current Assets					
(a) Inventories	7	1,878.97		2,646.03	
(b) Financial assets:					
i) Trade Receivables	8	46.93		495.24	
ii) Cash and Cash Equivalents	9	92.12		285.38	
iii) Bank balances other than (ii) above	10	692.39		681.04	
iv) Other Financial Assets	11	1,086.24		1,233.51	
(c) Current Tax Assets (Net)	12	13.43		12.00	
(d) Other Current Assets	13	437.08		2,871.36	
(e) Assets held for Sale		-		1.40	
Total Current Assets			4,247.16		8,225.96
Total Assets			45,659.12		37,320.99
EQUITY AND LIABILITIES :					
Equity					
a) Equity Share Capital	14	7,800.00		7,800.00	
b) Other Equity	15	(12,444.62)		(16,286.47)	
Total Equity			(4,644.62)		(8,486.47)
Liabilities :					
(a) **Non-Current Liabilities**					
i) Financial Liabilities					
- Borrowings	16	-		1,778.00	
-Lease Liabilities	17	10,425.18		-	
-Other Financial Liabilities	18	0.42		5.20	
ii) Provisions	19	244.74		141.89	
Total Non-Current Liabilities			10,670.34		1,925.09
(b) **Current Liabilities**					
i) Financial Liabilities					
-Borrowings	20	13,600.97		13,088.18	
-Lease Liabilities	21	3,821.41		-	
-Trade Payables	22				
Total outstanding dues of micro enterprises and small enterprises		3.10		2.38	
Total outstanding dues of creditors other than micro enterprises and small enterprises		5,659.57		9,707.43	
-Other Financial Liabilities	23	13,167.43		16,494.41	
ii) Provisions	24	109.73		55.02	
iii) Other Current Liabilities	25	3,271.19		4,534.95	
Total Current Liabilities			39,633.40		43,882.37
Total Equity & Liabilities			45,659.12		37,320.99
Significant Accounting Policies					
Notes forming part of the Financial Statement	1-68				

The accompanying notes are an integral part of the Financial Statement
This is the Balance Sheet referred to in our report of even date

As per our Report of even date

For M. A. Parikh & Co.
Chartered Accountants
Firm Registration No. 107556W

Sd/-
Mukul Patel
Partner
Membership No: 032489

Place : Mumbai
Date : 28 October 2020

For and on behalf of the Board of Directors

Sd/-
Rajiv Bansal
Chairman
(DIN :- 00245460)

Sd/-
Kusum Lata Sharma
Director
(DIN :- 08678975)

Sd/-
Vinod Hejmadi
Director
(DIN :- 07346490)

Sd/-
K.Shyam Sundar
Chief Executive Officer

Sd/-
Ranjita Kumari
Chief Financial Officer

Sd/-
Aditi Khandekar
Company Secretary

Place : New Delhi
Date : 27 October 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

(Rupees in Million)

Particulars	Note No.	Year ending 31st March 2020		Year ending 31st March 2019	
Revenue					
1. Revenue from Operations					
i) Sale of Services	26	51,057.27		40,944.22	
ii) Other Operating Revenue	27	1,137.17		771.44	
Operating Revenue			52,194.44		41,715.66
Other Income	28		111.59		298.76
Total Revenue			52,306.03		42,014.42
Expenses					
1. Aircraft Fuel & Oil			14,886.97		15,214.58
2. Operation Expenses	29		16,863.52		14,079.88
3. Employees Benefit Expenses	30		3,371.78		2,930.86
4. Finance Cost	31		3,334.89		2,951.35
5. Depreciation and Amortization Expenses	32		5,030.76		2,607.82
6. Other Expenses	33		4,636.18		2,544.04
Total Expenses			48,124.10		40,328.53
Profit before Tax			4,181.93		1,685.89
Tax Expenses :					
i) Current Tax			-		42.00
ii) Tax Adjustment relating to earlier year			40.17		-
Profit after Tax for the year			4,141.76		1,643.89
Other Comprehensive Income					
A (i) Items that will not be reclassified to profit or loss			(14.02)		(28.01)
(ii) Income tax relating to above mentioned items			-		-
B (i) Items that will be reclassified to profit or loss			-		-
(ii) Income tax relating to above mentioned items			-		-
Total Comprehensive Income for the year			4,127.74		1,615.88
Earning per Equity Share of Rs.100 Each					
Basic & Diluted	54		53.10		21.08
Significant Accounting Policies					
Notes forming part of the Financial Statement	1-68				

The accompanying notes are an integral part of the Financial Statement
This is the Statement of Profit and Loss referred to in our report of even date

As per our Report of even date

For M. A. Parikh & Co.
Chartered Accountants
Firm Registration No. 107556W

Sd/-
Mukul Patel
Partner
Membership No: 032489

Place : Mumbai
Date : 28 October 2020

For and on behalf of the Board of Directors

Sd/-
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Chairman
(DIN :- 00245460)

Sd/-
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Sd/-
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Sd/-
K.Shyam Sundar
Chief Executive Officer

Sd/-
Ranjita Kumari
Chief Financial Officer

Sd/-
Aditi Khandekar
Company Secretary

Place : New Delhi
Date : 27 October 2020

STATEMENT OF CHANGES IN EQUITY AS AT 31ST MARCH 2020

A. Equity Share Capital	As at 31.03.2020		As at 31.03.2019	
	No. of Shares	Amount (Rupees)	No. of Shares	Amount (Rupees)
Balance at the beginning of the reporting period	78,000,000	7800,000,000	78,000,000	7800,000,000
Balance at the end of reporting period	78,000,000	7800,000,000	78,000,000	7800,000,000

(Rupees in Million)

B. Other Equity	Capital Reserve	Retained Earnings	Other Comprehensive Income	Total
Balance as at 31.03.2019	**251.05**	**(16,506.98)**	**(30.54)**	**(16,286.47)**
Transfer to/ from Profit & Loss	(14.92)	4,141.76	(14.02)	4,112.82
Impact of Ind AS 116 - Leases (Refer Note 50)	-	(270.97)	-	(270.97)
Balance as at 31.03.2020	**236.13**	**(12,636.19)**	**(44.56)**	**(12,444.62)**
Balance as at 31.03.2018	**265.93**	**(18,150.87)**	**(2.53)**	**(17,887.47)**
Transfer to/ from Profit & Loss	(14.88)	1,643.89	(28.01)	1,601.00
Balance as at 31.03.2019	**251.05**	**(16,506.98)**	**(30.54)**	**(16,286.47)**

As per our Report of even date

For M. A. Parikh & Co.
Chartered Accountants
Firm Registration No. 107556W

Sd/-
Mukul Patel
Partner
Membership No: 032489

Place : Mumbai
Date : 28 October 2020

For and on behalf of the Board of Directors

Sd/-
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Sd/-
K.Shyam Sundar
Chief Executive Officer

Sd/-
Ranjita Kumari
Chief Financial Officer

Sd/-
Aditi Khandekar
Company Secretary

Place : New Delhi
Date : 27 October 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(Rupees in Million)

	Particulars	F.Y. 2019-20		F.Y. 2018-19	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Profit before Tax		**4,181.93**		1,643.89
	Adjustments for :				
	Other Comprehensive Income	**(14.02)**		(28.01)	
	Depreciation and Amortization	**5,030.76**		2,607.82	
	Finance Cost	**3,334.89**		2,951.34	
	Loss on sale of Assets	**-**		31.23	
	Property,Plant and Equipment Scraped	**255.93**		465.39	
	Provision for Doubtful Debts written back	**(0.24)**		-	
	Provision for Doubtful Debts	**-**		0.24	
	Interest on Bank Deposits	**(42.62)**	**8,564.70**	(37.77)	5,990.24
	Cash surplus/(-) deficit before variation in Net Working		**12,746.63**		7,634.13
	Changes in Working Capital				
	Increase /(-)Decrease in Current Assets				
	Trade Receivable	**448.55**		(62.70)	
	Other Financial Assets	**145.95**		(112.00)	
	Other Current Assets	**2,434.28**		(1,350.40)	
	Other Non Current Assets	**(1,387.07)**		6.50	
	Non Current Financial Assets	**(101.47)**		(29.90)	
	Inventories	**767.06**		71.00	
	Increase /(-)Decrease in Current Liabilities & Provisions				
	Non current Provision	**102.85**		78.60	
	Other Financial Liabilities	**(4.78)**		5.20	
	Current Trade Payables	**(4,047.14)**		(592.80)	
	Other Financial Liabilities	**(1,219.51)**		291.20	
	Current Provision	**14.54**		395.40	
	Other Current liabilities	**(1,263.76)**		1,405.73	
			(4,110.50)		105.83
	Cash (-)outflow / Inflow from Operations		**8,636.13**		7,739.96
	Less:- Taxes Paid/(Refund)		**1.43**		2.90
	Net cash (-)outflow / Inflow from Operations (A)		**8,634.70**		**7,737.06**
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**				
	Purchase of Property,Plant and Equipment (Net)	**(3,041.47)**		(2,455.23)	
	Purchase of Intangible Assets	**(2.42)**		-	
	Asset held for sale	**1.40**		0.49	
	Bank Balances other than cash and cash equivalents	**(11.35)**		(518.33)	
	Interest received on Bank Deposits	**43.94**		36.30	
	Net cash (-)outflow / Inflow from Investing Activities (B)		**(3,009.90)**		**(2,936.77)**

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(Rupees in Million)

C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Finance Cost	**(3,347.64)**		(2,957.00)	
	Working Capital loan repaid	**512.79**		1,134.70	
	Repayment Aircraft Loans / Lease Payment	**(2,983.21)**		(3,467.60)	
	Net cash (-)outflow / Inflow from Financing Activities (C)		**(5,818.06)**		**(5,289.90)**
	Net Increase / (-)Decrease in Cash & Cash equivalents (A+B+C)		**(193.26)**		**(489.61)**
	Add : Cash and cash equivalents at the beginning of the year				
	Balances with Banks :				
	i) On Current Accounts	**283.80**		287.00	
	ii) Deposit Accounts (with original Maturity of 3 month or less than 3 months)	**-**		461.80	
	Cheques on Hand	**-**		25.00	
	Cash on Hand	**1.58**	**285.38**	1.40	775.20
	Cash and cash equivalents at the end of the year		**92.12**		**285.59**
	Balances with Banks :				
	On Current Accounts		**90.61**		283.80
	Cheques on Hand		**0.20**		-
	Cash on Hand		**1.31**		1.58
	Cash and cash equivalents at the end of the year		**92.12**		**285.38**

1. The Cash Flow Statement has been prepared in accordance with 'Indirect Method' as set out in the Indian Accounting Standard 7 (Ind-AS-7) on 'Statement of Cash Flows' as notified under section 133 of the Companies Act 2013,read with the relevent rules thereunder.

2. Current account balance with banks inculdes Rs. 44.03 million (31st March 2019 Rs. 283.72 million) held in foreign currency which are freely remissible to the Company.

As per our Report of even date

For M. A. Parikh & Co.
Chartered Accountants
Firm Registration No. 107556W

Sd/-
Mukul Patel
Partner
Membership No: 032489

Place : Mumbai
Date : 28 October 2020

For and on behalf of the Board of Directors

Sd/-
Rajiv Bansal
Chairman
(DIN :- 00245460)

Sd/-
Kusum Lata Sharma
Director
(DIN :- 08678975)

Sd/-
Vinod Hejmadi
Director
(DIN :- 07346490)

Sd/-
K.Shyam Sundar
Chief Executive Officer

Sd/-
Ranjita Kumari
Chief Financial Officer

Sd/-
Aditi Khandekar
Company Secretary

Place : New Delhi
Date : 27 October 2020

Note No. -

1. COMPANY INFORMATION / OVERVIEW:

i. Background:

Air India Express Limited (a wholly owned subsidiary of Air India Limited a Government of India Company) is a company incorporated in India, registered under the Provisions of Companies Act. The company provides domestic and international air transport services which include passenger, cargo services and other related services. The Company operates mainly between Tier-2 and Tier-3 cities in India and destinations in the Gulf & South East Asia.

The aircraft fleet of the company consists of 17 Boeing 737-800 NG owned aircraft and 8 Boeing 737-800 NG leased aircraft.

The registered office of the company is located at 1st Floor, Old operation building, Old Airport, Santacruz East, Mumbai - 400029.

ii. Disinvestment Process:

In view of the NITI Aayog recommendations on the disinvestment 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 AI, five of its Subsidiaries and a Joint Venture in its meeting held on 28th June 2017. CCEA also constituted the Air India Specific Alternative Mechanism (AISAM) to guide the process of strategic disinvestment. The Transaction Advisor, Legal Advisor and Asset Valuer had also been appointed to guide the Govt and to carry forward the process of Disinvestment.

However, in the AISAM Meeting held on 18th June 2018 it was decided that in view of the volatile crude prices and adverse fluctuation in exchange rates, the present environment is not conducive to stimulate interest amongst investors for strategic disinvestment of Air India in the near future. It has been decided that once the global economic indicators including oil prices and the forex regime stabilizes, the option of strategic disinvestment of Air India should be brought before AISAM, for deliberating the future course of action.

In January 2020, AISAM decided to invite Expression of Interest (EOI) from interested bidders for strategic disinvestment of Air India Limited along with all of the 100% stake that is held by Air India in Air India Express Limited and the 50% stake held by Air India in Air India SATS Airport Services Private Limited (AI SATS). Accordingly, a Preliminary Information Memorandum (PIM) was finalised, and uploaded on the website of DIPAM, by M/s Ernst & Young LLP India who have been appointed as Transaction Advisor by Government of India for advising and managing the proposed strategic disinvestment.

As per the procedure the prospective bidders would submit their EOI which would then be evaluated by GOI. An advertisement was issued in the newspapers on 27th January 2020 inviting interested bidders to submit their EOI for participating in the proposed disinvestment of Air India Limited along with Air India Express Limited & AI SATS. The extended last date for submission of Expression of Interest is 30th October 2020 and the extended date for intimation to the qualified bidders is 20th November 2020.

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

(i) Statement of Compliance:

The Financial Statements of the company for the year ended 31st March 2020 have been prepared in accordance with Indian Accounting Standards (Ind AS) pursuant to the notification issued by Ministry of Corporate Affairs dated 16th February 2015, notifying the Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) (Amended) Rules, 2016 , Companies (Indian Accounting Standards) (Amended) Rules, 2017 and comply in all material aspects with the relevant provisions of the Companies Act 2013 (the Act) and Companies (Amendment) Act 2017.

(ii) Basis of preparation and presentation:

The financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities 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 ascertainable 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 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 at 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 ascertainable 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 ascertainable for the asset or liability either directly or indirectly and
- Level 3 inputs are unascertainable 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) Functional Currency:

The 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 Stand-alone Financial Statements are presented in Indian Rupees (INR) which is the Company's Presentation and Functional currency. All amounts disclosed in the Financial Statements and Notes have been rounded off to the nearest Million (up to one decimal), unless otherwise stated.

(iv) Critical accounting estimates / judgments:

In preparing these financial statements, the management has made judgments, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets, liabilities, income and expenses and hence 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) Estimate of revenue recognition from "Forward Sales Account"

c) 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

d) Estimation of Costs of Re-delivery

e) Recognition of Deferred Tax Assets

f) Recognition and measurement of defined benefit obligations

g) Judgment required to ascertain lease classification

h) Measurement of Fair Values and Expected Credit Loss (ECL)

i) Judgment 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 claims.

(v) 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 the service sector, has no specific operating cycle; however, 12 month's period has been adopted as "the Operating Cycle" in-terms of the provisions of Schedule III to the Companies Act 2013. Accordingly, current liabilities and current assets include the current portion of non-current financial assets /liabilities.

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

I. PROPERTY, PLANT AND EQUIPMENT

a. Property, Plant and Equipment are carried at deemed cost from the date of transition and thereafter added to cost of acquisitions / constructions including incidental costs incurred pertaining to the acquisition, bringing them to the location for use and interest on loans borrowed wherever applicable, up to the date of putting the concerned asset to its working condition for its intended use.

b. Spare parts which meet the definition of Property, Plant and Equipment (i.e. Aircraft Rotables, Repairable including the cost incurred on major modernization / modification / conversion of aircraft and engines) have been capitalized as separate components.

c. Assets under lease, in respect of which substantially all the risks and rewards incidental to ownership are transferred to the Company, are considered as 'Finance Leases' and are capitalized.

d. Physical Verification of Assets:

Physical Verification of Assets is done on a rotational basis biennially so that every asset is verified in full in two biennial periods and the discrepancies observed in the course of verification are adjusted in the year in which such report is submitted and finalized.

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.

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 technically qualified persons as stated below:

i) Aircraft Repairable:

In respect of purchases of Aircraft Repairable after 1st April 2015, the useful life has been estimated at 10 years however, in case of opening balance of Aircraft Repairable as on 1st April 2015, useful life has been estimated at 5 years.

ii) The useful life of assets is given hereunder:

Sr. No.	Type of Asset	Useful Life
1	Aircraft Fleet & Equipment	25 years
2	Airframe Engine	
	▪ Limited Life Part (LLP)	20000 Cycle
	▪ Engine Hot and Core Section	8000 Cycle
	▪ Engine Cold Section	20000 Cycle
	▪ Frame and other Components of the engine	25 years
	▪ QEC Kits	25 years
3	Simulators & Link Trainers	25 years
4	Airframe / Aero-Engine Rotables	25 years

5	Repairable	10 years
6	Vehicles	8 years
7	Computer Systems	3 years
8	Electrical Fittings	10 years
9	Furniture & Fixtures	10 years
10	Office Equipment	5 years
11	Plant & Machinery	15 years
12	Workshop Equipment	15 Years

Note:- On the basis of technical assessment, the useful life of B-737 is considered as 25 years (instead of the life of 20 years as prescribed under Schedule II of the Companies Act 2013) keeping a residual value of 5% of the original cost.

b. Cost incurred on major modifications/refurbishment, modernization/conversion wherever applicable is carried to own and leased assets are depreciated over the useful life/period of lease of the said asset.

III. INTANGIBLE ASSETS

Intangible assets are recorded at cost of acquisition, including incidental costs related to acquisition and installation, and are carried at cost less accumulated amortization and impairment losses, if any.

Amortization of Intangible assets which have finite useful lives are amortized on straight line method over the estimated useful life of the concerned intangible assets, which is reviewed by the management every year i.e.

a) Software of Passenger Services System, over 10 years, and

b) Other software/website, over 3 years.

IV. CAPITAL WORK IN PROGRESS

Cost of Property, Plant and Equipment including intangible assets not ready for use as at the reporting date are disclosed as capital work-in-progress.

V. INVENTORIES

a. Inventories primarily consist of stores, spares, loose tools (other than those which meet the criteria of Property, Plant and Equipment). Inventory cost comprises of costs of purchase, (net of 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. Inventories are valued at lower of cost or Net Realizable Value ('NRV').

c. Expendables / consumables are charged off at the time of initial issue except those meant for repairable items which are expensed when the work order is closed after due examination of the component debited to the work order.

d. Obsolescence provision for aircraft stores and spare parts:

i) Provision is made for non-moving stores and spares inventories exceeding a period of five years (net of realizable value of 5%) except for (ii) below and netted off from the value of inventory.

ii) Inventory of stores and spares of Aircraft Fleet which has been phased out, is shown at estimated realizable value unless the same can be used in other Aircrafts.

e. Obsolescence provision for non-aircraft stores and spares is made for the non-moving inventory exceeding a period of five years.

VI. MANUFACTURER'S CREDIT (CASH & NON-CASH INCENTIVES)

Manufacturer's credit entitlements are accounted for on accrual basis and credited to 'Incidental Revenue' by contra debit to 'Advances'. As and when the credit entitlements are used, the 'advances' are adjusted against the liability created for either acquiring an asset or incurring an expenditure.

VII. REVENUE RECOGNITION

The Company's revenue is primarily derived from passengers and cargo transportation services. Revenue is recognized when the transportation service has been provided. Passengers tickets are paid for in advance of transportation and are recognized, net of discounts, as deferred revenue on ticket sales in current liabilities until the customer has flown. Unused tickets are recognized as revenue after the contracted date of departure, using estimates regarding the timing of recognition based on the terms and conditions of the ticket and statistical analysis of historical trends. The Company considers whether it is an agent or a principal in relation to transportation services if it has a performance obligation to provide services to the customer or whether the obligation is to arrange for the services to be provided by a third party. Other revenues are recognized as the related performance obligation is satisfied (over time) using an appropriate methodology which reflects the activity that has been undertaken to satisfy the related obligation.

a) Transport revenue is net of loss or gain on reissue / refund / involuntary transfer of passengers to other carriers, as the case may be.

b) Blocked Space arrangements / Code share revenue is recognized on actual basis, based on uplift data received from the code share partner. In the event the details are not available, revenue 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) Income from Interest is recognized on a time proportion basis as per effective interest rate. Rentals are recognised on a time proportion basis.

d) Claims receivable from Insurance Company are accounted for on acceptance of the claim by the Insurance Company.

e) Warranty claims / credit notes received from vendors are recognized on acceptance of claim/ receipt of credit notes.

f) Other Operating Revenue is recognized when goods are delivered or services are rendered.

g) Gain or loss arising out of sale/scrap of Property, Plant and Equipment including aircraft over the net depreciated value is recognized in the Statement of Profit & Loss as Non-Operating Revenue or Expenses.

VIII. FOREIGN CURRENCY MONETARY ITEMS

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.

(a) Foreign Currency Monetary Items:

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 rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are accounted as an 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, 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 Asset or Liability.

(b) Foreign currency monetary items other than those identified as long term at the year-end are converted at the year-end 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) 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.

(d) Foreign Currency transactions of Integral Foreign Operations:

(i) Foreign currency Revenue and Expenditure transactions relating to Integral Foreign Operations are recorded at established monthly rates (based on published IATA rates).

(ii) Interline settlement with Airlines for transportation is carried out at the exchange rate published by IATA for respective month.

IX. RETIREMENT BENEFITS

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.

b) Defined Benefit Plans, which are not funded, consist of Gratuity and Leave Encashment. The liability for these benefits is actuarially determined under the Projected Unit Credit Method at the year end.

X. BORROWING COST

a. 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.

b. Interest incurred on borrowed funds or other temporary borrowings in anticipation of receipt of long term borrowings that are used for acquisition of qualifying assets exceeding the value of Rs.10 million is capitalized at the weighted average borrowing rate on loans outstanding at the time of acquisition.

XI. IMPAIRMENT OF NON-FINANCIAL ASSETS

The Company assesses at each Balance Sheet date whether there is any indication that the carrying amount of its non - financial assets have been impaired. If any such indication exists, provision for impairment is made in accordance with IND AS-36.

XII. LEASE

The Company has adopted Ind AS 116 Leases from 1st April 2019. Ind AS 116 introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

On initial application, the Company elected to adopt the modified retrospective approach, by recognizing the cumulative effect of initially applying the new standard as an adjustment to the opening balance as on April 1, 2019, without restating the comparative information.

The company applied Ind AS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under Ind AS 17 were not reassessed / considered. Therefore, the definition of a lease under Ind AS 116 has been applied only to contracts entered into or changed on or after 1st April 2019.

The Company has applied following other practical expedients on transition to Ind AS 116 on initial application:

a. Use of single discount rate to portfolio of leases of similar assets in similar economic environment with similar conditions for end date.

b. The lease liability is initially measured at the amortized cost of present value of the future lease payments. The lease payments are discounted using the SWAP plus risk factor rate prevailing as on the date of initial application of Ind-AS 116 i.e. as on 1st April, 2019.

c. Not to recognize right of use assets and lease liabilities for leases with remaining lease term of upto 12 months from the date of initial application (i.e. 1st April 2019) by class of asset and leases of low value asset on lease by lease basis.

d. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease term / useful life of the underlying asset. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-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. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Company changes its assessment on whether it will exercise an extension or a termination option.

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, 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.

At the date of commencement of the lease, the Company recognizes 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 recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The right-of-use 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 and estimated cost for re-delivery /removing/restoration of the underlying asset less any lease incentives.

XIII. 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 wherever 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 of carry forward tax losses, unavailed 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 till 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 recognised 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.

XIV. 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.

XV. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash at bank, 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**.**

XVI. 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.

XVII. 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 directly attributable to the acquisition of the financial asset should be recognized.

(iii) Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in the following 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 of specific investments 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 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.

(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.

  The 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 of 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, 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 simultaneously settle the assets and liabilities on a net basis, to realize the assets and sell the liabilities.

XVIII. 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.

XIX. SEGMENT REPORTING

Based on the internal reporting provided to the Competent Authority (Board of Directors), which is also considered as Chief Operating decision maker, Air Transport service is considered as the only operating segment of the Company which comprises of carriage of Passengers, Cargo, Excess Baggage and Mail.

XX. MATERIALITY THRESHOLD LIMITS

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

(Rs in Million)

Sr. No.	Threshold Items	Threshold Value
i.	**Prepaid Expense**	
	Foreign Stations	00.05
	Domestic Stations	00.01
ii.	Contingent Liabilities & Capital Commitments	00.10
iii.	Interest Free Deposits for discounting	50.00
iv.	Fair Valuation of Financial Instrument	50.00
v.	Prior Period Items	
	- Recognition Based on Individual Limits	25.00
	- Restatement Based on Overall Limits	1% of Total Revenue

NOTE "4" : PROPERTY PLANT AND EQUIPMENT

4.1 : For the Year ended 31st March 2020

(Amount in Million)

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION					NET BLOCK	
		As at April 01, 2019	Reclassified on accout of adoption of INDAS 116 *	Additions	Deductions	As at March 31, 2020	As at April 01, 2019	Reclassified on accout of adoption of INDAS 116 *	For the year	Deductions	Total Upto March 31, 2020	As at March 31, 2020	As at March 31, 2019
PROPERTY PLANT & EQUIPMENT :													
A.	**AIRCRAFT FLEET & ROTABLES**												
1	Airframes (Refer Note ii & iii)	18,968.11	8,722.05	65.24	14.83	10,296.47	3,377.84	1,440.83	579.28	2.63	2,513.66	7,782.81	15,590.27
2	Aero Engines (Refer Note ii & iii)												
	i) Limited Life Parts (LLP)	3,053.17	1,217.80	-	-	1,835.37	694.23	273.41	145.66	-	566.48	1,268.89	2,358.94
	ii) Engine Hot and Core Section	4,811.10	1,830.01	1,456.61	448.65	3,989.05	1,632.27	573.70	507.90	272.57	1,293.90	2,695.15	3,178.83
	iii) Engine Cold Section	5,333.66	2,127.40	-	-	3,206.26	1,212.78	477.63	254.46	-	989.61	2,216.65	4,120.88
	iv) Frame and other Components of the engine	368.01	174.23	0.98	-	194.76	66.24	22.49	20.41	-	64.16	130.60	301.77
	v) QEC Kits	34.07	-	-	-	34.07	6.67	-	1.90	-	8.57	25.50	27.40
3	Simulators & Link Trainers (Refer Note iv)	301.72	-	-	-	301.72	50.67	-	14.92	-	65.59	236.13	251.05
4	Airframe Rotables	2,250.45	-	513.04	-	2,763.49	260.01	-	107.69	-	367.70	2,395.79	1,990.44
5	Aero-Engine Rotables	125.27	-	-	-	125.27	21.41	-	6.05	-	27.46	97.81	103.86
6	Repairables	1,066.74	-	505.76	-	1,572.50	236.82	-	132.34	-	369.16	1,203.34	829.92
	SUB TOTAL "A"	**36,312.30**	**14,071.49**	**2,541.63**	**463.48**	**24,318.96**	**7,558.94**	**2,788.06**	**1,770.61**	**275.20**	**6,266.29**	**18,052.67**	**28,753.36**
B.	**OTHERS**												
1	Vehicles	0.96	-	1.23	-	2.19	0.10	-	0.13	-	0.23	1.96	0.86
2	Workshop Equipment, Instruments, Plants and machinery	11.05	-	0.02	-	11.07	9.56	-	0.07	-	9.63	1.44	1.49
3	Ground Support & Ramp Equipment	2.60	-	-	-	2.60	1.57	-	-	-	1.57	1.03	1.03
4	Furniture & Fixtures	4.93	-	1.38	-	6.31	1.69	-	0.57	-	2.26	4.05	3.24
5	Electrical Fittings & Installations	0.13	-	-	-	0.13	0.02	-	0.01	-	0.03	0.10	0.11
6	Computer System	15.24	-	7.68	-	22.92	3.83	-	6.07	-	9.90	13.02	11.41
7	Office Appliances & Equipment	3.19	-	2.17	-	5.36	0.59	-	0.63	-	1.22	4.14	2.60
	SUB TOTAL "B"	**38.10**	**-**	**12.48**	**-**	**50.58**	**17.36**	**-**	**7.48**	**-**	**24.84**	**25.74**	**20.74**
	TOTAL (A+B)	**36,350.40**	**14,071.49**	**2,554.11**	**463.48**	**24,369.54**	**7,576.30**	**2,788.06**	**1,778.09**	**275.20**	**6,291.13**	**18,078.41**	**28,774.10**
INTANGIBLE ASSETS :													
	COMPUTER SOFTWARE	1.01	-	2.42	-	3.43	0.97	-	0.58	-	1.55	1.88	0.04
	TOTAL	**1.01**	**-**	**2.42**	**-**	**3.43**	**0.97**	**-**	**0.58**	**-**	**1.55**	**1.88**	**0.04**

i * Refer Note 50

ii Aircraft Fleet and Engine represent 10 B737-800 owned Aircrafts and out of which transfer of title for 2 aircraft is in process whose registration no are VT-AXT and VT- AXU

iii Addition to and deductions from "Aircraft Fleet and Engine" includes Exchange rate fluctuations on underlying loans in foreign currency amounting to Rs 3.13 Million.

iv Deprecation on Simulator during the year amounting to Rs 14.92 Million (Previous year Rs.14.89 Million) has been adjusted from capital reserve created for Capitalization of Simulator and not charged to Statement of Profit and Loss.

4.2 : For the Year ended 31st March 2019

(Amount in Million)

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at April 01, 2018	Additions	Deductions / Adjustments	As at March 31, 2019	As at April 01, 2018	For the year	Deductions/ Adjustments	Total Upto March 31, 2019	As at March 31, 2019	As at March 31, 2018
PROPERTY PLANT & EQUIPMENT :											
A.	**AIRCRAFT FLEET & ROTABLES**										
1	Airframes										
(a)	Leased, Owned & Self Operated (Refer Note i, ii & iv)	18,287.24	794.28	113.41	18,968.11	2,402.99	990.08	15.23	3,377.84	15,590.27	15,884.25
2	Aero Engines										
(a)	Leased, Owned & Self Operated (Refer Note i, ii & iv)										
	i) Limited Life Parts (LLP)	3,053.17	-	-	3,053.17	454.82	239.41	-	694.23	2,358.94	2,598.35
	ii) Engine Hot and Core Section	4,388.42	1,051.42	628.74	4,811.10	1,146.68	721.49	235.90	1,632.27	3,178.83	3,241.75
	iii) Engine Cold Section	5,333.66	-	-	5,333.66	794.54	418.24	-	1,212.78	4,120.88	4,539.12
	iv) Frame and other Components of the engine	218.77	149.24	-	368.01	41.13	25.11	-	66.24	301.77	177.65
	v) QEC Kits	34.07	-	-	34.07	4.77	1.90	-	6.67	27.40	29.30
3	Simulators & Link Trainers (Refer Note iii)	301.72	-	-	301.72	35.79	14.88	-	50.67	251.05	265.94
4	Airframe Rotables	2,045.05	205.40	-	2,250.45	165.42	94.59	-	260.01	1,990.44	1,879.64
5	Aero-Engine Rotables	125.27	-	-	125.27	15.38	6.03	-	21.41	103.86	109.89
6	Repairables	920.97	145.77	-	1,066.74	131.30	105.52	-	236.82	829.92	789.66
	SUB TOTAL "A"	**34,708.34**	**2,346.11**	**742.15**	**36,312.30**	**5,192.82**	**2,617.25**	**251.13**	**7,558.94**	**28,753.36**	**29,515.55**
B.	**OTHER**										
1	Vehicles	1.13	-	0.17	0.96	0.02	0.08	-	0.10	0.86	1.11
2	Workshop Equipment, Instruments, Plants and machinery	18.53	-	7.48	11.05	10.85	1.90	3.19	9.56	1.49	7.68
3	Ground Support & Ramp Equipment	2.85	-	0.25	2.60	1.43	0.30	0.16	1.57	1.03	1.42
4	Furniture & Fixtures	4.58	1.67	1.32	4.93	1.07	0.74	0.12	1.69	3.24	3.51
5	Electrical Fittings & Installations	0.12	0.02	0.01	0.13	0.02	0.01	0.01	0.02	0.11	0.10
6	Computer System	5.41	10.47	0.64	15.24	2.10	1.97	0.24	3.83	11.41	3.31
7	Office Appliances & Equipment	4.22	1.64	2.67	3.19	1.02	0.45	0.88	0.59	2.60	3.20
	SUB TOTAL "B"	**36.84**	**13.80**	**12.54**	**38.10**	**16.51**	**5.45**	**4.60**	**17.36**	**20.74**	**20.33**
	TOTAL (A+B)	**34,745.18**	**2,359.91**	**754.69**	**36,350.40**	**5,209.33**	**2,622.70**	**255.73**	**7,576.30**	**28,774.10**	**29,535.88**
INTANGIBLE ASSETS :											
	COMPUTER SOFTWARE	1.01	-	-	1.01	0.96	0.01	-	0.97	0.04	0.05
TOTAL FOR INTANGIBLE ASSETS		**1.01**	**-**	**-**	**1.01**	**0.96**	**0.01**	**-**	**0.97**	**0.04**	**0.05**

i Aircraft Fleet and Engine represent 10 B 737-800 Aircrafts (previous year: 17 Aircrafts) of which Registration No's VT-AXR,AXT,AXU,AXW,AXX,AXZ,AYA,AYB,AYC and AYD were acquired on finance lease and continue to be in the name of SPV company. (Refer Note No 50 (C)).

ii Addition to and deductions from "Aircraft Fleet and Engine" includes Exchange rate fluctuations on underlying loans in foreign currency amounting to Rs 474.93 Million (Previous year Rs 19.41 Million).

iii Deprecation on Simulator during the year amounting to Rs 14.89 Million (Previous year Rs.14.89 Million) has been adjusted from capital reserve created for Capitalization of Simulator and not charged to Statement of Profit and Loss.

iv The assets from "Airframes" having an aggregate written down value of Rs. 32.63 Million have been reclassified as "Assets Held for Sale" which is valued at their respective written down values or net realizable values whichever is lower i.e Rs. 1.40 Million. Accordingly, the impairment loss of Rs. 31.23 Million is charged to Statement of Profit and Loss.

4.3 : Right to use Assets (ROU)

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION					NET BLOCK
		As at 1 April 2019 on account of adoption of Ind AS 116 *	Recla-ssified on account of adoption of Ind AS 116 *	Additi-ons during the year	Dispo-sals during the year	Balance at the end of the year	As at 1 April 2019 on account of adoption of Ind AS 116 *	Recla-ssified on account of adoption of Ind AS 116 *	Depre-ciation for the year	Depreciation on disposals	Balance at the end of the year	Net carrying value as at 31 March 2020
1	Airframes (Refer Note below)	13,086.11	8,722.05	169.63	9.04	21,968.75	-	1,440.83	2,650.91	1.40	4,090.34	17,878.41
2	Aero Engines (Refer Note below)											
	i) Limited Life Parts (LLP)	-	1,217.80	-	-	1,217.80	-	273.41	102.91	-	376.32	841.48
	ii) Engine Hot and Core Section	-	1,830.01	350.81	127.97	2,052.85	-	573.70	319.18	67.25	825.63	1,227.22
	iii) Engine Cold Section	-	2,127.40	-	-	2,127.40	-	477.63	179.78	-	657.41	1,469.99
	iv) Frame and other Components of the engine	-	174.23	62.95	-	237.18	-	22.49	14.23	-	36.72	200.46
	TOTAL	**13,086.11**	**14,071.49**	**583.39**	**137.01**	**27,603.98**	**-**	**2,788.06**	**3,267.01**	**68.65**	**5,986.42**	**21,617.56**

i * Refer Note No. 50

ii Aircraft Fleet and Engine represent 7 B737-800 Aircrafts (previous year: 10 Aircrafts) of which Registration No's VT-AXW,AXX,AXZ,AYA,AYB,AYC and AYD were acquired on finance lease and continue to be in the name of SPV company. (Refer Note No 50 (C)).

iii Addition to and deductions from "Aircraft Fleet and Engine" includes Exchange rate fluctuations on underlying loans in foreign currency amounting to Rs 200.35 Million.

NOTE "5" : NON CURRENT FINANCIAL ASSETS

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Security Deposit	**262.36**	160.89
Bank Deposit Margin money - with original maturity more than 12 months (under lien)	**4.54**	4.54
Total	**266.90**	**165.43**

NOTE "6" : OTHER NON CURRENT ASSETS

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured Considered Good		
Capital Advances	**15.97**	26.72
Balance with Government authorities	**1,394.05**	-
Prepaid Expenses	**37.19**	33.42
Total	**1,447.21**	**60.14**

NOTE "7" : INVENTORIES (Refer Note 41)

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Stores and Spare Parts	**2,231.17**	2,862.90
Loose Tools	**12.87**	9.38
	2,244.04	**2,872.28**
Less : Provision for Obsolescence / Inventory Reconciliation	**384.85**	253.70
	1,859.19	**2,618.58**
Food & Beverages	**19.74**	18.45
Fuel	**0.04**	9.00
Total	**1,878.97**	**2,646.03**

NOTE "8" : TRADE RECEIVABLES

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Other Receivables		
Secured, Considered Good	**10.76**	406.74
Unsecured, Considered Good	**36.17**	88.50
Unsecured Consider Doubtful	**-**	0.24
	46.93	**495.48**
Less :Provision for Doubtful Debts	**-**	(0.24)
Total	**46.93**	**495.24**

NOTE "9" : CASH AND CASH EQUIVALENTS

(Rupees in Million)

	Particulars	As at March 31, 2020	As at March 31, 2019
a)	**Balances with Banks :**		
	-On Current Accounts #	**90.61**	283.80
b)	Cheques on Hand	**0.20**	-
c)	Cash on Hand (as certified by the Management)	**1.31**	1.58
	Total	**92.12**	**285.38**

Current account balance with banks include Rs. 44.03 million (Previous year Rs. 283.72 million) held in foreign currency which are freely remissible to the Company.

NOTE "10" : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Other Bank Balances		
a) Deposit Accounts - with original Maturity of 3 months or less than 3 months (under lien)	**472.46**	466.92
b) Deposit Accounts - with original maturity more than 3 months but less than 12 months (Under lien)	**219.93**	214.12
Total	**692.39**	**681.04**

NOTE "11" : OTHER FINANCIAL ASSETS

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured Considered Good		
Advance Recoverable in Cash or Kind	**7.36**	17.90
Less:- Provision for doubtful advance	**(7.36)**	-
	-	17.90
Insurance Claims Receivable (Refer Note 45)	**82.09**	548.58
Loans and Advances to Employees	**0.02**	0.54
Export Incentive Receivable (Refer Note 43)	**829.28**	631.16
Interest Accrued on Bank Deposits	**4.57**	5.89
Security Deposit	**61.47**	28.00
Others Advances	**7.51**	1.41
Others (mainly include receivable on account of sale of licences)	**101.30**	0.03
Total	**1,086.24**	**1,233.51**

NOTE "12" : CURRENT TAX ASSETS (NET)

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance Income Tax and Tax Deducted at Source	**13.43**	12.00
Total	**13.43**	**12.00**

NOTE "13" : OTHER CURRENT ASSETS

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured Considered Good		
Prepaid Expenses	**51.96**	128.42
Advance to Suppliers	**114.66**	975.52
Guarantee fees paid in advance	**9.98**	-
Balance with Government authorities	**260.48**	1,767.42
Total	**437.08**	**2,871.36**

NOTE "14" : EQUITY SHARE CAPITAL

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
AUTHORISED CAPITAL		
100.00 Million Equity Shares of Rs.100 each	**10,000.00**	10,000.00
(31st March 2020 : 100.00 Million Equity Shares of Rs.100 each)		
	10,000.00	**10,000.00**
ISSUED, SUBSCRIBED AND FULLY PAID-UP CAPITAL		
78.0 Million Equity Shares of Rs.100 each	**7,800.00**	7,800.00
(31st March 2020 : 78.0 Million Equity Shares of Rs.100 each)		
Total	**7,800.00**	**7,800.00**

14.1 Share holding more than 5% of Equity Share Capital and Shares held by Holding Company

Name of the Shareholders	As at March 31, 2020		As at March 31, 2019	
	No.of Shares	% of Holding	No.of Shares	% of Holding
Air India Limited (including shares held by nominee shareholders)	**78.00 Million**	**100.00**	78.00 Million	100.00

14.2 The Company has only one class of shares referred to as equity shares having the par value of Rs.100/-. Each holder of equity shares is entitled to one vote per share.

14.3 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 amount.The distribution will be in proportion to the number of equity shares held by the share holders.

14.4 Reconciliation of number of shares outstanding at the beginning and end of the reporting period is as given below :

Particulars	(Number of Shares in Millions)		(Share Value Rupees in Millions)	
	2019-20	2018-19	2019-20	2018-19
Equity Shares (face value Rs.100/- each):				
At the beginning of the year	**78.00**	78.00	**7,800.00**	7,800.00
Add : Allotted during the year	**-**	-	**-**	-
At the end of the year	**78.00**	78.00	**7,800.00**	7,800.00

NOTE "15" : OTHER EQUITY

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
1. **CAPITAL RESERVE**		
Balance as at the beginning of the year	**251.05**	265.93
Less : Transfer to the Statement of Profit and Loss as reduction from Depreciation (Refer Note 4.1 (iv) & 32)	**14.92**	14.88
Balance as at the end of the year (A)	**236.13**	**251.05**
2. **Surplus / (Deficit) in the Statement of Profit and Loss**		
Balance as at the beginning of the year	**(16,506.98)**	(18,150.87)
Profit for the year	**4,141.76**	1,643.89
Less : Impact of Ind AS 116 - Leases (Refer Note 50)	**270.97**	-
Balance as at the end of the year (B)	**(12,636.19)**	**(16,506.98)**
3. **Other Comprehensive Income**		
Balance as at the beginning of the year	**(30.54)**	(2.53)
Acturial Adjustment on Defined benefit plan reclassified in Other Comprehensive Income	**(14.02)**	(28.01)
Balance as at the end of the year ('C)	**(44.56)**	**(30.54)**
Total (A+B+C)	**(12,444.62)**	**(16,286.47)**

NOTE "16" : NON CURRENT FINANCIAL LIABILITY - BORROWINGS

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Finance Lease Obligations - Exim Bank (Refer Note 50)	-	1,778.00
Total	-	**1,778.00**

NOTE “17” : NON CURRENT LEASE LIABILITIES

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Lease Liabilities (Refer Note 50)	**10,425.18**	-
Total	**10,425.18**	-

Lease Liabilities / Finance Lease Obligations - Exim Bank

A. Lease Liabilities / Finance Lease Obligations of Rs.1,945.38 Million (Previous Year Rs.3,872.72 Million) are guaranteed by the Government of India to the extent of Rs.1,945.38 Million (Previous Year Rs.3,872.72 Million). The Finance Lease obligation of Rs. 1,945.38 Million includes Current maturities of finance lease obligation of Rs.144.33 Million.

B. Letter of Credit issued by Bank of Baroda for Exim Tranche II loan outstanding amount as on 31st March 2020 for USD 12.00 Million equivalent to Rs.907.98 Million (As at 31st March 2019 for USD 12.00 Million equivalent to Rs.829.86 Million).

C. Letter of Credit issued by State Bank of India Tranche III Loan – Outstanding balance as on 31st March 2020 USD 9.00 Million equivalent to Rs.680.99 Million (As at 31st March 2019 USD 9.00 Million equivalent to Rs.622.40 Million).

D. The rate of Interest and security for Aircraft acquired on finance lease details are as follow :-

Name of Loan	Rate of Interest	Security	Number of Installment Balance as on 31.03.2020
Exim Tr. II	Libor +0.50	Asset based finance structure & GOI Guarantee	5
Exim Tr. III	Libor + 0.93		7

NOTE “18” : NON CURRENT OTHER FINANCIAL LIABILITIES

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Security Deposits	**0.42**	5.20
Total	**0.42**	5.20

NOTE "19": NON CURRENT PROVISIONS

(Rupees in Million)

	Particulars	As at March 31, 2020	As at March 31, 2019
I	**Provision for Employee Benefits (Refer Note 38)**		
	Gratuity	**101.66**	74.43
	Leave Encashment	**51.94**	10.90
II	**Others**		
	Provision for Redelivery (Refer Note 51)	**91.14**	56.56
	Total	**244.74**	**141.89**

NOTE "20" : CURRENT LIABILITY BORROWINGS

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Working Capital Loan (Repayable on demand)		
a) From Banks denominated in foreign currencies (Unsecured)	**1,501.66**	1,391.28
b) From Banks denominated in foreign currencies (Unsecured Buyer's Credit)	**3,805.64**	3,455.38
c) From Banks denominated in Indian Rupees (Unsecured)	**4,343.69**	4,300.00
d) From Banks denominated in Indian Rupees (Overdraft)	**3,949.98**	3,941.52
Total	**13,600.97**	**13,088.18**

NOTE "21" : CURRENT LEASE LIABILITIES

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Lease Liabilities (Refer Note 50)	**3,821.41**	-
Total	**3,821.41**	-

NOTE "22" : TRADE PAYABLES

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
- Total outstanding dues of micro enterprises and small enterprises (Refer Note 39)	**3.10**	2.38
- Total outstanding dues of creditors other than micro enterprises and small enterprises		
(a) Related Parties	**1,545.23**	1,501.61
(b) Others	**4,114.34**	8,205.82
Total	**5,662.67**	**9,709.81**

NOTE "23" : OTHER FINANCIAL LIABILITIES

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Current Maturity of Long Term Borrowings		
Bonds / Debentures (Unsecured)	**-**	950.00
950 @ 9.38% Redeemable, Non-convertible Debentures of face value of Rs.10 lakhs each		
Finance Lease Obligations (Refer Note 50)	**-**	2,094.72
Interest Accrued but not due on Borrowings	**9.25**	21.95
Interest Accrued but due on Borrowings	**22.81**	
Interest Accrued and due on Debenture	**-**	0.05
Book Overdraft (Due to Reconciliation)	**0.55**	-
Payable to Passengers	**261.01**	-
Airport Taxes Payable	**652.54**	658.45
Payable to Holding Company (Net)	**11,346.99**	11,510.41
Security Deposits	**6.16**	0.73
Payable to Agents	**99.50**	-
Provision for Expenses	**664.52**	715.16
Others	**104.10**	542.94
Total	**13,167.43**	**16,494.41**

NOTE "24": CURRENT PROVISIONS

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Employee Benefits (Refer Note 38)		
Gratuity	**14.38**	10.63
Leave Encashment	**13.18**	2.39
Provison for Taxes	**82.17**	42.00
Total	**109.73**	**55.02**

NOTE "25" : OTHER LIABILITIES

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Forward Sales (Net) [Passenger]	**2,863.22**	4,290.49
Statutory dues	**104.83**	89.89
Employees dues	**60.52**	5.69
Advance Received from Agents (Net)	**242.62**	148.88
Total	**3,271.19**	**4,534.95**

NOTE "26" : REVENUE FROM OPERATIONS

(Rupees in Million)

Particulars		Year ending 31st March 2020	Year ending 31st March 2019
Sale of Services -(Refer Note 49 & 59)			
1	Passenger	**49,321.62**	39,645.03
2	Excess Baggage	**769.17**	623.95
3	Cargo	**966.48**	675.24
	Total	**51,057.27**	**40,944.22**

NOTE "27" : OTHER OPERATING REVENUE

(Rupees in Million)

Particulars		Year ending 31st March 2020	Year ending 31st March 2019
1	Export Benefit (Refer Note 43)	**829.28**	552.47
2	Miscellaneous Income	**307.89**	218.97
	Total	**1,137.17**	**771.44**

NOTE "28" : OTHER INCOME

(Rupees in Million)

	Particulars	Year ending 31st March 2020	Year ending 31st March 2019
1	Interest Income on Bank Deposit	**42.62**	37.77
2	Interest Income on fair value of Deposit	**2.92**	-
3	Provision no longer required written back	**65.81**	260.99
4	Provision for Doubtful Debts written back	**0.24**	-
	Total	**111.59**	**298.76**

NOTE "29" : OPERATING EXPENSES

(Rupees in Million)

	Particulars	Year ending 31st March 2020	Year ending 31st March 2019
1	Insurance (Refer Note 46)	**586.57**	138.18
2	Material Consumed - Aircraft	**2,361.40**	542.74
3	Outside Repairs - Aircraft	**2,343.31**	323.88
4	Navigation, Landing, Housing and Parking	**2,700.61**	2,392.92
5	Hire of Aircraft (Refer Note 50)	**1,291.47**	3,397.38
6	Handling Charges	**3,123.56**	2,945.87
7	Passenger Amenities	**816.20**	724.71
8	Communication Charges		
	i) Reservation System	**72.87**	61.06
	ii) Others	**67.53**	53.14
9	Service Cost Paid to Air India Ltd (Holding Co)	**3,500.00**	3,500.00
	Total	**16,863.52**	**14,079.88**

NOTE "30" : EMPLOYEES BENEFIT EXPENSES

(Rupees in Million)

	Particulars	Year ending 31st March 2020	Year ending 31st March 2019
1	Salaries, Wages and Bonus	**2,784.98**	2,354.26
2	Crew Allowances	**425.72**	507.30
3	Contribution to Provident and Other Funds	**56.49**	40.07
4	Staff Welfare Expenses	**31.90**	12.91
5	Provision for Gratuity	**19.22**	12.11
6	Provision for Leave Encashment	**53.47**	4.21
	Total	**3,371.78**	**2,930.86**

NOTE "31" : FINANCE COST

(Rupees in Million)

	Particulars	Year ending 31st March 2020	Year ending 31st March 2019
1	Interest on :		
	a) Debentures	**87.65**	89.11
	b) Aircraft Loans	**115.73**	233.98
	c) Other Loans	**1,377.53**	1,306.11
	d) Fair value of Deposit	**3.55**	-
		1,584.46	**1,629.20**
2	Finance Cost on Lease Liabilities (Refer Note 50)	**402.85**	-
3	Other Borrowing Costs	**63.59**	13.59
4	Other - Related Parties	**1,110.13**	1,034.75
5	Delayed Payment Charges	**173.86**	273.81
	Total	**3,334.89**	**2,951.35**

NOTE "32" : DEPRECIATION AND AMORTIZATION EXPENSE

(Rupees in Million)

	Particulars	Year ending 31st March 2020	Year ending 31st March 2019
1	Depreciation of Property Plant and Equipment	**1,778.09**	2,622.70
2	Depreciation of Right of Use Assets	**3,267.01**	-
3	Amortization of Intangible Assets	**0.58**	0.01
	(A)	**5,045.68**	**2,622.71**
	Less : Recoupment from Capital Reserve (Refer Note 4.1 (iv) & 32)	**14.92**	14.89
	(B)	**14.92**	14.89
	Total (A - B)	**5,030.76**	**2,607.82**

NOTE "33" : OTHER EXPENSES

(Rupees in Million)

	Particulars	Year ending 31st March 2020	Year ending 31st March 2019
1	Travelling Expenses		
	i) Crew	**363.98**	378.71
	ii) Others	**118.91**	110.46
2	Rent, Rates and Taxes	**23.67**	13.53
3	Bank Charges	**281.72**	218.70
4	Repairs to :		
	i) Buildings	**0.77**	1.09
	ii) Others	**128.73**	53.04
5	Hire of Transport	**75.54**	81.25
6	Electricity & Heating Charges	**1.86**	1.60
7	Water Charges	**0.02**	0.02
8	Publicity and Sales Promotion	**22.03**	32.42
9	Printing and Stationery	**5.75**	5.79
10	Legal and Professional Services	**85.95**	42.80
11	Auditors' Remuneration and Expenses (Refer Note 55)	**1.53**	1.18
12	Provision for Doubtful Debts	**-**	0.24
13	Provision for Doubtful Advances	**7.36**	-
14	Provision for Obsolescence / Inventory Reconciliation (Refer Note 41)	**131.15**	28.10
15	Foreign Exchange Difference (Net)	**2,163.84**	700.15
16	Impairment of Asset	**-**	31.23
17	Property,Plant and Equipment Scraped	**255.93**	465.88
18	Loss due to Incident	**230.34**	79.06
19	CSR Expenses (Refer Note 56)	**11.13**	5.71
20	Miscellaneous Expenses	**641.26**	293.08
21	Sunday Balances written off	**84.71**	-
	Total	**4,636.18**	**2,544.04**

34. CONTINGENT LIABILITY

In compliance of Ind AS 37 on "Provisions, Contingent Liabilities and Contingent Assets", the required information is as under:

(Rupees in Million)

Particulars	As on 31.03.2019	Addition	Settled	As on 31.03.2020
Service Tax	880.04	274.88	27.93	1,126.99
Customs Act	9.29	36.70	-	45.99
ESI	15.37	6.26	-	21.63
Claims against the Company not acknowledged as Debt				
i. Vendor claims	23.58	-	23.58	-
ii. Employee claims for Gratuity	0.21	1.00	0.21	1.00
iii. Other Employee claims	Amount unascertainable			
	928.49	**318.84**	**51.72**	**1,195.61**

a. The contingent liabilities shown above have been verified and certified by an independent firm of Chartered Accountant's vide report dated 24th Oct 2020.

b. In respect of the above contingent liabilities, interest claims may be payable as and when the outcome of the related claim is determined. Further, future cash flows in respect of the above demands are determinable only on disposal of assessments / appeals / settlement of disputes.

c. There are certain disputes with the ex-employees of the Company where the Company has initiated legal process to recover dues/damages. The financial impact of the same shall be determined only upon settlement of the disputes.

35. CAPITAL COMMITMENTS

(Rupees in Million)

Particular	As at 31st March 2020	As at 31st March 2019
Estimated amounts of contracts remaining to be executed on capital account & other commitments, & not provided for in the books of accounts (Net of Advance of Rs.15.97 Million (Previous Year Rs.26.72 Million).	**345.51**	243.77

36. PRIOR PERIOD ADJUSTMENT

During the year, the Company has adopted the threshold level for retrospective restatement of prior period items in line with the criteria followed by the Holding Company. Consequently, prior period expenses (net) of Rs.117.75 Million pertaining to FY 2018-19 and prior period expenses (net) of Rs. 83.68 Million pertaining to periods prior to FY 2018-19 are accounted for in the current year. Details are given as under

(Rupees in Million)

Sr. No.	Particular	For FY 2018-19	For Period Prior to 2018-19
1	Passenger	8.89	-
2	Excess Baggage	(2.55)	6.01
3	Cargo	(0.12)	-
4	Aircraft Fuel & Oil	5.95	-
5	Handling Charges	2.41	0.01
6	Hire of Aircraft	(67.86)	(106.69)
7	Legal and Professional Services	8.70	11.75
8	Material Consumed – Aircraft	154.54	-
9	Navigation, Landing, Housing and Parking	5.44	127.43
10	Passenger Amenities	0.28	-
11	Rent, Rates and Taxes	0.26	-
12	Travelling Expenses	1.81	15.00
13	Loss due to incident	-	30.17
	Total	**117.75**	**83.68**

37. INTERNAL CONTROL

The Company has appointed an independent firm of Chartered Accountants for conducting Internal Audit to provide suggestions, if any, for improvements required in the system. The scope of the internal auditor is reviewed by the Management from time to time so as to ensure effective internal controls at stations, regional offices and user departments and a system for uniform and timely accounting entries of transactions in SAP.

38. RETIREMENT BENEFITS

(i) Contributions to the Defined Contribution Scheme of Provident Fund is charged to the Statement of Profit & Loss; details are as follows:

Provident Fund Rs.56.49 Million (Previous Year Rs. 40.07 Million)

(ii) The Company also 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.

a) Leave Encashment liability as actuarially determined for the current financial year is Rs. 65.12 Million (Previous Year Rs. 14.34 Million including liability aggregating to Rs 1.05 lakhs in relation to employees who have resigned on or before 31st March 2019, which is reflected under Other Financial Liabilities pending, full and final settlement of their account).

b) Defined Benefit Plan-Gratuity (Unfunded)

The Company provides gratuity benefits to its employees as per the Payment of Gratuity Act, 1972. Present value of gratuity obligation (Non-Funded) based on actuarial valuation done by an independent valuer 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.

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at 31st March, 2020.

(iii) Movement in net Defined Benefit Liability

a) Reconciliation of balances of Defined Benefit Obligation

(Rupees in Million)

Particulars	**Gratuity – Unfunded**	
	2019-20	**2018-19**
Defined Obligation at the beginning of the year	**86.28**	49.15
Interest Cost	**6.72**	3.82
Current Service Cost	**12.50**	8.29
Liability transferred out/Disinvestments	**-**	-
Benefits Paid	**(3.48)**	(2.99)
Actuarial (Gain) / Losses on obligation		
Demographic Assumptions	**7.57**	-
Changes in financial Assumptions	**7.15**	(.07)
Experience Adjustments	**(0.70)**	28.08
Defined Benefit Obligation at the end of the year	**116.04**	**86.28***

* Includes obligation aggregating to Rs. 1.22 Million in relation to employees who have resigned on or before 31st March 2019, which is reflected under Other Financial Liabilities, pending full and final settlement of their account

b) Amount recognized in Balance Sheet

(Rupees in Million)

Particulars	**Gratuity – Unfunded**	
	2019-20	**2018-19**
Liability at the end of the year	**116.04**	86.28
Fair value of Plan Assets at the end of the year	**-**	-
Amount Recognized in the Balance Sheet	**116.04**	**86.28**

c) Amount Recognized in Statement of Profit & Loss

(Rupees in Million)

Particulars	**Gratuity – Unfunded**	
	2019-20	**2018-19**
Current Service Cost	**12.50**	8.29
Interest Cost	**6.72**	3.82
Expenses for the year	**19.22**	**12.11**

d) **Amount Recognized in Other Comprehensive Income**

(Rupees in Million)

Particulars	Gratuity – Unfunded	
	2019-20	2018-19
Actuarial (Gain) / Losses		
-Demographic Assumptions	**7.57**	-
- Changes in financial Assumptions	**7.15**	(.07)
- Experience Adjustments	**(0.70)**	28.08
Total	**14.02**	**28.01**

e) **Major Actuarial Assumptions**

Particulars	Gratuity – Unfunded	
	2019-20	2018-19
Discount Rate (%)	**6.82%**	7.79%
Salary Escalation / Inflation (%)	**5.00%**	5.00%
Expected Return on Plan Assets (%)	**N.A.**	N.A.

f) **Sensitivity Analysis**

Sensitivity Analysis for significant actuarial assumptions, showing how the defined benefit obligation would be affected, considering increase / decrease of 1% as at 31 March 2019 and 31 March 2020 is given below:

(Rupees in Million)

Particulars	Gratuity	
	2019-20	2018-19
+1 % change in rate of Discounting	**(7.36)**	(6.73)
-1 % change in rate of Discounting	**8.39**	7.85
+1 % change in rate of Salary Increase	**7.15**	6.48
-1 % change in rate of Salary Increase	**(6.71)**	(6.05)
+1 % change in rate of Employee Turnover	**0.84**	1.85
-1 % change in rate of Employee Turnover	**(1.01)**	(2.18)

g) **Projected benefits payable in the future years from the date of reporting**

(Rupees in Million)

Year	2019-20	2018-19
1st Following year	**14.38**	11.85
2nd Following year	**9.10**	3.83
3rd Following year	**9.23**	6.67
4th Following year	**8.05**	3.99
5th Following year	**12.43**	3.56
Year 6 to 10	**55.44**	41.22
Sum of year 11 and above	**99.11**	135.85

39. DUES TO MICRO & SMALL ENTERPRISES AS PER MSMED ACT, 2006

(Rupees in Million)

Sr. No.	Particulars	31st March, 2020	31st March, 2019
a.	Principal amount due and remaining unpaid	**3.10**	2.35
b.	Interest due on above	**0.16**	0.03
c.	Payment made beyond the appointed day during the year	**-**	-
d.	Interest paid	**-**	-
e.	Interest due and payable for the period of delay	**0.16**	0.03
f.	Interest accrued and remaining unpaid	**0.16**	0.03
g.	Amount of further interest remaining due and payable in succeeding years	**-**	-

The SAP system has a field minority indicator in Vendor Master, which is updated to identify the vendor as an MSME. Then 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 Auditors.

40. Cargo Revenue, Flight Interruption Manifest (FIM) and Code-share Revenue have been accounted based on information received from Air India Limited (Holding Company). Similarly, the Excess Baggage collection at few stations are controlled and monitored by the Holding Company on behalf of the Company and the same has been accounted for based on information provided by the Holding Company. The Company is of the view that Flight Interruption Manifest (FIM) and Code-share Revenue are “Interline Transactions” and hence GST is not applicable on the said transactions.

41. INVENTORY & ROTABLES

a. The Company also appointed a firm of Chartered Accountants to carry out physical verification of the Inventories and match the same with the RAMCO System. On account of lockdown due to COVID-19, the Company has conducted physical verification of only part of the inventory at the Mumbai location subsequent to the year end and at Trivandrum location during the year 2019-20. On the basis of their report, the Company made further adjustments to the Inventories by reducing the value thereof and adjusting the material consumption by Rs.62.66 Million (net) (Previous year Rs.15.61 Million). With respect to the balance part of inventories at Mumbai and Trivandrum location and all the inventories at other locations (including inventory lying with third parties), discrepancies, if any, which may have remained undetected & unadjusted will be adjusted in subsequent financial year.

b. On the basis of information provided by MMD department and verified / accepted by the Company in relation to non-moving items of stores & spares inventories, the provision for inventory obsolescence as on 31st March, 2020 to Rs.91.01 Million (Previous year Rs.197.42 Million)

c. The Inventories of aircraft spares have been valued “at cost” thereof since the cost is lower than the “Catalogue Price” or the prices to the extent available in “Public Domain”. The Other Consumables have been valued at cost, it being lower than the available comparable market values.

d. Inventory balances lying in various intermediary / suspense heads under RAMCO system for which consumption / issue / scrapping is pending update until 31st March, 2020 aggregating to Rs.690.20 Million (Previous year Rs. 1,329.72 Million). Pending reconciliation / rectification, provision of Rs.293.84 Million (Previous Year Rs.56.28 Million) is made towards the inventory balances.

Further, Inventory issued for repairs but not consumed until the year end is valued at weighted average cost at which these were issued from the main stores based on specific identification method.

42. In the opinion of the Company, the Current Assets, Loans and Advances and Liabilities are approximately of the value stated, if realized, in the ordinary course of business. The provision for depreciation and for all known liabilities is adequate and not in excess of the amount reasonably necessary.

43. The Company has accounted for applicable credit under the “Service Export from India Scheme” (SEIS), an amount of Rs.829.28 Million at the estimated net releasable value as on 31st March 2020 (Previous Year Rs.552.47 Million). The application has not been submitted as the DGFT e-commerce portal has not yet opened for acceptance of applications for FY 2019-20.

44. The Company’s Debentures listed on Bombay Stock Exchange has been repaid on 26th March 2020. Accordingly, as per regulation 86 (6) of the Listing Obligation and Disclosure requirements (Amendment) Regulations, 2017 (LODR) the Company will be considered as a delisted entity from the date of repayment.

45. INSURANCE CLAIM RECEIVABLE

The Company has adopted the stated Accounting policy during the financial year 2019-20 for accounting of claims receivable on the acceptance of claim by the insurance company.

During the previous year 2018-19, there were two incidents of accident to the Company’s aircrafts viz VT AYD and VT AXI and there was one incident of damage to the engine CFM56-ESN 894732 (engine) during the repair work on the test bench.

In respect of VT AYD, the Company has incurred an expenditure of Rs. 249.39 Million towards repair against which the amount of Rs.197.52 Million net of deductibles is recoverable from the Insurance Company. An amount of Rs.126.34 Million was received during the financial year 2019-20 and balance amount was recovered during the financial year 2020-21.

In respect of Engine, the Company has a recoverable amount of Rs. 274.46 Million as on 1.4.2019. An amount of Rs. 274.44 Million net of deductible, was recovered during the financial year 2019-20.

In respect of VT AXI, the Company has a recoverable amount of Rs. 47.93 Million as on 1.4.2019, out of which an amount of Rs. 41.62 Million was recovered after deducting Rs. 4.14 Million during the financial year 2019-20. The balance amount was recovered during the financial year 2020-2021.

In respect of VT AYB, the Company had a net recoverable amount of Rs.226.19 Million as on 1.4.2019. Out of this, the amount of Rs. 196.02 Million has been written off in current year on account of rejection of the claim by the insurance agency and balance receivable of Rs. 30.17 Million is reversed as at 31.03.2020 as the same is not yet confirmed by the insurance agency.

46. During the year, an additional charge of Rs.345.81 Million towards insurance cost has been allocated by the Holding Company on account of an increase in insurance premium for FY 2019-20 attributable to Company's high claim ratio for the damages. The basis of allocation has been agreed upon mutually and approved by the respective companies.

47. A) Government of India (The Government), on behalf of the Company had provided guarantees as follows-

- Aggregating to USD 678.79 Million in favour of the lessors of financial lease for acquiring 18 B737-800 Aircrafts.
- Repayment of debentures issued by the Company amounting to Rs.950.00 Million, which was due for repayment on 26th March 2020, and has accordingly been repaid on the due date.

B) The Company has provided the guarantee fees payable to the Government at the rate of 0.5% on the amount of respective liabilities as outstanding at the end of every financial year. The said guarantee fees provided by the Company had not been paid in accordance with the terms of the Guarantees, for which the Company is liable to pay penal interest.

The Company has since paid the entire amount of guarantee fees on 31st May 2019 and has represented to the Government for waiver of the penal interest amounting to Rs.832.47 Million. Since the Company has not received any claim from the Government of India towards penal interest, no provision for the same has been made in these financial statements.

48. Reimbursement of employee claims, lost baggage claims and crew allowances, being not material are accounted as and when settled.

49. SEGMENT REPORTING

The Company is engaged in airline related business, which is its primary and only business segment as per Ind AS 108 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 under:

(Rupees in Million)

Particulars	FY-2019-2020	FY-2018-19
India	**24,918.96**	20,972.56
Gulf	**22,832.30**	17,403.62
S.E.Asia	**1,973.66**	1,594.09
TOTAL (Refer Note 59)	**49,724.92**	**39,970.27**

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 the geographical segment. Consequently, area-wise assets and liabilities are not disclosed.

50. TRANSITION TO IND-AS 116 – Leases

A. For Current Year

Ind AS 116 - Leases has replaced the erstwhile leases standard, Ind AS 17 - Leases. It provides a single lessee accounting model, specifying how leases are recognised, measured, presented and disclosed. The lessee recognises right of use (ROU) assets representing its right to use the underlying asset on lease and a lease liability representing its obligation to make lease payments.

The standard is applicable from 1st April 2019. The Company has applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (i.e. 1st April, 2019). Accordingly, the Company has not restated comparative information; instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on 1 April 2019. On that date, the Company recognised the lease liabilities measured at the present value of the remaining lease payments. The right of use assets is recognised at their carrying amount, as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at 1 April 2019.

The major impact of adopting Ind AS 116 on the Statement of Profit and Loss for the year ended 31 March 2020 is as follows:

(Rupees in Million)

Sr. No.	Impact on accounts head	FY-2019-20
a.	**Profit & Loss for the F.Y. 2019-20**	
i.	Depreciation	2,205.35
ii.	Finance cost	402.85
iii.	Lease Rent	(2,544.70)
iv.	Exchange Gain/Loss due to re-instatement of lease liability	1,153.98
v.	**Net Impact on P & L**	**1,217.48**
b.	**Impact on the Balance Sheet as on 01-04-2019**	
i.	Right to use Asset	13,086.11
ii.	Retained Earnings	(270.97)
iii.	Lease Liability	13,380.22

B. For Previous Year

a. **Finance Leases**

Certain Aircraft obtained by the Company were classified as finance lease under INDAS 17 till 31st March, 2019, the obligation for these Aircraft will be contractually settled in USD. The legal title of these Aircraft vests with the lessors. The lease term for Aircraft is 12 years and year of maturity ranges between March 2018 to October 2021 with quarterly payments begin from the quarter subsequent to the commencement of the lease. The total future minimum lease payment as on 31st march, 2019 are as follows: -

(Rupees in Million)

Sl. No.	Particulars	As at March 31, 2019 (Rs.)
A)	**Outstanding balance of minimum lease payments including interest there on:**	
	Not later than one year	2,135.35
	Later than 1 year but not later than 5 years.	1,797.34
	Later than 5 years	-
	TOTAL A	**3,932.69**

B)	**Present Value of (A) above**	
	Not later than 1 year	2,094.72
	Later than 1 year but not later than 5 years	1,778.00
	Later than 5 years.	-
	TOTAL B	**3,872.72**
C)	**Finance Charges (A-B)**	**59.97**

b. **Operating Leases**

The future minimum lease rental payables under non-cancellable leases as on 31st March 2019 are as follows: -

(Rupees in Million)

Details	**FY 2018-19**
Payable within 1 year	2,497.90
Payable later than 1 year but not later than 5 years	9,966.13
Later than 5 years	2,149.85
TOTAL	**14,613.88**

c. **Arrangement for Finance Leases**

The aircraft (B 737-800) were delivered to Air India Express Limited during the period December 2006 to December 2009 and the same were capitalized in the books accordingly. 85% of aircraft financing package provided by the financial institutions is guaranteed by US Exim which in turn is guaranteed through a Government of India guarantee in favor of US Exim. The balance 15% is arranged through commercial loans. Under the financing arrangement with US Exim the Company has to form a Special Purpose Vehicle Company (SPV Company) which would be located in a tax free jurisdiction which would own the asset. A two tier structure was therefore put in place whereby the head lessor (SPV Company) was situated in Delaware which could lease the aircraft to an Irish SPV (established in order to make the transaction tax neutral). Since the issue of settling the GOI guarantee took considerable time, the Company in the meanwhile had to take delivery of the aircraft through a temporary financing arrangement. When the US Exim guaranteed loan was in place it was decided to cover all the delivered aircraft in the fleet up to that point by transferring the assets to the SPV Company based in Delaware and lease it again through the Irish SPV. There was as such, no actual sale to the SPV Company but this had to be done to complete and comply with the formalities of putting together a financial arrangement which was guaranteed through the US Exim. All costs related to the acquisition of the aircraft including the setting up of the SPV Companies have been capitalized in the books since it pertained to the acquisition of the aircraft. The lease has been structured as a financial lease so that the ownership in the aircraft would pass on to the Company at the end of the lease period. In the meanwhile, i.e. the time from when the asset was initially acquired by the Company in its books to the date the asset was transferred to the SPV, Company certain installments in the form of principal and interest fell due, which were paid off.

d. Under operating lease arrangements of Aircraft, the Company incurs variable payments towards maintenances of the Aircrafts which are disclose under “Hire of Aircraft”

51. Redelivery of Leased Aircraft

As per Ind AS, Provisions, Contingent Liabilities and Contingent Assets, Company has provided for cost of redelivery of Aircraft as discounted at present value.

The Company in its fleet has 8 Leased B 737-800 Aircraft covering the lease term of eight years. As per the terms of the lease agreements, the aircrafts have to be redelivered to the lessor at the end of the lease period as per the redelivery conditions stipulated. Such redelivery conditions would entail costs for technical inspection, maintenance checks, repainting costs and cost of ferrying the aircraft to the locations stipulated in the agreement. The Company therefore provides for such redelivery expenses, as contractually agreed, on estimated basis in proportion to the expired lease period to the total lease period.

(Rupees in Million)

Particulars	FY 2019-20	FY 2018-19
Opening Balance	**56.56**	**37.69**
Add: Additional Provision during the year	**34.58**	18.87
Less: Amount used during the year	**-**	-
Less: Amount reversed during the year	**-**	-
Closing balance	**91.14**	**56.56**

52. RELATED PARTY DISCLOSURES

A. Related party:

(i) In terms of Ind AS 24, following are related parties which are Government entities i.e. Significantly controlled and influenced entities (Government of India) (as identified by Management):

Sr. No.	Name of Company	Relationship
1	Air India Limited	Holding Company
2	Hotel Corporation of India Limited (HCI)	Fellow Subsidiary Company
3	Air India Engineering Services Limited (AIESL)	Fellow Subsidiary Company
4	Air India Air Transport Services Limited (AIATSL)	Fellow Subsidiary Company
5	Airline Allied Services Limited (AASL)	Fellow Subsidiary Company
6	Air India SATS Airport Services Private Limited	Entity in which Holding Company has substantial interest.

(ii) Key Managerial Personnel (KMP's)

Sr. No.	Name of Director	Designation	Remark
1.	Shri. Rajiv Bansal	Chairman	w.e.f. 14.02.2020
2.	Shri. Aswani Lohani	Chairman	Up to 14.02.2020
3.	Shri. Pranjol Chandra	Director	
4.	Smt. Kusum Lata Sharma	Director	w.e.f. 20.01.2020
5.	Shri. Angshumali Rastogi	Director	Up to 20.01.2020
6.	Shri. Vinod Shanker Hejmadi	Director	
7.	Shri. K. Shyam Sundar	Chief Executive Officer	
8.	Smt. Ranjita Kumari	Chief Financial Officer	w.e.f. 18.06.2020
9.	Shri. M. Manoharan	Chief Financial Officer	Up to 06.06.2020
10.	Smt. Aditi Khandekar	Company Secretary	

B. Related Party Transactions

i. The KMP vide Sr. No. 1,2 & 6 receive Remuneration and Perquisites from the Holding Company.

ii. Transactions such as providing airline related services in the normal course of airline business to the KMPs are not charged and hence not included below.

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

iv. 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 by Government of India and other than government related parties

(Rupees in Million)

Sr. No.	Name of the Entities and Nature of transactions	FY. 2019-20	FY. 2018-19
1	**Air India Limited (AIL)**		
	Revenue		
	Passenger (Reimbursement)	**629.03**	498.45
	Cargo (Reimbursement)	**966.35**	673.02
	Expenditure		
	Service Cost	**3,500.00**	3,500.00
	Employees Benefit (Reimbursement)	**185.38**	517.73
	Interest & Bank Charges	**989.08**	924.27
	Corporate Guarantee	**42.65**	39.35
	Insurance (Reimbursement)	**559.80**	118.31
	Handling Charges (Security)	**196.54**	142.30
	Travelling Expenses (Reimbursement) & Others	**96.74**	0.30
	Professional Fees (Reimbursement)	**-**	2.73
	Technology Charges	**104.59**	-
	Closing Balance	**11,346.98**	**11,510.41**

Sr. No.	Name of the Entities and Nature of transactions	FY. 2019-20	FY. 2018-19
	Airline Allied Services Limited (AASL)		
	Revenue		
	Sale of Goods	**0.01**	**0.67**
	Expenditure		
	Purchases of Goods	**0.39**	**0.16**
	Closing Balance	**0.59**	**0.14**
3	**Air India Engineering Services Limited (AIESL)**		
	Expenditure		
	Repair to Others (Engineering cost)	**1,192.91**	801.87
	Handling Charges	**-**	35.78
	Interest	**107.11**	96.03
	Others		
	Purchase of Goods	**-**	7.91
	Reimbursement of Expenses		
	Expenditure incurred by the Company on behalf of AIESL	**66.46**	39.90
	Loan Taken	**-**	1,177.56
	Loan Repaid	**-**	1,117.85
	Closing Balance	**1,342.51**	**1,144.89**
4	**Air India Air Transport Services Limited (AIATSL)**		
	Expenditure		
	Handling Charges	**413.79**	332.05
	Interest	**18.73**	14.44
	Closing Balance	**156.2**	**278.67**
5	**Air India SATS Airport Services Private Limited (AISATS)**		
	Expenditure		
	Handling Charges	**172.57**	176.87
	Closing Balance	**47.54**	**76.96**
6	**Hotel Corporation of India Limited (HCI)**		
	Expenditure		
	Hotel Expenses	**3.61**	0.91
	Closing Balance	**2.36**	**1.23**
7	**Shri. K. Shyam Sundar (KMP - Chief Executive Officer)Remuneration**	**3.00**	3.11
8	**Shri. M. Manoharan (KMP- Chief Financial Officer)**	**1.81**	-
9.	**Smt. Aditi Khandekar (KMP- Company Secretary)**	**2.28**	-

Related party information is identified by the Company and relied upon by the Auditors. The above stated related party transactions are at Arm's Length Price as confirmed by the Board of Directors vide meeting dated 27th Oct 2020.

53. TAXATION:

Since there is no taxable income in view of unabsorbed depreciation and brought forward losses for earlier years, no provision for tax has been made.

The Company has decided to opt for concessional income tax rate of 22 percent as per section 115 BAA of the Income Tax Act, 1961 effective from Assessment Year 2020 – 21.

The Company has re-computed Deferred Tax Assets/ Liabilities in consonance with the decision to opt for concessional tax regime, which has resulted in net reduction in Deferred Tax Assets and Liabilities by Rs 3,227.04 million and Rs. 2,443.39 million respectively.

(i) Reconciliation of effective tax rate

Reconciliation of tax expense and the accounting profit / (loss) multiplied by India's domestic tax rate for the year ended 31 March 2020 and 31st March 2019:

(Rupees in Million)

Particular	**For the year ended 31st March 2020**	**For the year ended 31st March 2019**
Profit Before Tax	**4,181.93**	1,685.89
Effective Tax Rate	**25.17%**	21.55%
Amount of Tax using Standard rate of Tax in India	**1,049.07**	363.09
Effect of :		
Set-off of Brought Forward Losses and Unabsorbed Depreciation	**(984.60)**	(310.30)
Non- deductible expenses for tax purpose	**(64.47)**	(14.70)
Tax Expenses for the year (As per Minimum Alternate Tax)	**-**	38.08

(ii) Deferred Tax Asset / Liabilities

(Rupees in Million)

Particular	**As at 31st March 2020**	**As at 31st March 2019**
Deferred Tax Liability		
Property, Plant & Equipment (Depreciation)	**(6,292.99)**	(9,147.86)
Total	**(6,292.99)**	**(9,147.86)**
Deferred Tax Assets		
Unabsorbed Tax losses & Unabsorbed Depreciation	**7,838.95**	15,550.06
Other Disallowances (Net)	**468.96**	198.92
Total	**8,307.91**	**15,748.98**

(iii) Deferred Tax Asset / Liabilities recognized in the books

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred Tax liability	**(6,292.99)**	(9,147.86)
Deferred Tax asset	**6,292.99**	9,147.86
Net Deferred Tax Assets/Liability	**NIL**	**NIL**

Note: The Company has recognized Deferred Tax Assets arising on account of carried forward unabsorbed depreciation to the extent of the Deferred Tax Liability arising on account of the temporary timing difference on net book value of Property, Plant & Equipment of Rs 6,292.99 Million as at March 31, 2020 (Rs. 9,147.86 Million as at March 31, 2019).

(iv) Statement of Unabsorbed Depreciation and Business Loss

(Rupees in Million)

Particulars	Unabsorbed Business Losses#		Unabsorbed Depreciation	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<4 year	-	884.12	**-**	3,157.98
< 5 year	-	1,528.11	**-**	3,267.36
< 6 year	-	385.64	**3,193.09**	2,049.10
< 7 year	-	-	**3,267.36**	5,485.05
< 8 year	-	-	**24,686.05**	27,742.27
Total	**-**	**2,797.87**	**31,146.50**	**41,701.76**

Unabsorbed depreciation does not have any limitation period under the Income Tax Act,1961.

Note:

i) The above amounts are after setting off against current year profit

ii) The unabsorbed tax losses and unabsorbed depreciation considered above are based on the tax returns filed / tax assessment order of the Company for respective years.

54. EARNINGS PER SHARE

Details	As at March 31, 2020	As at March 31, 2019
Profit after tax (Rs. in Millions)	**4,141.76**	1,643.89
Weighted Average no. of equity shares of Rs. 100 Each (In Millions)	**78.00**	78.00
EPS Basic & Diluted (In Rs.)	**53.10**	**21.08**

55. REMUNERATION TO STATUTORY AUDITORS

The details of the audit fees and out of pocket expenses are as under:

(Rupees in Million)

Particulars	FY 2019-20	FY 2018-19
Audit Fees for the year	**1.40***	1.00
Out of Pocket Expenses	**0.13**	0.18#
Total	**1.53**	**1.18**

* Includes arrears of previous year Rs.0.1 Million

Includes arrears of previous year Rs.0.08 Million

56. CORPORATE SOCIAL RESPONSIBILITY (CSR)

In F.Y. 2016-17 and 17-18, the Company had incurred expenditure towards “Corporate Social Responsibility” (CSR) at the rate of 2% of its “average net profits” computed in accordance with Section 198 of the Companies Act, 2013. In FY 2018-19, the said provisions of Section 198 have been amended effective from 19-09-2018, whereby while computing the average net profits, the “excess of expenditure over income” incurred before 01-04-2014 as against such reduction post 1.4.2014 pre amendment, has to be reduced. Consequently, the losses incurred prior to 01-04-2014 are deductible in computing the “net profits”, which in the case of the Company has resulted into negative net profits for the year computed under the said Section 198 of the Companies Act, 2013. Accordingly, the Company is not required to incur the expenditure towards Corporate Social Responsibility u/s. 135 of the Companies Act, 2013.

However, the following amount pertaining to earlier years remains to be spent by the Company towards Corporate Social Responsibility:

(Rupees in Million)

Sr. No.	Particulars	Amount spent	Balance Amount to be spent
I	Construction/acquisition of any asset	-	-
ii	On purposes other than (i) above	8.58*	22.43

* Excluding amount of Rs.2.55 million being expenditure incurred but not paid as on 31st Mar 2020

57. The Company did not file Form 3CEB in respect of Specified Domestic Transactions as required under section 92E of the Income Tax Act, 1961 from F.Y. 2012-13 to F.Y. 2015-16 (both inclusive) as the said matter was pending confirmation by the Holding Company. The Company is unable to ascertain the liability if any due to non-filing of Form 3CEB at this juncture and hence, no provision has been made therefor.

58. IMPAIRMENT

The management has carried out impairment test internally by evaluating the condition of utilisation of its Property Plant and Equipment and its ability to generate operating profits. On the basis of such evaluation, the management is of the opinion that there is no impairment of assets at the end of the year.

59. REVENUE FROM OPERATIONS

The Company's gross and net revenue for F.Y. 2019-20 and 2018-19 are as under.

(Rupees in Million)

Sr. No.	Particulars	Year ending 31st March 2020	Year ending 31st March 2019
1	Passenger Service Income – Gross	**51,929.30**	43,916.18
	Less:-		
	Cancellation/Refund	**2,204.38**	3,945.91
	Net Passenger Service	**49,724.92**	39,970.27
	Less:-		
	Booking Agency Commission	**403.30**	325.24
	Net Income form Passenger Service (A)	**49,321.62**	39,645.03
2	Excess Baggage (B)	**769.17**	623.95
3	Cargo (C)	**966.48**	675.24
	Net Revenue from Operation (A+B+C)	**51,057.27**	**40,944.22**

60. The Company is in the process of ascertaining the reason for unreconciled Airport Tax Payable of Rs. 176.88 Million and the same will be adjusted in the year in which the said process is completed.

61. GOING CONCERN

The Financial Statement for the year has been prepared on a Going Concern basis, though the Net worth of the Company is negative, due to following factors / reasons;

- The Company has recorded a net profit of Rs. 4,127.74 Million during the FY 2019-20. The Company had achieved a net profit of Rs. 1,615.88 Million during the previous year FY 2018-19.
- With the finalization of Accounts for FY 2019-20, the Company has recorded Cash profit of Rs. 9,212.69 Million and Operating profit of Rs. 7,405.23 Million during the year. The Company has consistently earned profit for 5 years in a row through continuous improvement in efficiency and productivity of manpower and resources
- As a result of the much improved financial performance over the past five years, the Company's Net worth is fast approaching to positive figure. The Company should have achieved 'positive net worth' by the close FY21, but for the dramatic down turn in the air travel industry attributable to the COVID 19 pandemic. As the recovery of operations / traffic is expected to take about 12-18 months at the least, it is now projected that the Company would become net worth positive by the end of FY 2023-24.
- The Company has initiated several cost-cutting measures to cope with the drastically reduced opportunities to operate scheduled services on account of travel bans implemented by most countries especially those in which the Airline has significant on-line presence.
- Commencing from 7th May 20, the Airline has progressively increased the operation of repatriation flights aimed at bringing distressed Indian nationals back to their homes under the Vande Bharat Mission (VBM).

- The Company has been constrained to temporarily place on hold the Medium to Long term fleet and network plan that had been developed on account of the pandemic situation and the on-going disinvestment exercise.
- The Company has also surpassed the Operating Revenue by 25.12% compared to the previous year. The Company has achieved Pan-India footprint by launching operations on many new routes in FY 2019-20 from Kannur & Surat. The results achieved on these routes have been promising.
- The Company had also successfully renewed the IOSA Registration which serves as measure of the Airline's adherence to Assurances and Quality of Services.
- The Company has paid the dues towards the Aircraft loan for 3 aircrafts during the fiscal 19-20 and out of the balance 7 aircrafts, 2 aircrafts have been cleared of debt during the financial year 2020-21. It is projected that all the 16 Aircrafts would be free from debt in FY 2021-22.
- As fuel rates have declined sharply, the Company is examining the opportunity to recommence services to Malaysia and Sri Lanka as and when scheduled international operations become feasible.
- Air India Express was awarded the following awards:

  1. "Management Excellence Award" for the Turnaround Performance 2019 at 12th International Civil Aviation Conference organized by ASSOCHAM in New Delhi.
  2. "CSR Impact Award" for successful implementation of the CSR project at Edakkad village of Kozhikode in association with Mathrubhumi at India CSR Summit 2019, New Delhi
  3. "Top Cargo Handling Airline of Cochin International Airport for the year 2019"

62. CAPITAL MANAGEMENT

The Company is a wholly owned subsidiary of Air India, which in turn is wholly owned by Government of India (GOI). In view of this, the Company though having accumulated losses, is able to raise funds through debt which is secured by Sovereign guarantee of GOI. Further, there is a constant endeavor by the management to maximize the shareholders' value by increasing the efficiency of operations.

63. FAIR VALUE MEASUREMENT AND FINANCIAL INSTRUMENTS

a. Financial instruments – by category and fair value hierarchy

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

(i) As on 31 March 2020

Particulars	Note	Carrying Value				Fair value measurement using		
		FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial Assets								
Non-Current								

Particulars	Note	Carrying Value				Fair value measurement using		
		FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Security Deposit / Bank Deposit Margin money				266.90	266.90			266.90
Current								
Trade Receivable*				46.93	46.93			
Cash & Cash Equivalents*				92.12	92.12			
Bank Balances other than cash and cash equivalents*				692.39	692.39			
Others								
Insurance Claims Recoverable				82.09	82.09			
Loans and Advances to Employees				0.02	0.02			
Advance Recoverable in Cash or Kind				-	-			
Export Incentive Receivable				829.28	829.28			
Interest Accrued on Bank Deposits				4.57	4.57			
Security Deposit				61.47	61.47			
Other Advance				7.51	7.51			
Others				101.30	101.30			
Total				**2,184.58**	**2,184.58**			**266.90**
Financial liabilities								
Non-Current								
Lease Liability				10,425.18	10,425.18			
Security Deposits				0.42	0.42			0.42
Current								-
Borrowing#				13,600.97	13,600.97			13,600.97
Lease Liability				3,821.41	3,821.41			
Trade Payables*				5,662.67	5,662.67			
Other Financial Liabilities								
Interest Accrued but not due on Borrowings				9.25	9.25			
Book Overdraft				0.55	0.55			
Interest Accrued but due on Borrowings				22.81	22.81			
Payable to Passengers				261.01	261.01			
Airport Taxes Payable				652.54	652.54			

Particulars	Note	Carrying Value				Fair value measurement using		
		FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Payable to Holding Company				11,346.99	11,346.99			
Security Deposits				6.16	6.16			
Payable to Agents				99.50	99.50			
Provision for Expenses				664.52	664.52			
Others				104.10	104.10			
Total				**46,678.08**	**46,678.08**			**13,601.39**

(ii) As on 31 March 2019

Particulars	Note	Carrying Value				Fair value measurement using		
		FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial Assets								
Non-Current								
Security Deposit / Bank Deposit Margin money				165.43	165.43			165.43
Current								
Trade Receivable*				495.24	495.24			
Cash & Cash Equivalents*				285.38	285.38			
Bank Balances other than cash and cash equivalents*				681.04	681.04			
Others								
Insurance Claims Recoverable				548.58	548.58			
Loans and Advances to Employees				0.54	0.54			
Advance Recoverable in Cash or Kind				17.90	17.90			
Export Incentive Receivable				631.16	631.16			
Interest Accrued on Bank Deposits				5.89	5.89			
Security Deposit				28.00	28.00			
Other Advance				1.41	1.41			
Others				0.03	0.03			
Total				**2,860.60**	**2,860.60**			**165.43**
Financial liabilities								
Non-Current								

Particulars	Note	Carrying Value				Fair value measurement using		
		FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Borrowings#				1,778.00	1,778.00			1,778.00
Lease Liability				-	-			
Security Deposits				5.20	5.20			5.20
Current								
Borrowing#				13,088.18	13,088.18			13,088.18
Lease Liability				-				
Trade Payables*				9,709.81	9,709.81			
Other Financial Liabilities								
Debenture				950.00	950.00			
Finance Lease Obligations				2,094.72	2,094.72			
Interest Accrued but not due on Borrowings				21.95	21.95			
Interest Accrued but not due on debenture				0.05	0.05			
Airport Taxes Payable				658.45	658.45			
Payable to Holding Company (Net)				11,510.41	11,510.41			
Security Deposits				0.73	0.73			
Provision for Expenses				715.16	715.16			
Others				542.94	542.94			
Total				**41,075.60**	**41,075.60**			**14,871.38**

The Company's borrowings have been contracted at floating rates of interest, which resets at short intervals. Accordingly, the carrying value of such borrowings (including interest accrued but not due) approximates fair value.

* The carrying amounts of trade receivables, trade payables, cash and cash equivalents, bank balances other than cash and cash equivalents, maintenance advance and other current financial assets, approximates the fair values, due to their short-term nature. The other non-current financial assets represent bank deposits (due for maturity after twelve months from the reporting date) and interest accrued but not due on bank deposits, the carrying value of which approximates the fair values as on the reporting date.

Valuation technique 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.

64. 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 loan and borrowings, 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. 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. The Board of Directors reviews and agrees 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 consisting of Deposits from Agents and GSA top-up. As per the business model, the trade receivables are typically secured, derived from revenue earned from customers/agents. As regards, the sales generated through the GSA at respective foreign stations, the same is covered through the Bank Guarantee. Trade receivable also includes receivables from credit card companies which are realizable within a period of 2 working days. The Company monitors the economic environment in which it operates. The Company has adequate security measures for all credit card/web sales through Fraud Prevention Tool, Decision Manager through Cyber Source etc. and thus is fully protected.

The Company sells majority of its passenger service against deposits made by agents (customers) and through online channels.

(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, both under 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) of Rs. 784.51 Million as at 31st March 2020 (Previous Year Rs. 966.42 Million) anticipated future internally generated funds from operations, and its full availability, will enable it to meet its future known obligations in the ordinary course of business. However, if a liquidity need were to arise, the Company believes that 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 or leasing 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 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 date. The contractual cash flow amount is gross and undiscounted, and includes interest accrued but not due.

(Rupees in Million)

As at 31st March 2020	Carrying amount	Contractual Cash Flows				
		Up to 1 year	1-3 Year	3-5 Year	More than 5 years	Total
Term Loan	13,600.97	13,600.97				13,600.97
Lease Liability	14,246.59	3,821.41	8,138.50	1,936.92	349.77	14,246.60
Payable to Parent Company	11,346.99	11,346.99				11,346.99
Trade Payables to related parties	1,545.23	1,545.23				1,545.23
Trade Payables	4,117.44	4,117.44				4,117.44

Finance Lease Obligations	-	-				-
Interest Accrued but not due on Borrowings	9.25	9.25				9.25
Interest Accrued but due on Borrowings	22.81	22.81				
Interest Accrued but not due on Debenture	-	-				-
Book Overdraft	0.55	0.55				0.55
Payable to Passengers	261.01	261.01				
Airport Taxes Payable	652.54	652.54				652.54
Security Deposits	6.16	6.16				6.16
Payable to Agents	99.50	99.50				
Provision for Expenses	664.52	664.52				
Others	104.16	104.16				104.16
Totals	**46,677.72**	**36,252.54**	**8,138.50**	**1,936.92**	**349.77**	**45,629.89**

(Rupees in Million)

As at 31st March 2019	**Carrying amount**	**Contractual Cash Flows**				
		Up to 1 year	**1-3 Year**	**3-5 Year**	**More than 5 years**	**Total**
Non-Convertible Debentures	950.00	950.00	-			950.00
Term Loan	13,088.18	13,088.18				13,088.18
Finance Lease Obligation	1,778.00		1,778.01	-		1,778.01
Payable to Parent Company	11,510.41	11,510.41				11,510.41
Trade Payables to related parties	1,501.61	1,501.61				1,501.61
Trade Payables	8,208.20	8,208.20				8,208.20
Finance Lease Obligations	2,094.72	2,094.72				2,094.72
Interest Accrued but not due on Borrowings	21.95	21.95				21.95
Interest Accrued but not due on Debenture	0.05	0.05				0.05
Airport Taxes Payable	658.45	658.45				658.45
Security Deposits	0.73	0.73				0.73
Provision for Expenses	715.16	715.16				
Others	542.94	542.94				542.94
Totals	**41,070.40**	**39,292.40**	**1,778.01**	**-**	**-**	**40,355.25**

(iii) **Market risk**

Market risk is the fluctuation of fair value and future cash flows of financial instruments due to 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 (ATF) will fluctuate because of changes in foreign exchange/ATF rates. The Company is exposed to the effects of fluctuation **in** the prevailing foreign currency/ATF 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, as well as fluctuation in the ATF prices on account of supply and demand position in crude market.

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 relates primarily to the Company's borrowings with floating interest rates.

The Company's interest rate risk arises majorly from the foreign currency term loan and finance lease carrying floating rate of interest. These obligations expose the Company to cash flow interest rate risk. 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:

(Rupees in Million)

Variable-rate instruments	**As at 31st March 2020**	**As at 31st March 2019**
Finance lease obligation (including current maturities)	**1,945.38**	3,872.72
Bank Loan	**13,600.98**	13,088.18
Payable to AI	**11,346.99**	11,510.41
Total	**26,893.35**	**28,471.31**

Interest rate sensitivity analysis

A reasonably possible change of 0.50 % in interest rates at the reporting date would have affected the profit or loss by the amounts shown below. This analysis assumes that all other variables, in particulars foreign currency exchange rates, remain constant.

Particulars	**Increase by 0.50 %**	**Decrease by 0.50 %**
For the year ended 31 March 2020	(134.47)	134.47
For the year ended 31 March 2019	(142.36)	142.36

65. COVID – 19

COVID- 19 has been declared as a global pandemic. The Indian Government has declared a complete lockdown since March 24, 2020. Measures taken to contain the spread of the virus have significantly impacted global economic activity including suspension of operations of international airlines across the Globe and travel restrictions imposed by various countries, including India. The Airline had to curtail its operations significantly from the beginning of the 2nd week of March 2020, to destinations in the Gulf region due to travel restrictions imposed by regulatory authorities in the Gulf countries. The Airline had to cease all its international operations from 22nd March 2020, as per directions issued by the DGCA suspending all scheduled international operations effective that date. This was followed by another Order from the DGCA suspending all scheduled domestic operations effective 25th March 2020.

The reduced operations starting from February 2020, shut down of air traffic from March 20 and obligation to pay committed expenditure had a significant impact on the Airline's performance in the last Quarter of FY 2019-20.

Operation on International sectors commenced from 7th May 2020 in the form of non-scheduled flights under the Vande Bharat Mission. DGCA issued an Order for calibrated resumption of domestic services with effect from 25th May 2020.

To mitigate the impact of COVID 19 outbreak, the Management has taken various steps like operating Cargo flights, availing Working Capital loans under the Emergency Funding Scheme announced by Reserve Bank of India, moratorium on payment of interest on Working Capital loans and aircraft loans, moratorium on payment of aircraft lease rentals, reduction in salary and allowances of employees, allowing employees to work from home, control of payment to various station vendors from the Head Office, operating flights under VBM and air bubble transport agreement, etc. These steps have helped the Company sail through the unprecedented environment created by the Pandemic.

The Company has also assessed the potential impact of Covid-19 on the carrying value of Property, Plant & Equipment, Intangible assets, Inventories, Trade Receivables and other assets appearing in the financial statements of the Company. In developing the assumptions and estimates relating to the future uncertainties in the economic conditions because of this pandemic, the Company as at the date of approval of these financial statements has used internal and external sources of information. Based on current estimates, the Company expects to recover the carrying amounts of all the assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

66. Events occurring after the Balance Sheet date.

A ground incident involving a Boeing 737-800 Aircraft, VT-AXW occurred on 6th June 2020 at the NEC hanger, Mumbai. The incident occurred due to high wind leading to Aircraft movement to the right hitting a Ground Power Unit parked near the Aircraft. The structure repair was carried out by Air India Engineering Service Ltd.(AIESL) as per the recommendation of M/s Boeing. AIESL our AMO (Aircraft Maintenance Organisation) is accountable / responsible for the maintenance and safety of Aircraft as per the MOU/ SLA between AIESL and Air India Express. The repair work was completed on 24 July 2020. The Aircraft was subsequently operated on Repatriation flight on 27 July 2020. Expenditure incurred on repairs to the aircraft will be charged to AIESL.

During the year 2020- 2021 Air India Express VT-AXH from Dubai to Calicut was involved in an accident on 7 August 2020. The aircraft skidded off the end of the table top runway and fell down the slope, killing 19 passengers and both the pilots. The four cabin crew members and 165 passengers were injured in the accident. The Company has settled the interim compensation in respect of all the deceased / injured passengers including the crew. As the entire third-party legal liability claims arising from the accident are fully covered under the insurance policy, no provision is required to be made in the books on this account. The Company has received the claim from insurance company towards the loss of the aircraft.

67. The Financial Statements are approved for issue by the Board of Director as its meeting held on 27th Oct 2020

68. Previous year's figures have been regrouped / re-classified wherever necessary to correspond with the current year's classification / disclosures.

For M. A. Parikh & Co.
Chartered Accountants
Firm Registration No. 107556W

Sd/-
Mukul Patel
Partner
Membership No: 032489

Place : Mumbai
Date : 28 October 2020

For and on behalf of the Board of Directors

Sd/- **Rajiv Bansal** Chairman (DIN :- 00245460)	**Sd/-** **Kusum Lata Sharma** Director (DIN :- 08678975)	**Sd/-** **Vinod Hejmadi** Director (DIN :- 07346490)
Sd/- **K.Shyam Sundar** Chief Executive Officer	**Sd/-** **Ranjita Kumari** Chief Financial Officer	**Sd/-** **Aditi Khandekar** Company Secretary

Place : New Delhi
Date : 27 October 2020

ALLIANCE AIR AVIATION LIMITED

CONTENTS

BOARD OF DIRECTORS (AS ON 29.12.2020)

Shri Rajiv Bansal	Chairman
Shri Vinod Hejmadi	
Shri Pranjol Chandra	
Smt Kusum Lata Sharma	
Ms Meenakshi Mallik	
Shri Prem Singh Negi	

Chief Executive Officer

Smt Harpreet A De Singh

Chief Financial Officer

Shri Ambar Kumar Mondal

Company Secretary

Smt Manjiree M Vaze

Statutory Auditors

M/s S K Kapoor & Co.
Chartered Accountant,
16/275, Jeevan Vikas Bhawan
Civil Lines
Kanpur – 208 001

Registered Office

Alliance Bhawan
Domestic Terminal-1
I.G.I. Airport
New Delhi - 110 0372

CHAIRMAN’S MESSAGE

Dear Shareholders

It gives me great pleasure to present to you the Thirty Seventh Annual Report of the Company for the financial year 2019-20. Alliance Air Aviation Limited (formerly known as Airline Allied Services Limited) is one of the leading international regional airlines in the country providing connectivity to Tier II & Tier III cities in India in complete synergy with the network of Air India. It is in the process of expanding its operations on Pan India basis by inducting more aircraft in its fleet. These aircraft will serve shorter routes within the country and also fly overseas.

OVERVIEW- CIVIL AVIATION INDUSTRY

India’s civil aviation industry seems to have become a more mature market than any time in the past. The big change in the current year is the emergence of numerous regional airports that will increase connectivity tremendously across the country. In addition, policy changes like allowing foreign direct investment in domestic airlines have changed the market landscape. Passenger traffic is also rising consistently as consumers are shifting from rail to air, more so in Tier II and Tier III cities.

AIR TRAVEL GROWTH

The latest data released by aviation regulator Director General of Civil Aviation (DGCA) reveals that domestic passenger air traffic grew by 3.74 percent to reach 144 Million passengers in the Year 2019 as against 139 Million passengers in the Year 2018.

The other clear trend that has emerged in recent years is the firm preference for low budget airlines by air travelers. Low cost carriers dominated the skies with more than 85 percent market in August 2020.

INDIA TO BE THIRD LARGEST AVIATION MARKET

The Country is poised to become the third largest aviation market by 2025, overtaking the UK, according to the International Air Transport Association (IATA). The inflow of foreign investment has led to an acceleration in the industry’s growth over the last seven years. According to data released by the Department of Industrial Policy and Promotion (DIPP), FDI inflows in air transport (including air freight) between April 2000 and September 2017 stood at USD 1.59 Billion. According to Morgan Stanley, the Country will witness an investment of USD 25 Billion in the next decade in the airports sector and traffic growth of 13 %. It has projected that the share of air travel in air and rail travel combined in the country will grow to 15.2 % by year 2027.

Given the huge investments being planned for the civil aviation sector, it is clear that the Country is poised for a big leap in the arena of air travel. It has enormous potential for expansion since air transport remains beyond the reach of most of the country’s travelling public. Rail travel has increasingly become more expensive. In contrast, air travel provides comfort with speed. There is thus no doubt that civil aviation needs to keep a focus on quality, cost and passenger interest, which will enable it to become the third-largest aviation market by year 2025.

FUEL PRICES

Fuel prices account for about 30% to 40% of airline’s operational cost. In 2019, fuel prices had been on the rise in the beginning of the year, but later decreased to provide relief to the airlines. Indian consumers tend to be extremely price conscious and airlines find that a hike in price leads to an immediate dip in demand. The airline needs to ensure better efficiency in operations, to cut costs and improve passenger service to lure customers.

To sum it up, the Indian aviation industry is on the verge of a major leap forward. It can only be hoped that the policy environment continues to be conducive to its growth so that the industry can realize its full potential in the coming years.

NEW CIVIL AVIATION POLICY – REGIONAL CONNECTIVITY SCHEME

The Regional Connectivity Scheme "Ude Deshka Aam Nagrik" (UDAN) introduced by the Government, which will run for 10 years, will work to revive existing airstrips and airports. Under this scheme in 1st round of bidding, Government had awarded approximately 128 regional routes.

In the 2nd, 3rd and 3.1 round of Regional Connectivity Scheme (RCS), 325 routes, 235 routes and 44 routes respectively, 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 with the Government providing Viability Gap Funding (VGF) or subsidy to airlines.

With the introduction of RCS, a number of new routes to unserved and undeserved airports have opened up for Alliance Air and it has been awarded 17 routes, 26 routes, 40 routes and 12 routes in the 1st, 2nd, 3rd and 3.1 round respectively of the bidding process. Alliance Air had actively participated in the 4th round of Regional Connectivity Scheme (RCS) bidding and awaiting its route allotment.

The Hon'ble Prime Minister flagged off the first UDAN flight on the Shimla-Delhi sector on 27 April 2017 and Alliance Air had the privilege of being the launch carrier. Alliance Air had launched 61 routes as on 31 March 2020 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'.

As operation to unserved and underserved airports has been 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 aggressively in the subsequent rounds of RCS bidding as well.

PERFORMANCE OF THE COMPANY DURING THE YEAR

The Company incurred its first Operational profit of Rs.6,508.94 lakhs in FY 2019-20, since inception. However, due to adoption of IND AS 116 in FY 2019-20 the Company has taken an additional burden of expenditure of Rs.23,810 lakhs and finance charges of Rs.18,282 lakhs, leading to a net loss of Rs. 20,100.06 lakhs (FY 2018-19 Rs. 29,232.34 lakhs). The total revenue has increased by Rs. 34,487.56 lakhs (41.23% YoY) and expenditure has increased by Rs. 25,310.66 lakhs, thereby reducing the loss (PAT) by Rs. 9,132.29 lakhs.

The salient features are:

- Revenue from operations has increased from Rs.82,161 lakhs in FY 2018-19 to Rs.99,303 Lakhs in FY 2019-20, an increase of 21% over the previous year.
- Passenger revenue has increased by Rs.1,318.82 lakhs due to net impact of increase in passenger carriage by 0.0424 Million, a 2.65% increase over previous year.
- No show & cancellation charges and EBT revenue were to the tune of Rs. 1,734.67 lakhs and Rs. 766.17 lakhs respectively during 2019-20.
- RCS, VGF & Charter revenue increased by Rs. 11,737.10 lakhs (Rs. 24,197.22 lakhs to Rs. 12,460.11 lakhs) due to increase in RCS routes in current year.

- Lease charges increased from Rs. 21,224.95 lakhs to Rs. 27,141.02 lakhs due to impact of IND AS 116.
- Handling charges increased by Rs.220.78 lakhs due to 5.33% increase in departures.
- Pay and allowances increased by approx. 12.53% mainly due to increase in number of expatriate pilots, additional manpower recruitment in all departments to cater to the expansion plans.
- ATF cost decreased by Rs. 1,018.82 lakhs (5%) due to decrease in average rate by 8.3%, though there was an increase in operation by 3.32%.
- The maintenance charges decreased by Rs. 5,628.54 lakhs (Rs. 15,564.05 lakhs from Rs. 21,192.59 lakhs), due to strict management control.
- The general decrease in cost is mainly due to reduction in provisions for redelivery charges and various cost saving measures and effective management of resources.

FUTURE PLANS

The passenger aviation market in India has been growing steadily due to induction of capacity by all airlines and also fares becoming more affordable. The growth in Tier II and III cities is still largely untapped, although larger airlines have started deploying capacities in smaller airports. Alliance Air has the advantage of operating ATR type of aircraft since January 2003. It intends to build on this experience of over a decade of serving to Tier II and III cities. The Company has a fleet of 18 ATR 72-600 aircraft. The existing fleet is deployed to operate about 105 flights every day over a network of 61 stations. In the FY 2019-2020, Company expanded its network and reach to neighboring countries. It further plans to increase the fleet and its network in the coming years.

The Company has reversed the trend of adverse financial parameters in the FY 2019-20 by achieving an operational profit of Rs.6,508.94 lakhs. Due to the impact of COVID-19 pandemic in the aviation industry, the year 2020-2021 is expected to be adverse for all airlines and your airline will not be an exception. However, necessary steps have been taken by the management to cut the costs and re-negotiate various agreements and we are confident that slowly and surely the airline is gaining traction and expected to resume full operations by April 2021.

ACKNOWLEDGEMENT

I take this opportunity to thank Air India Limited and 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/-
(Rajiv Bansal)
Chairman

VISION:

To be a leading International Regional Airline, connecting Tier II and Tier III cities of India, in complete synergy with the network of Air India and linking South Asian cities with Alliance Air network.

MISSION & OBJECTIVES :

Prominent International Regional Airline

Customer

- Provide safe, reliable and on-time services
- Take effective steps to provide high level of customer satisfaction
- Explore new passenger base for airline market
- Provide one-stop connectivity to metros and beyond for seamless travel to main domestic and international destinations.

Processes

- Continuously improve standards of safety and efficiency
- Operate and maintain a young and modern fleet
- Provide the best and most efficient network in conjunction with main network of Air India
- Create economic value
- Enhance its competitive market standing and image as a Regional short haul airline.

Route – Network

- Compete with high density train traffic
- Meet regional aspirations of swift connection to metros and beyond
- Provide connectivity to cities so far not air connected.

People

- Build a highly motivated and professional team
- Maintain highest degree of transparency and ethics
- Be a responsible corporate citizen

DIRECTORS REPORT

To,

The Members,

Alliance Air Aviation Limited

The Directors of your Company have pleasure in presenting the Thirty Seventh Annual Report together with audited Statement of Accounts of Alliance Air Aviation Limited for the year ended 31 March 2020.

FINANCIAL AND PHYSICAL PERFORMANCE

The Financial and Physical performance for the year under review vis-a-vis the previous year was as under:

Financial Performance

(Rs. In Lakh)

	2019-20	2018-19
Operating Revenue		
(i) Schedule Revenue	**71,360.39**	69,193.41
(ii) Non Schedule Revenue	**24,197.22**	12,460.11
(iii) Other Operating Revenue	**3,745.26**	507.67
Other Income	**18,812.52**	1,466.64
Total Revenue	**1,18,115.39**	83,627.83
Total Expenses	**1,38,178.04**	1,12,867.37
Other Comprehensive Income	**(37.41)**	7.20
Net Profit/(Loss) for the year Before Tax	**(20,100.06)**	(29,232.34)
Net Profit/(Loss) for the year After Tax	**(20,100.06)**	(29,232.34)
Share Capital	**40,225.00**	40,225.00

SHARE CAPITAL

Authorized Share Capital

As on 31 March 2020 the Authorized Share Capital of the Company was Rs.2,000 Crore divided into Twenty Crore Equity Shares of Rs.100 each.

Issued, Subscribed and Paid up Share Capital

As on 31 March 2020, the Issued, Subscribed and Paid up Share Capital of the Company was Rs.402.25 Crore divided into Four Crore Two Lakhs Twenty Five Thousand Equity Shares of Rs.100 each.

CHANGE OF NAME OF THE COMPANY

Effective 7 March 2020, the name of the Company was changed from Airline Allied Services Limited to Alliance Air Aviation Limited.

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 close of the year was 847 (668) contractual employees excluding 7(8) employees on deputation from the parent Company, Air India and 21(21) employees on deputation from AIESL. All the employees of the Company are on fixed term employment agreement basis. Out of the 847 contractual employees, 255(30.11%) were female employees. Cadre-wise, as on 31 March 2020, there were 203 Pilots, 171 cabin crew and remaining 473 were other categories of employees.

As on 31 March 2020, there were total 71 expatriate pilots for ATR-42 & ATR-72 fleet. The Company's endeavor is to keep the number of expatriate pilots to bare minimum to maintain minimum mandatory strength of commander vis-à-vis aircraft fleet.

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 2020

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
847	108	12.75	28	3.31	146	17.24

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. 1,710.99 lakhs (Rs. 2,094.80 lakhs) 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 year 2019-20, 69 Requests / Appeals were received and all RTI requests/appeals related to Alliance Air have been disposed off.

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 major changes have occurred which have affected the financial position of the Company between 31 March 2020 and the date of Board's Report.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

A detailed Management Discussion and Analysis Report is given separately.

MEETINGS OF THE BOARD OF DIRECTORS

During the Financial Year 2019-20, the Company held five 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	26.06.2019	4	4
2	24.07.2019	4	4
3	14.11.2019	5	4
4	28.11.2019	5	4
5	02.03.2020	5	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) 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 3 Directors. In the absence of Independent Directors on the Board of the Company, the Audit Committee is chaired by the Government Director. During the year 2019-20 following were the members of the Audit Committee:

Name of the Director	Position held in the Committee	Category of the Director
Shri Angshumali Rastogi (Ceased w.e.f.20.1.2020)	Chairman	Government Director
Smt Kusum Lata Sharma (Appointed w.e.f. 20.1.2020)	Chairperson	Government Director
Shri Pranjol Chandra	Member	Government Director
Shri Vinod Hejmadi	Member	Nominee Director – AI
Shri Ashwani Lohani (Ceased w.e.f.14.2.2020)	Permanent Invitee	Chairman (Nominee of AI)
Shri Rajiv Bansal (Appointed w.e.f. 14.2.2020)	Permanent Invitee	Chairman (Nominee of AI)

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 FY 2019-20.

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 need no further explanation.

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL

The Comments of the Comptroller & Auditor General of India under Section 143(6) of the Companies Act, 2013 on the accounts of the Company for the year ended 31 March 2020 are annexed to this report.

SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Board has appointed Shri Upendra Shukla, Practising Company Secretary, Mumbai, to conduct Secretarial Audit for the financial year 2019-20.

The Secretarial Audit Report and Managements' Comments thereon for the financial year ended 31 March 2020 are annexed to this Report:

<u>Management's Reply on the observations contained in the Secretarial Audit Report</u>

(A) Independent Directors

1) Under the Companies Act, 2013 (the Act) and the rules made thereunder subject to the following observations:

(a) *Since the Company is not required to appoint Independent Directors, being a wholly owned subsidiary of a Public Limited Company (Air India Limited), the Audit Committee is constituted without Independent Directors, thereby non-compliance of the provision of Section 177 (2) of the Act read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014, which inter-alia requires an Independent Director as a member of the Audit Committee.*

(b) *The Company has not constituted Nomination & Remuneration Committee as required under Section 178 of the Act read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014.*

(c) *The Company does not have one Woman Director as required under Section 149 of the Act from 1 April, 2019 till 19 January, 2020.*

2) *Under the Guidelines on corporate governance following are the observations :*

(i) *The Board of Directors of the Company is not constituted as per Clause 3.1 of the DPE Guidelines, namely there is no optimum combination of functional, nominee and independent directors; and number of nominee directors exceeds the prescribed limit of two.*

(ii) *The Company had no Independent Director as required under the Clause 3.1.1.4 of the DPE Guidelines during the period 1 April, 2019 to 31 March, 2020.*

(iii) *Since the Company had no Independent Director, composition of the Audit Committee was not as per the Clause 4.1.1 and 4.1.2 of the DPE Guidelines during the audit period.*

(iv) *The Company has not constituted Remuneration Committee as required under Clause 5.1 of the DPE Guidelines.*

Management's Comments

This is a statement of fact.

Alliance Air Aviation Limited (Formerly known as Airline Allied Services Limited)(AAAL) is wholly owned subsidiary of Air India Limited and an unlisted Public Limited Company. As per the notification no. 1/22/2013-CL-V dated 5 September 2017 issued by the Ministry of Civil Aviation, an unlisted public company which is a joint venture, a wholly owned subsidiary or a dormant company will not be required to appoint Independent Director.

Further, as per the provisions of Article 117 of its Articles of Association of the Company, Air India Limited in consultation with the Government of India shall control the composition of the Board of Directors of the Company within the meaning of that expression as used in the Companies Act. However, there were no Independent Directors appointed on the Board of AAAL. On 20 January 2020, Smt Kusum Lata Sharma, Director, Ministry of Civil Aviation has been appointed on the Board of the Company and the requirement of one Woman Director as required under Section 149 of the Act is complied.

Since no Independent Director was appointed by the Government of India during 2019-20 and in view of the exemption provided to the wholly owned subsidiary, provisions of Section 177(2), Section 178 of the Companies Act, 2013 and Clause 3.1, 3.1.1.4, 4.1.1, 4.1.2 and 5.1 of the DPE Guidelines could not be complied with.

(B) Board/Committee Meetings

(i) *As per the Clause 3.3 of the DPE Guidelines, the Board is required to meet atleast once in every three months and atleast four such meetings are required to be held in a year. Further, time gap between any two meetings should not be more than three months. It is observed that the Company has not held the Board Meeting in three months and gap exceeded a period of three months between two Board Meetings held on 24/07/2019 and 14/11/2019.*

(ii) *Further, as per Clause 4.4. of the DPE Guidelines, the Audit Committee is required to meet four times in a year and not more than four months should elapse between the two meetings. Further, presence of minimum two independent directors is must for quorum of the meeting. It is observed that Audit Committee met only three times during the period 1 April, 2019 to 31 March, 2020. Meetings of the Audit Committee are held without the presence of Independent Directors.*

Management's Comments

This is a statement of Fact.

During FY 2019-20, 5 Board Meetings and 3 Audit Committee Meetings were held. As per Companies Act, 2013, a company is required to hold a minimum number of four meetings of its Board of Directors every year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board and a company is required to hold at least 4 Audit Committee Meetings during the year. We are complying with the Companies Act, however, care is being taken to hold at least 4 Audit Committee Meetings during the year and comply with the above provisions of DPE Guidelines in future.

(C) Quarterly Financial Results

i. *Minimum information as prescribed in Annexure IV to the DPE Guidelines are generally placed before the Board as required under clause 3.3 of the guidelines except quarterly financial results.*

Management's Comments

The Board is kept informed of the financial performance in its meetings which are held quarterly, however no separate Agenda item is placed. Management will take necessary action to comply the same in future. With regard to foreign exchange exposure, the information pertaining to the same is covered under Directors' Report of the Company which is placed before the Board.

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

(A) 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.

(B) Foreign exchange earnings and Outgo

		CURRENT YEAR 19-20 Rs. In Lakhs	PREVIOUS YEAR 18-19 Rs. In Lakhs
A.	Expenditure on Imports (CIF) during the year ended 31 March 2020		
	- Aircraft Spares Parts & Tools	**2,544.20**	1,287.35
	- Capital Items-Ground Support Equipment Airframe Rotables and Aero Engg. Rotables	**70.22**	254.08

		CURRENT YEAR 19-20 Rs. In Lakhs	PREVIOUS YEAR 18-19 Rs. In Lakhs
B.	Expenditure on Consumption during the year ended 31 March 2020		
	- Imported Spares & Components	**1,051.07**	330.05
	- Indigenous Spares	**Nil**	Nil
C.	Earnings in Foreign Currency		
	- Interline Revenue	**Nil**	Nil
D.	Expenditure in Foreign Currency		
	- Aircraft Lease & Maintenance Charges	**35,091.19**	35,915.09
	- Purchase of Stores & Equipment	**2,614.42**	1,541.43
	- Technical Literature	**190.65**	137.32
	- Training & Travelling	**20.80**	128.97
	- Legal charges	**Nil**	Nil
	- Fuel & Landing/Parking	**46.99**	Nil

DEPOSITS

The Company has not accepted any deposits during the year.

SIGNIFICANT & MATERIAL ORDERS

During the year 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)

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 2019-2020, are as under:-

i. Complaints of sexual harassment received during the relevant year - Nil

ii. Number of cases pending for more than ninety days - Nil.

iii. Number of workshops or awareness programmes carried out in connection with sexual harassment:

General awareness programmes are normally conducted periodically. Besides this, Do's and Don't'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.

A report on Corporate Governance is annexed at **Annexure A.**

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that are entered into during the financial year are on an arm's length basis and 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.

RISK MANAGEMENT

Since the revenue of AAAL is tied up through its parent company Air India and the parent company is having adequate risk management policy in case of sales through Agents, credit cards, etc. by establishing a Capping monitoring policy, Bank Guarantee policy, Risk monitoring through Risk engine attached to web portal, AAAL being 100 percent subsidiary is not prone to high business risk.

Therefore, the Company does not have any Risk Management Policy yet, as the element of risk threatening the Company's existence is very minimal.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of Annual Return in form MGT 9 is available on the website of Air India Ltd. i.e. www.airindia.in.

DECLARATION OF INDEPENDENCE

AAAL is a wholly owned subsidiary of Air India Limited. As per the provisions of Article 117 of the Articles of Association of the Company as per the Companies Act, 2013, 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 Air India 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 FY 2019-20.

Sr.No	Name	Designation	Date of appointment	Date of cessation	Mode of Cessation
1	Shri Pankaj Kumar	Regional Director-Northern Region, AIL	30 August 2018	30 April 2019	Ceased to be Director
2	Shri Prem Singh Negi	Regional Director-Northern Region, AIL	7 October 2019	-	-
3	Shri Kamal Roul	Chief Financial Officer (CFO), AAAL	1 November 2016	26 July 2019	Ceased to be CFO
4	Shri Ambar Kumar Mondal	Chief Financial Officer (CFO),AAAL	26 July 2019	-	-

Sr.No	Name	Designation	Date of appointment	Date of cessation	Mode of Cessation
5	Shri Angshumali Rastogi	Director (Finance), MOCA	12 May 2017	20 January 2020	Ceased to be Director
6	Smt Kusum Lata Sharma	Director (Finance), MOCA	20 January 2020	-	-
7	Shri Ashwani Lohani	CMD, AIL	14 February 2019	14 February 2020	Ceased to be Chairman
8	Shri Rajiv Bansal	CMD, AIL	14 February 2020	-	-

In view of the exemptions granted vide Notification dated 5 June 2015 of the Ministry of Corporate Affairs, information on the following points has not been given:

i. Performance Evaluation of Board, its Committees and individuals.

ii. Policy for selection and appointment of Directors and their remuneration.

iii. Remuneration Policy - Remuneration to Executive Directors and Non Executive Directors.

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 Air India Ltd., 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, Comptroller and Auditor General of India, the Ministry of Corporate Affairs, the Statutory Auditors, Secretarial Auditor, Internal Auditors, Airports Authority of India, other Government Departments, airlines, agents.

For and on behalf of the Board

Sd/-
(Rajiv Bansal)
Chairman

Place : New Delhi
Date : 24 December 2020

MANAGEMENT DISCUSSION & ANALYSIS REPORT

ANALYSIS OF FINANCIAL PERFORMANCE

Revenue

- Total revenue earned during the year was Rs. 1,18,115.39 lakhs as against Rs. 83,627.83 lakhs during 2018-19.

Expenditure

- The total expenditure incurred during the year was Rs.1,38,178.04 lakhs as compared to the previous year's figure of Rs. 1,12,867.37 lakhs.

HUMAN RESOURCES

Staff Strength

As on 31 March 2020, AAAL had 847 employees on Fixed Term Employment Agreement basis. In addition, there were 7 employees on deputation from Air India Limited and 21 employees on deputation from AIESL.

FLEET POSITION

As on 31 March 2020, aircraft available in AAAL fleet are as under:

Aircraft	MSN	TYPE
VT-ABA*	390	ATR42-320
VT-AII	1197	ATR72-212A
VT-AIT	1226	ATR72-212A
VT-AIU	1246	ATR72-212A
VT-AIV	1252	ATR72-212A
VT-AIW	1272	ATR72-212A
VT-AIX	1268	ATR72-212A
VT-AIY	1273	ATR72-212A
VT-AIZ	1279	ATR72-212A
VT-RKC	1381	ATR72-212A
VT-RKD	1383	ATR72-212A
VT-RKE	1421	ATR72-212A
VT-RKF	1423	ATR72-212A
VT-RKG	1427	ATR72-212A
VT-RKH	1434	ATR72-212A
VT-RKJ	1439	ATR72-212A
VT-RKK	1445	ATR72-212A
VT-RKL	1456	ATR72-212A
VT-RKM	1463	ATR72-212A

*VT-ABA – As per the settlement agreement with the lessor, the lease term was scheduled to be expired on 31 March 2020. Accordingly, the aircraft was permanently grounded after its last operation on 21 March 2020

(DEL/SLV/DEL and DEL/CCU).

TECHNICAL RELIABILITY

Aircraft-wise Technical Reliability during the year 2019-20 was as under:

a)	ATR 72-212A (600)	99.05%
b)	ATR 42-320	98.28%

AIRCRAFT UTILIZATION

Aircraft utilization during the year 2019-20 was as under:

a)	ATR 72-212A (600)	52333:22 BH
b)	ATR 42-320	1144:41 BH

MARKETING INITIATIVES

Total no of flights operated as on 31 March 2020	- 738 flights/week
Total no of ATR 72 600 flights operated as on 31 March 2020	- 718 flights/week.
Total no of ATR 42 320 flights operated as on 31 March 2020	- 20 flights/week
Total number of Stations operated as on 31 March 2020	- 61

New Flights / Links

a) **New Flights introduced in FY 2019-20**

- 25th April 2019 - MAA/CJB/MAA-Daily
- 15th May 2019 - BLR/IXG/PNQ/IXG/BLR - Days 134567 (RCS – IXG/PNQ/IXC)
- 05th June 2019 - CCU/IXR/BBI/JRG - Daily (RCS)
- 05th June 2019 - JRG/BBI/IXR/BBI/JRG - Daily (RCS)
- 05th June 2019 - JRG/RPR/CCU - Daily (RCS)
- 07th June 2019 - VTZ/VGA/BLR/MYQ & vice versa - Days 13567 (RCS-BLR/MYQ/BLR)
- 19th July 2019 - HYD/MYQ/HYD - Daily (RCS)
- 19th July 2019 - MYQ/COK/MYQ-Daily (RCS)
- 19th July 2019 - MYQ/BLR/MYQ-Daily (RCS)
- 19th July 2019 - MYQ/GOI/MYQ-Daily (RCS)
- 27th October 2019 –ISK/ PNQ/ISK - Daily(RCS)
- 11th November 2019 - First International flight MAA/JAF/MAA - Days 136 (VGF)
- 16th November 2019- IXC/DHM/IXC - Days 123456 (RCS)
- 18th November 2019- ISK/AMD/IXY/AMD/ISK - Days 123456 (RCS)
- 26th November 2019- HYD/HBX/HYD - Daily(RCS)

- 07th December 2019- GAU/DMU/IMF/DMU/GAU - Days 357 (RCS)
- 27th December 2019- BLR/GBI/BLR - Daily(RCS)
- 27th January 2020 - CCU/JRG/CCU-Daily (RCS)
- 31st January 2020 - BBI/VNS/BBI -Daily (RCS)

b) **Increase in Frequency**

- 23rd April 2019- 9I 867/868 (HYD/PNQ/HYD) to operate Daily ISO 5 flts/week.
- 28th July 2019- 9I 857/858 (DEL/DED/DEL) to operate Daily
- 29th August 2019- 9I 831/832(DEL/IXC/DEL) Dep DEL at 1815 and Dep IXC at 1950
- 27th October 2019- 9I 625/626 (BOM/BHJ/BOM) - Daily ISO 4 flts/week
- 15th November 2019- 9I 623/624 (BOM/DIU/BOM) - Daily ISO 4 flts/week

North East Operations

Alliance Air has been operating flights in the North Eastern Region with ATR72 type of aircraft under a MOU with Ministry of Civil Aviation. The route schedule has been decided in consultation with North Eastern Council and the aircraft is fully deployed. The following flights are operated:

1. Kolkata / Guwahati / Tezpur / Guwahati / Kolkata – Three flights per week
2. Kolkata / Guwahati / Passighat / Guwahati / Kolkata – Four flights per week
3. Kolkata / Shillong / Kolkata – Daily (New direct flight effective 10th August 2019)

Effective 10 August 2019, Alliance Air withdrew its flight operations on Kolkata/Shillong/Kolkata sectors as these sectors were awarded to Indigo Airlines in RCS-UDAN round 3. The North East Operations were restructured subsequently from 10 August 2019 and the following flights are being operated:

Kolkata/Lilabari/Kolkata	-	Daily
Kolkata/Guwahati/Tezpur/Guwahati/Kolkata	-	Three days per week
Kolkata/Guwahati/Passighat/Guwahati/Kolkata	-	Four days per week

Effective 07 December 2019 Alliance Air commenced flights on Guwahati/Dimapur/ Imphal/ Dimapur/ Guwahati sectors which were awarded in RCS-UDAN round 3 scheme.

Regional Connectivity Scheme (RCS)

Effective 27 April 2017 Alliance Air was the first airline to commence flights on Shimla/Delhi sector under this scheme which was flagged off by Hon'ble Prime Minister of India.

In the first round of Regional Connectivity Scheme (RCS) – UDAN of the Government of India, Alliance Air was awarded 17 routes and Alliance Air has commenced all flights awarded to them.

In the Regional Connectivity Scheme (RCS) UDAN round 2, Alliance Air was awarded 26 routes out of which 8 routes are operational. However, under RCS round 2 some routes have not commenced as airports at Solapur, Dumka and Bokaro are not operational.

In the Regional Connectivity Scheme (RCS) UDAN round 3, Alliance Air has been awarded 40 routes. However, some routes under RCS round 3 have not commenced as airports at Kalaikunda, Kota, Amravati, Keshod and Rourkela are not yet operational.

In the Regional Connectivity Scheme (RCS) UDAN round 3.1, Alliance Air has been awarded 12 routes. However, some routes under RCS round 3.1 have not commenced as airports at Sindhudurg, Ratnagiri and Hazaribagh are not yet operational. Flights on Lucknow/Gorakhpur/Lucknow sectors are proposed to commence from 01 November 2020.

Alliance Air has commenced 61 routes out of the 95 routes awarded to it in RCS-UDAN three rounds. All efforts are being made to commence flights on the remaining routes subject to airports being made operational for ATR72 type of aircraft.

Achievements & Highlights

- Formed new section “Central Monitoring Unit” for monitoring call center activities independently.
- Introduced tele check-in.
- Formed new section “Pricing” for handling all pricing related work independently like introducing new fare, revision of fare, RCS quarterly revision of fares, distributing pricing circulars, sending fare sheets to AI E-commerce and DGCA monthly & coordinating with Accelya for pricing issues.
- Formed new section “Corporate Communication” to manage various communication needs and strategies both internal and external, branding, media relations, public relations, advertisements, events, publicity material, Company’s website and social media presence, corporate social responsibility, crisis communication and internal communication within the organization.
- Formed a new section “Customer Care” to handle all Alliance Air complaints, under which we handle web-based complaints, RTI, Air Sewa complaints, Personal Grievances, Legal Notices and Legal Cases.
- Revenue Management (RM) team achieved successful revenue maximization by dynamic inventory management resulting in higher pax (3%) and higher revenue (1%) than last year despite cancellations due to bad weather, crew shortage, technical disruptions, etc.
- Whenever needed due to seasonality/events/festivals, special mark ups or blackouts were done in inventory by RM team.
- Introduced “Buy on Board” meals facility.
- Launched our maiden International flight on MAA-JAF-MAA route.
- COVID-19 (Cargo relief flights under Lifeline UDAN).
- Sales meetings, coverage, brand visibility, station visits and regular engagement with the trade.
- Additional meetings conducted through video conferences.

Awards & Travel Trade Show Participation

- Participation/Media Interaction in Wings India Awards & BM Munjal Awards. coordinated with National and International organizations for participation in conferences, seminars, workshops and meetings pertaining to public relations.
- Alliance Air won Wings India 2020 Award for active participation under RCS- UDAN Scheme of Government of India.

- Participation/Media Interaction/Promotional activities/Distribution of publicity material in International Travel Trade shows like SATTE/Travel Technology Summit /OTM/ITM/Wings India events has obtained favorable publicity, good corporate image, goodwill and brand promotion.

CSR Activities

- Seed Ball Workshop: Alliance Air employees got the demonstration during the workshop from an NGO on how to make the seed balls and contributed their efforts to be a part of 1 lakh seed ball making initiative by making seed balls to be planted in NCR.
- Green Week: Alliance Air celebrated Green Week from 3 June 2019 to 7 June 2019. Bilingual Banner with environment theme, planting of Trees, 'Green Drive' in the side yard of Alliance Bhawan, 'Create an Eco-Friendly Carry Bag Competition'.
- Alliance Air's 'Dream Flight'**:** Alliance Air took children with special needs on a 40-minute-long 'Dream Flight' within Bhubaneswar on 22 January 2020.
- No Plastic Campaign**:** Press Releases/Flyers/Social Media campaigns on banning single use plastic.

Ancillary Revenue

- In order to enhance revenue, the ancillary revenue options which are viable and profitable and go with our brand image are being explored by the Ancillary Revenue committee at Alliance Air. The committee discusses feasible options of generating ancillary revenue through maximum utilization of our available resources in line with the operational structure of the airline. The committee is responsible for preparation and releasing the tender documents. As each option of ancillary revenue requires separate tendering with essential detailing, specifications & mandatory approvals which need to be check listed & fast tracked by various Departments, the Ancillary Revenue committee comprises representations from following departments: Finance, CAM, MMD, Marketing, Corporate Communication, Catering, IFS & Operations. In accordance with Ancillary Revenue options selected by CEO, AAAL for Tendering for generating revenue are:

  a. Self-Adhesive Stickers with Third Party Advertisements on Overhead Panels
  b. Self-Adhesive Stickers with Third Party Advertisements on Cabin Bulkheads
  c. Self-Adhesive Stickers with Third Party Advertisements on Tray Tables
  d. In Flight Announcement of Third-Party Advertisement

  The tenders for above options have been prepared and were to be published in March 2020, which will be taken care in the coming year with more options.

- Cute Charge
- Introduced GDS Fee as a part of wire
- Aggressive on Excess Baggage Charge
- Introduced Buy on Board meals facility
- Introducing Ancillary Revenue through seat charges / convenience fee/ ticket receipt print, once we move to new PSS

Future Plans

- Introduction of web check-in.
- Introduction to through fares for connecting domestic to international sectors.
- Introduction of all-inclusive fare sheets.
- Pricing tool software to analyze competition fare (based on which we can tweak our fares and inventory).
- With the introduction of new PSS, hiring of the services from the new call center vendor, which will be monitored by the CMU section.
- Existing Call center services are being provided through AI call center, AAAL has finalized a new vendor to provide call center services. The charges per FTE would be much lower in comparison to the charges applicable as on date.
- Introduction of new PSS that would not only help save distribution cost but also give more access to the market.
- Introduction of our own payment gateway.
- Introduction of our own website, will surely help us engage with our customers better.
- Payments shall be accepted through mobile Wallets at our call center.
- Participation in International UDAN.
- Focus on Charter Business.

Media Management (Digital & Traditional)

- **Facebook, Instagram, LinkedIn, Twitter** were launched with aggressive content marketing with images, flyers, banners, videos, animations, creatives, testimonials, influencer posts, articles, curate content. From a negligible social media presence in 2018, Alliance Air now has a huge fan & follower base on social media handles.
- **Organic search results** on search engines show direct links for Alliance Air's viral content without any allocated expenditure and the content strategy in targeting different audience segments has been vastly successful. The engagement from audience in the form of likes, comments and shares is testimony to that.
- **Influencer/celebrity/ministry re-tweets/re-shares/social sharing of Alliance Air's content**. Hon'ble Ministers like Shri Hardeep Singh Puri, Shri Prahlad Joshi, Shri N.Biren Singh, Ministry of Civil Aviation, AAI, prominent journalist like Shri Rifat Jawaid, actress Smt Tarika Mehta and many more have actively engaged and shared Alliance Air social media content leading to a lot of brand recognition and credibility.
- **Press Releases/Monitoring/Quotes** in International/National/local media like CAPA, The week, Outlook, Times group, Hindu, etc.
- **New stations launch events/Inaugurals** with focus on regional theme/regional media releases/regional affiliation publicity material.

- **Advertisements** in global/national/local media for recruitment ads, Notice inviting tenders, leasing, road shows/promotions with appropriate media outlets like Flight International magazine, Financial Times etc.

- **Proactive Publicity** Pre-empting crisis and planning media communications accordingly has resulted in 'Nil' negative coverage in media about the airline so far.

- **Cover Page Press interviews** for Alliance Air's CEO in International travel magazines like Aviation Times, Travel Trade Insider, Business Standard.

- **Journalist Testimonials & Coverage** Top 5 media journalists (Hindu, Times network, New Indian Express, Daily Thanti, PTI) in Chennai travelled on the first International flight of Alliance Air and gave unprecedented coverage about Alliance Air's maiden international foray.

- **Kerala floods media coverage**

- **Coverage of landing first during cyclone Fani**

- **Coverage of transporting chemical stabilizers and NDRF team during Vizag gas leak incident**

- **Media visibility of road shows**

- **Shubh Yatra:** Articles and features in the in-flight magazine of Air India, **Shubh Yatra** highlighting achievements of Alliance Air, new routes, CSR activities

- **Aavahan**: Articles and features in Quarterly magazine **Aavahan** focusing on internal employee communication/events/alignment leading to positive & informed work culture development and motivation amongst employees.

- **Website Updates**: Colorful base specific regional route map and schedule updated on Air India website.

- **Website Content**: Hero banners and ticker banners were created for **Alliance Air website**, content check for web pages.

- **Content & Publicity**: pamphlets/flyers/e-cards with regional route maps and destination lists.

- **Technology in Governance**: **Alliance Air joined Samanvyay**, comprehensive platform in the form of a portal for CPSE's to share their best practices, case studies, tacit knowledge, breakthrough innovations.

- **Content Analysis:** Customer feedback content analysis & structuring.

- **Coffee Table Book**: The first international flight of Alliance Air Chennai-Jaffna was converted into an exquisite coffee table book capturing the cherished moments of the maiden international foray of the airline.

- **Internal Communication & Events: Alliance Air Recognition Awards,** Haldiwali Holi, Bharat ke Rang , Alliance Air ke sang!, 'Be the woman of your dreams', Swachhta Pakhwada, Rangonwali Diwali! International Day of Yoga, Meditation session.

- **COVID 19 Communication:** Videos, flyers, banners, images about Alliance Air combating corona challenges with cargo only flights Pan India under Lifeline UDAN were launched on social media handles, press & media platforms. Cabin Crew Covid ABC, Cabin Crew instruction, Wings of Passion, Social Distancing, Sanitization videos, Cargo operations creatives, Corona Do's and Don'ts videos, awareness, precaution and prevention messages .The first ever Rap anthem of any airline was curated to applaud the cargo operations under Lifeline UDAN and was reshared by Hon'ble Minister, Shri Hardeep Singh Puri on his social media account.

- **Post Lockdown flight resumption communication:** Preparedness content with a safety first theme, stringent measures & SOP of the travel process, ensuring physical distance, tele check-in & Aarogya Setu status check to baggage limitation, sanitization, distribution of safety kits, temperature checks at the terminal, social distancing at each step, reverse zone boarding process, in-flight precautions, sequential & socially distant arrivals with safety monitored baggage collection and exit.

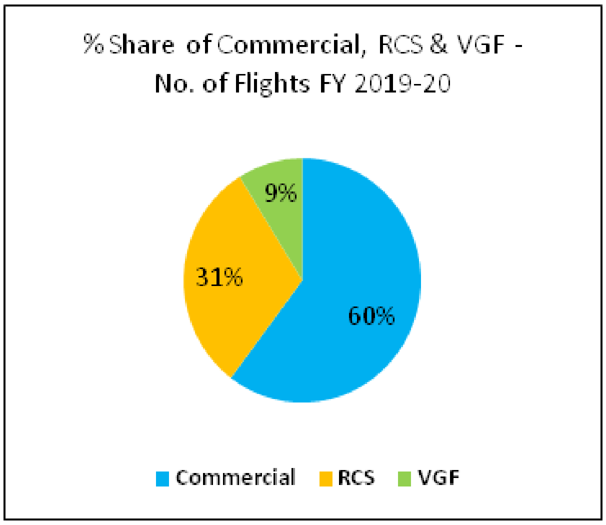
Flight Operations under RCS routes

Alliance Air's key focus being regional connectivity, hence major participation is into Hon'ble Prime Ministers' initiated Regional Connectivity Scheme Called "UDAN".

Alliance Air operates 104 flights daily out of which 47 are on RCS.

The key advantage from a commercial prospective to operate on RCS route other than providing regional connectivity is that subsidies are offered and VGF is provided by the Government on 50% of capacity. The other advantages which gives an edge on the routes is 3 years exclusivity that is for a period of 3 years no other airline can operate a commercial route on RCS sectors.

Flight Type	Total	% Share
Commercial	18,480	60%
RCS	9,451	31%
VGF	2,718	9%
Grand Total	**30,649**	**10%**



Steps taken to maintain competitive edge and increase revenue:

- Inventory management was done in a planned manner based on seasonality / events / festivals. Further special mark ups or blackouts were done whenever required.
- Focus on advance sales in order to pull back the booking curve.
- Launched our maiden International flight on MAA-JAF-MAA route.

- Sales meetings, coverage, brand visibility, station visits and regular engagement with the trade.
- Aggressive on ancillary revenue generation - Cute Charge, Introduced GDS Fee as a part of wire, Excess Baggage Charge, Buy on Board.
- Introduction of YR & YQ, revision of YQ and other penalties to match the competition.
- Various Promotional schemes introduced to push sales – Republic Day sale / Train se nahi plane se / Independence day Sale / New sector Introductory fares.

Increase in fares during 2019-20

- Introduced YR from 01 February 2019 further revisions and introductions - 11 November 2019 and 29 April 2020.
- Introduced YQ ex DEL/ MAA/ BOM 01 June 2018.
- Revision of YQ - 19 February 2019 (only Ex-BOM).
- Revised penalties from INR 2500 to INR 3000 (Change / Cancel / No-show) 21 January 2020.
- South & West sectors (Apr-May & Oct-Jan) Increase in fares in middle RBS ranging 5 -10%.
- North & East sectors (May-June & Oct-Jan) Increase in fares in middle RBS ranging 5 -10%.
- In current scenario of COVID-19 - Maintaining fare level as directed by DGCA.
- Introduced Business Class fares (MAA-JAF).
- Introduced first International pricing (MAA-JAF).

Various Promotional Schemes for Pax / Cargo

a) **Promotional schemes for Pax**

- **Republic Day Sale!** Dekho Bharat @ 979 “Fly across India at fares starting 979”
- **Alliance Air – Airline that celebrities love!** Celebrity Testimonials Holiness Dalai Lama, Bollywood and cricket celebrities flying Alliance Air have been reinforced on all social media handles of the airline. Famous Journalist Shri Rifat Jawaid tweet about Alliance Air’s commendable Iftaar service was converted into a video and social media campaign for maximum reach amongst public, video interview of Famous TV Actress Ms Shraddha Musale (CID, Dr.Tarika) on social media who gave a video message about the airline.
- **World Tourism Day Campaign!** On social media handles with flyers and banners encouraging travel and tourism.
- **Train se Nahi plane se!** Alliance Air is the prominent Regional International airline which competes with high density train traffic to provide faster mode of transport at competitive fare. It meets regional aspirations of swift connection to metros and beyond. It also provides connectivity to cities so far not air connected. A campaign promoting air tickets which are cheaper than train fares so that rail/ train commuters can experience the luxury of flying.

- **Independence Day sale carnival!** Swantantra Bharat ki Udan with affordable air fares Ghumo India.

- **Jaffna Jaayenge!** Jaffna tourism campaign highlighting the hidden avenue of tourist spots and activities in Jaffna on all our social media handles. The campaign garnered many likes, comments and active engagement on social media.

The first international flight of Alliance Air Chennai Jaffna was converted into an **exquisite coffee table book** capturing the cherished moments of the maiden international foray of the airline.

b) **Promotional schemes for Cargo**

Alliance Air carried 433 Tons of cargo for the FY 19-20 as against 115 Tons of cargo registered during the FY 18-19. The financial year 19-20 witnessed a growth of 276% in cargo carriage.

Similarly the cargo revenue for the financial year 2019-20 had rose to approximately Rs.1.13 Crore as against Rs.27.33 Lakhs registered in the previous financial year thereby witnessing a growth in cargo revenue of 296%.

Passenger's facilitation and food services including additional services / amenities provided.

- **Go Green initiative:** With reference to the **"Go Green"** movement of the Government of India, **Alliance Air** has undertaken certain steps:

- Usage of plastic has been banned on all operational flights from 1 October 2019.

- In order to reduce pollution, Alliance Air has also initiated the use of butter paper instead of cling cello wrap for packaging all catering items.

- 200 ml plastic water bottles were also replaced with 200 ml paper cups.

- **Buy on Board (B.O.B) initiative:** Alliance Air has tied-up with Cafe Coffee Day (CCD) catering services. In this on-board sales service will be provided on Dharamshala route (Trail Phase) from 1 February 2020 till 23 March 2020. This will help us to reduce the catering cost and will also provide varied options to the customer.

Various economy measures adopted and achievements made thereon highlighting the specific items / areas, quantifying the amount so saved

- AAAL is in process of migrating to the new PSS.

- During COVID-19 scenario discontinued meal service.

- Air India introduced its own payment gateway from September 2019, which resulted into a cost saver for us as well for Air India.

ENGINEERING INITIATIVES

Various economy measures adopted and achievements during the year 2019-20:

Due to ongoing COVID-19 crisis, AAAL proactively carried out negotiations with various lessors and service providers to obtain discounts/deferrals of payments and successfully negotiated payments to the tune of USD 9.9 Million. The benefits can only be realised, subject to meeting conditions associated (such as clearing outstanding payments & extending the term of the agreement) and on the due approval of the competent authority.

Exchange of two old PW121 engines with one new PW 127M engine with an additional cost of 1.95 million thereby realising the highest resale value of USD 1,162,831 for two old engines.

The old parts of ATR42-320 aircraft which are compatible with ATR72-600 aircraft will be removed from the VT-ABA & VT-ABB and after due re-certification of such parts from the approved shops, will be kept in float for future utilization on AAAL fleet.

Since AAAL do not have ATR42-320 aircraft operational in the fleet, AAAL is exploring the possibility of selling the VT-ABA's & VT-ABB's ATR42-320 dedicated spares in the open market.

Disposal / Return of Aircraft and Spares and other surplus / obsolete assets, if any.

Both VT-ABA & VT-ABB (ATR42-320) aircraft have been re-delivered to the lessor. However, to meet the operational requirement AAAL requested lessor to extend the lease of VT-ABA aircraft at a nominal rate of USD 1 lease rent up to 31 March 2019. As per the settlement agreement, after the lease expiry of VT-ABA, all the four engines of VT-ABA & VT-ABB (ESN: AC0096, ESN: AC0106, ESN: AC0111 & ESN: 121355) are to be returned to the lessor in “as is where is “ condition.

As a part of redelivery settlement, M/s Acia Aero the lessor of VT-ABA & VT-ABB aircraft agreed to transfer the ownership of the hull to AAAL. Hence, the hull of the aircraft can be disposed off through auction as per the procedures of MMD Kolkata.

To have an ample float of engines, Two old PW121 Engines ESN 121261 and ESN 121163 of ATR42-320 aircraft (Ex - VT-ABO) have been exchanged with One PW127M from M/s P&WC(SEA). Hence as a part of the agreement, the engines are to be sent to M/s P&WC(SEA).

Details of engineering services provided to other Airlines/Organization and Engineer's Training Programme:

As per MOU signed between AIESL and AAAL dated 29 July 2013, all AME's have been hived off from AAAL and transferred to AIESL. Subsequently, all engineering/maintenance activities of AAAL are being carried out by AIESL w.e.f 1 January 2015.

Hence no Engineering services are being provided by AAAL to other Airlines/Organisations.

CIF value of Imports (New Purchases & not repaired items) during the year 2019-20 in respect of (a) components & spares (b) inventory control (c) capital items

AAAL is handling only the exchange of Spares/Components and new purchases, if any, are currently being handled by MMD, AIL through RAMCO.

Plan for 2020-21 with special reference to aircraft utilisation, availability of Engineers, new routes/ services, utilisation of facilities etc. and also plan for fleet expansion

Tender for two new ATR72-600 was hosted and technical evaluation is under process.

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 requires 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 being operated by an airline which includes airfield inspection, spot checks, Ramp inspection and Cockpit / Cabin surveilliance checks at regular interval.

Total 51 incidents were reported for the year 2019-2020, 40 cases were investigated by the Permanent Investigation Board (PIB) of the Company with DGCA representatives and 10 cases (Jan-March'2020) are pending for next PIB.

In the year 2019-2020, **NIL** Serious Incident reported. There were 19 Bird hit incidents reported in the year 2019-2020 and 02 resulted in damage to the aircraft radome at Mysore & Coimbatore. 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: -

- The new FOQA Software with 3D presentation for ATR 72-600 aircraft fleet has been procured.
- The occurrences which are classified as incidents by the regulatory norms are investigated by the investigation board of the airline in association with the O/o Director of Air Safety (NR), DGCA.
- The recommendations of Permanent Investigation Board are circulated to the respective departments to act upon.
- As per load and trim sheet of ATR 72-600 & ATR 42-320 fleet are being monitored on monthly basis.
- Ramp inspection / Spot-check of base stations / Line stations is being carried out randomly.
- Safety inspection of base stations / line stations is being carried out as per safety audit plan.
- As per FOQA program the involved crew are being cautioned, advised and counselled.
- SAG (Safety Action Group) meets are conducted on monthly basis.

TRAINING

In the year 2019-2020, AAAL has recruited 6 pilots of Indian Air Force and has upgraded them as PIC on ATR 72-600. Two senior First officers from Boeing fleet joined and have been converted as PIC on ATR 72-600. About 6 senior first officers from ATR fleet are on different stages of PIC upgrade programme. Recruitment for PIC and First Officer is ON to augment our fleet with Indian pilots.

GOING CONCERN

The financials of AAAL for the year 2019-20 show an operating profit of **Rs 6,508.94 lakhs** as against Rs. (14,734.59 lakhs) for the year 2018-19. The Revenue as posted in 2019-20 is **Rs.1,18,115.39 lakhs** as against Rs 83,627.83 lakhs in 2018-19, which shows 41.24 % increase over last year. The total passenger carried in 2019-20 is **16,39,757** as against 15,97,382 in 2018-19 resulted in 2.65 % increase over last year. The block hours of flight is **53476** in 2019-20 as compared with 51758 hours in 2018-19 resulted an increase of 3.31%.

Due to adoption of IND AS 116 the additional impact in Statement of Profit and Loss for the year 2019-20 is as follows:

Sr. No.	Impact on accounts head	(Increase) / Decrease in Loss INR in Lakhs
i.	Depreciation is higher by	(22,666.95)
ii.	Finance cost is higher by	(7,371.18)
iii.	Lease Rent is lower by	25,997.12
iv.	Exchange Gain/Loss due to re-instatement of lease liability	(19,769.85)
v.	***Net Increase in Loss***	***(23,810.85)***

Due to increase of ROE in USD currency, the expenditure to the foreign vendor has increased 9.40 % as compared with as last year.

The profit / loss as shown (Rs. 20,100.06 lakhs) in the year 2019-20 as compared with (Rs 29,232.34 lakhs) for the year 2018-19, shows the increase in operating efficiency of the Company.

Air India Limited had formulated a Turn Around Plan (TAP) applicable to its group companies in order to improve their operational and financial performance. The Government of India had approved the Turn Around Plan (TAP) in February 2012 with the intention to turn around Air India Limited and its subsidiaries.

In adherence to TAP, induction continued with the addition of 04 new ATR 72-600 aircraft in 2018-19. The fleet at year end comprised 19 aircraft (01 ATR 42- 320 and 18 ATR72- 600). AAAL is contemplating a further induction of 15 aircraft, out of which 02 are for replacement of ATR 42-320. The two replacement Aircraft are of ATR 72-600 and have been approved by AAAL Board. As a corollary, necessary approvals and processes are being undertaken for induction of at least 08 Aircraft in the first phase of FY 2020-21. The induction is required to meet the increasing RCS route commitments allotted to AAAL.

AAAL carried 1.64 Million passengers during 2019-20 as against 1.60 Million passengers during 2018-19. The year 2019-20 witnessed a growth of 2.65% in passenger carriage. Similarly, network also expanded from 55 destinations to 61 destinations, 109 departures to 126 departures per day and 607 flights per week to 735 flights per week. The aircraft utilization has increased to 53477 block hours from 51758 block hours at a growth of 3.32% in 2019-20 as compared to 2018-19.

Alliance Air has projected an operating revenue of around Rs. 85,000 lakhs in 2020-21 as compared to the actual operating revenue of Rs. 99,302.87 lakhs in 2019-20. This is principally due to increase in effective utilization of ATR72-600 aircraft from the average 8.78 hours to 9.20 hours per day apart from increase in ASKM.

The Company has continued to operate to the North Eastern 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 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 Alliance Air is likely to emerge as one of the largest players with its young ATR 72-600 fleet suitable for serving these smaller airports.

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. The Company was operating 29 UDAN routes as on 31 March 2019, which at present has risen to 61 routes as on 31 March 2020. Alliance Air is operating around 58% UDAN routes at a growth of 10% from the FY 2019-20. The Company has actively participated in UDAN-4 and awaiting final allotment. The total UDAN route won by the Company now stands at 95. Alliance Air by deploying more resources on UDAN sectors is moving towards profitability.

The Company is also continuously evaluating routes, which are loss making and have consciously shifted the operations from these routes to potentially higher revenue earning routes. It is pertinent to mention that Company has participated in UDAN round 3 and 3.1 and resultantly been allotted 52 more routes. The total entitlement of the Company on such routes now stands at 95.

The airline is consciously increasing the yield and as at year end the average yield stood at Rs. 4,132 per passenger. Further the Company has implemented cost saving measures for reduction of cost.

With the support of Air India Limited in providing corporate guarantee for aircraft leases, reservation systems, inventory management, SAP etc., and other various measures taken towards improving Company's operational and financial activities, it is evident that Company has already posted operating profit in the year 2019-20 and expected that the financial position of the Company would further improve in future.

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 international regional carrier of Asia. Alliance Air is on its way to reverse the trend of adverse financial parameters in this financial year 2020-21 and thereafter further consolidate the gains.

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 K K Soni & Co. as Internal auditors for the year 2019-20 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

1. Board of Directors

As per the Articles of Association of the Company, the number of Directors shall not be less than three and not more than twelve.

BOARD OF DIRECTORS AS ON 31 MARCH 2020

Shri Rajiv Bansal	CMD, Air India Ltd.- Chairman
Shri Pranjol Chandra	Director, Ministry of Civil Aviation
Smt Kusum Lata Sharma	Director (Finance), Ministry of Civil Aviation
Shri Vinod Hejmadi	Director (Finance), Air India Ltd.
Shri Prem Singh Negi	Regional Director, Northern Region, Air India Ltd.

During the year, all meetings of the Board were chaired by the Chairman. The Board met six times during the year to periodically review the performance of the Company and to discuss important issues which inter-alia included Exchange of Two (02) PW121 Engines of aircraft VT-ABO with One (01) PW127M Engine, Training Policy for Board Members, Induction of 2 new ATR42-600 aircraft as a replacement to AAAL current 2 ATR 42-320 aircraft, Induction of new ATR72 aircraft for expansion as per TAP, Change of Name of the Company, Memorandum & Articles of Association of the Company as per Companies Act, 2013, Registration with TREDs for payment to MSME suppliers, Lease amendment of aircraft MSN 1197(VT-AII) and 1226 (VT-AIT), Whistle Blower Policy, etc.

2. Board Procedure

The meetings of the Board of Directors are generally held at Air India's Headquarters in New Delhi. 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:

<u>Board Meetings</u> :

Board Meetings were held during the financial year 2019-20 on the following dates:

26 June 2019 (157th Meeting)
24 July 2019 (158thMeeting)
14 November 2019 (159th Meeting)
28 November 2019 (160th Meeting)
2 March 2020 (161st Meeting)

Particulars of Directors including their attendance at the Board/Shareholders' Meetings during the financial year 2019-20:

Name of the Director	Academic Qualifications	Attendance out of 5 Board Meetings	Details of Directorships held in other Companies	Memberships held in Committees
Shri Ashwani Lohani CMD – Air India Ltd. Chairman (appointed w.e.f. 14.2.2019 and Ceased w.e.f. 14.2.2020)	Mechanical Engineer and Fellow of Chartered Institute of Logistic and Transport	4	Chairman & Managing Director Air India Limited Part-Time Chairman AI Airport Services Ltd(AIASL) AI Engineering Services Ltd (AIESL) Air India Express Ltd (AIXL) Hotel Corporation of India Ltd (HCI) Air India SATS Airport Services Pvt. Ltd. Air India Assets Holding Limited (AIAHL) Director Air Mauritius Limited Air Mauritius Holdings Limited	AIL Member Nomination & Remuneration Committee AIASL Chairman Corporate Social Responsibility Committee Member Audit Committee HCI Member Audit Committee
Shri Rajiv Bansal CMD – Air India Ltd. Chairman (appointed w.e.f. 14.2.2020)	Civil Engineer, IIT, Delhi, Diploma in Finance, ICFAI, HYD, EXE Masters in Intl Business, IIFT, Delhi	1	Chairman & Managing Director Air India Limited Part-Time Chairman AI Airport Services Ltd(AIASL) AI Engineering Services Ltd (AIESL) Air India Express Ltd (AIXL) Hotel Corporation of India Ltd (HCI) Air India SATS Airport Services Pvt. Ltd. Air India Assets Holding Limited (AIAHL) Director Air Mauritius Limited Air Mauritius Holdings Limited	AIL Member Nomination & Remuneration Committee AIASL Chairman Corporate Social Responsibility Committee Member Audit Committee HCI Member Audit Committee

Name of the Director	Academic Qualifications	Attendance out of 5 Board Meetings	Details of Directorships held in other Companies	Memberships held in Committees
Shri Vinod Hejmadi Director (Finance) Air India Ltd.	B.Com, ACA	5	Director Air India Ltd AI Airport Services Ltd(AIASL) AI Engineering Services Ltd (AIESL) Air India Express Ltd (AIXL) Hotel Corporation of India Ltd (HCI) Air India SATS Airport Services Pvt. Ltd. Air India Assets Holding Limited (AIAHL)	AAAL Chairman HR Committee Member Audit Committee Flight Safety Committee AIXL Chairman CSR Committee Member Audit cum Finance Committee HR cum Nomination & Remuneration Committee AIL Member HR Committee Corporate Social Responsibility & Sustainability Development Committee Share Allotment Committee Selection Committee Flight Safety Committee AIASL Member Corporate Social Responsibility Committee Audit Committee HCI Member Audit Committee AIESL

Name of the Director	Academic Qualifications	Attendance out of 5 Board Meetings	Details of Directorships held in other Companies	Memberships held in Committees
				Member Audit Committee AISATS Chairman CSR Committee
Shri Angshumali Rastogi Director (Finance), Ministry of Civil Aviation (Ceased as Director w.e.f.20.01.2020)	Fellow, Institution of Mechanical Engineers, London Chartered Engineer (Mechanical Engineering), registered with Engineering Council, London	2	Director Air India Express Ltd. (AIXL) AAI Cargo Logistics & Allied Services Company Ltd	AAAL Chairman Audit Committee AIXL Chairman Audit Committee Member CSR Committee
Smt Kusum Lata Sharma Director (Finance), Ministry of Civil Aviation (appointed as Director w.e.f. 20.01.2020)	LLM	1	Director Air India Express Ltd. (AIXL)	AAAL Chairman Audit Committee Member HR Committee AIXL Chairperson Audit cum Finance Committee Member CSR Committee HR cum Nomination & Remuneration Committee
Shri Pranjol Chandra Director, Ministry of Civil Aviation	B.E. Mechanical	4	Director Air India Express Ltd. (AIXL)	AAAL Chairman Flight Safety Committee Member Audit Committee_ AIXL

Name of the Director	Academic Qualifications	Attendance out of 5 Board Meetings	Details of Directorships held in other Companies	Memberships held in Committees
				Member Audit cum Finance Committee CSR Committee Chairman HR cum Nomination & Remuneration Committee
Shri Pankaj Kumar Regional Director-Northern Region, Air India Limited (Ceased as Director w.e.f 30.4.2019)	MBA in Marketing	0	-	-
Shri Prem Singh Negi Regional Director-Northern Region, Air India Limited (appointed as Director w.e.f 7.10.2019)	B.Sc./MBA (PGDBA)	3	-	-

3. Audit Committee

As part of the Corporate Governance process and in compliance with the provisions of the Companies Act, 2013 and DPE Guidelines, the Audit Committee of the Board has been constituted.

As on 31 March 2020 the following were the members of the Audit Committee :

Shri Angshumali Rastogi	Chairman (ceased eff 20.1.2020)
Smt Kusum Lata Sharma	Chairperson (appointed eff. 20.1.2020)
Shri Pranjol Chandra	Member
Shri Vinod Hejmadi	Member
Shri Rajiv Bansal	Permanent Invitee

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 three 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:

24 July 2019 (16th Meeting)

13 November 2019 (17th Meeting)

2 March 2020 (18th Meeting)

Attendance at the Audit Committee Meetings:

Name of the Member	No. of Meetings Attended
Shri Angshumali Rastogi	1
Shri Pranjol Chandra	2
Shri Vinod Hejmadi	3
Smt Kusum Lata Sharma	1

4. Annual General Meetings during the last three years

The details of these meetings are given below :

	Date and time of the Meeting	Venue
34th Annual General Meeting	27 September 2017 At 1100 hrs	Board Room, Airlines House, 113, Gurudwara Rakabganj Road, New Delhi - 110 001
35th Annual General Meeting	26 December 2018 At 1100 hrs	Board Room, Airlines House, 113, Gurudwara Rakabganj Road, New Delhi - 110 001

36th Annual General Meeting	26 September 2019 At 1500 hrs	Board Room, Airlines House, 113, Gurudwara Rakabganj Road, New Delhi - 110 001
Extra Ordinary General Meeting	11 February 2020 At 12 Noon	Board Room, Airlines House, 113, Gurudwara Rakabganj Road, New Delhi - 110 001

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 31 March 2020.

Sd/-
(C.S. Subbiah)
Chief Executive Officer
Alliance Air Aviation Limited

Place: Delhi
Date : 20 October 2020

‘ .

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and rule no.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,

Alliance Air Aviation Limited

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Alliance Air Aviation Limited [CIN: U51101DL1983GOI016518] (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 my 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 and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on 31st March, 2020 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records made available to me and maintained by the Alliance Air Aviation Limited for the financial year ended on 31st March, 2020 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder subject to the following observations:

(a) *Since the Company is not required to appoint Independent Directors, being a wholly owned subsidiary of a Public Limited Company (Air India Limited), the Audit Committee is constituted without Independent Directors. Thereby non-compliance of the provision of Section 177 (2) of the Act read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014, which inter-alia requires an Independent Director as a member of the Audit Committee.*

(b) *The Company has not constituted Nomination & Remuneration Committee as required under Section 178 of the Act read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules,2014.*

(c) *The Company does not have one Woman Director as required under Section 149 of the Act from 1st April, 2019 till 19th January, 2020.*

(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 borrowing **(Not Applicable** as confirmed by the Management, the Company does not have Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowing);

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

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not applicable to the Company);**

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2011 **(Not applicable to the Company);**

c) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the client **(Not applicable to the Company);**

d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable to the Company);**

e) The Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not applicable to the Company);**

f) The Securities and Exchange Board of India (Issue and Listing of Debts Securities) Regulations, 2008 **(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 (Buy-back of Securities) Regulations, 1998 **(Not applicable to the Company)**.

(vi) Following are the Acts / Guidelines specifically applicable to the Company:

- Aircraft Act, 1934
- Carriage by Air Act,1972
- Tokyo Convention Act,1975
- Anti-Hijacking Act, 1982
- Suppression of Unlawful Acts against Safety of Civil Aviation Act, 1982
- Civil Aviation Requirements issued by Director General of Civil Aviation (DGCA)

Based on the explanation given and representation made by the management, I report that Director General of Civil Aviation (DGCA) has issued Civil Aviation Requirements under Section 4 of the Aircraft Act, 1934 read with Rule 133A of Aircraft Rules, 1937 and the Company is required to comply with such requirements under DGCA check systems. While the broad principles of law are contained in the Aircraft Rules, 1937, Civil Aviation Requirements are issued to specify the detailed requirements and compliance procedure.

As per explanation and representation made by the management, DGCA has issued a circular dated 21.12.2011 in connection with regulatory audit policy and programme, under which regulatory audits are being carried out with an aim to ascertain the internal control of the organisation in its activities and to ensure compliance of regulatory requirements. It is explained by the Company that the regulatory audit of the Company is done by the audit team of DGCA as per the audit programme and audit procedure as prescribed under regulatory audit policy of DGCA. The Joint Director General of Civil Aviation nominated by the DGCA is responsible for all regulatory audits and inspections and is normally the Convening Authority.

Regulatory Audits are conducted for the grant of approvals for Initial Certification, Additional Approval, Routine Conformance and Special Purpose Audit pursuant to the Aircraft Act,1934. The DGCA or any other officer specially empowered in his behalf by the Central Government performs the safety oversight functions in respect of matters specified in this Act or the Rules made thereunder.

I further report that based on the information, explanation and representation made by the management, the Company is generally regular in compliance of the aforesaid laws and the compliance by the Company of such aviation laws being the subject of review by DGCA and other designated professionals/authorities, I have not reviewed the same in this audit.

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

a) Secretarial Standards with regard to Meeting of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of the Company Secretaries of India.

b) Guideline on Corporate Governance for Central Public Sector Enterprises, 2010 as issued by the Ministry of Heavy Industries and Public Enterprises, Government of India.

I report the following observations based on the aforesaid Guidelines on Corporate Governance:

i. *The Board of Directors of the Company is not constituted as per Clause 3.1 of the DPE Guidelines, namely there is no optimum combination of functional, nominee and independent directors; and number of nominee directors exceeds the prescribed limit of two.*

ii. *The Company had no Independent Director as required under the Clause 3.1.1.4 of the DPE Guidelines during the period 1st April,2019 to 31st March,2020.*

iii. *As per the Clause 3.3 of the DPE Guidelines, the Board is required to meet atleast once in every three months and atleast four such meetings are required to be held in a year. Further, time gap between any two meetings should not be more than three months. It is observed that the Company has not held the Board Meeting in three months and gap exceeded a period of three months between two Board Meetings held on 24/07/2019 and 14/11/2019.*

iv. *Minimum information as prescribed in Annexure IV to the DPE Guidelines are generally placed before the Board as required under clause 3.3 of the guidelines except quarterly financial results.*

v. *Since the Company had no Independent Director, composition of the Audit Committee was not as per the Clause 4.1.1 and 4.1.2 of the DPE Guidelines during the audit period.*

vi. *Further, as per Clause 4.4. of the DPE Guidelines, the Audit Committee is required to meet four times in a year and not more than four months should elapse between the two meetings. Further, presence of minimum two independent directors is must for quorum of the meeting. It is observed that Audit Committee met only three times during the period 1st April,2019 to 31st March, 2020. Meetings of the Audit Committee are held without the presence of Independent Directors.*

vii. *The Company has not constituted Remuneration Committee as required under Clause 5.1 of the DPE Guidelines.*

I report that during the year under review, as per the explanation and clarifications given to me and representation made by the management, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards mentioned above subject to the observations made thereunder.

I further report that –

- The Board of Directors of the Company is not duly constituted as stated hereinabove. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed proposal on agenda were sent in advance duly complying with the time limits specified 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.

- As per the minutes of the meeting duly recorded and signed by the Chairman and representation by the management, the decisions of the Board were unanimous.

I further report that based on the information provided by the Company, explanation given and representation made by the management, in my opinion adequate systems and processes and control mechanism exists in the Company commensurate with the size and operation of the Company to monitor and ensure compliance with applicable general laws, rules, regulations and guidelines. However, compliance management system needs further strengthening by taking the following actions:

a) Present quarterly compliance report to the Board.

b) Establish mechanism to detect the non-compliance.

c) Place before the Board details of legal cases filed by and against the Company and its status.

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 has been subject to review by statutory financial audit and other designated professionals.

I further report that during the audit period, except change in the name of the Company from “Airline Allied Services Limited” to “Alliance Air Aviation Limited”, there was no specific events/actions having a major bearing on the Company’s affairs in pursuance of the above referred laws, rules, regulations, standards, guidelines, etc. referred to above,

Sd/-
(U.C. SHUKLA)
COMPANY SECRETARY
UDIN: F002727B001161368
FCS: 2727/CP: 1654

Place : Mumbai
Date : 5 November 2020

Note: 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

Alliance Air Aviation Limited

Alliance Bhawan, Domestic Terminal-1

IGI Airport,

New Delhi 110 037

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

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

2. I 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 the test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed, provide reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Corporation.

4. Wherever required, I have obtained the management representation about the compliance of the laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of corporate and other applicable laws, rules, regulations and 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 future viability of the Corporation nor of the efficacy or effectiveness with which the management has conducted the affairs of the Corporation.

Sd/-

(U.C. SHUKLA)
COMPANY SECRETARY
UDIN: F002727B001161368
FCS: 2727/CP: 1654

Place : Mumbai
Date : 5 November 2020

Annexure to Directors' Report for the year 2019-20

FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2020

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 Bhavan', Domestic Terminal 1, IGI Airport, New Delhi -110037
6	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	N.A.

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.	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:

Sr. No.	Name and Address of the Company	CIN/GIN	Holding / Subsidiary / Associate	% of Shares	Applicable Section
1	Air India Limited Airlines House, 113 Gurudwara Rakabganj Road, New Delhi, 110 001.	U62200DL2007GOI161431	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 01-04-2019]				No. of Shares held at the end of the year [As on 31-03-2020]				% Change during the year
	Demat	Physical	during the year	% 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		100	40,224,993	7	40,225,000	100	0.00
e) Banks / FI									
f) Any other									
Total shareholding of Promoter (A)	-	40,225,000		100	40,224,993	7	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 01-04-2019]				No. of Shares held at the end of the year [As on 31-03-2020]				% 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) I Indian									
ii) Overseas									
b) Individuals									

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-04-2019]				No. of Shares held at the end of the year [As on 31-03-2020]				% Change during the year
i) Individual shareholders holding nominal share capital uptoRs. 1 lakh									
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	40,225,000	100	40,224,993	7	40,225,000	100	0.00

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 / encumbered to total shares	
1	Air India Limited along with its nominees	40,225,000	100	NIL	40,225,000	100	NIL	0.00

C) Change in Promoters' Shareholding (please specify, if there is no change) - 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
	At the beginning of the year				
1.	Air India Limited	40,225,000	100	40,225,000	100
	At the end of the year				
	Air India Limited	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):

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					
3					
4					
5					
6					
7					
8					
9					
10					

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 the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Shri Rajiv Bansal	1	0	1	0
2	Shri Vinod Hejmadi	1	0	1	0

V. INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
	Amount in INR	Amount in INR	Amount in INR	Amount in INR
Indebtedness at the beginning for the financial year				
i) Principal Amount	-	1633,35,64,375	-	1633,35,64,375
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**-**	**1633,35,64,375**	**-**	**1633,35,64,375**
Change in Indebtedness during the financial year	-		-	
* Addition	-	56,97,31,523	-	56,97,31,523
* Reduction	-	-	-	-
Net Change	**-**	**56,97,31,523**	**-**	**56,97,31,523**
Indebtedness at the end of the financial year	-	-	-	-
i) Principal Amount	-	1545,70,40,556	-	1545,70,40,556
ii) Interest due but not paid	-	144,62,55,343	-	144,62,55,343
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**-**	**1690,32,95,898**	**-**	**1690,32,95,898**

*** Previous figure has been restated as per IND AS. Prior Period items have been given effect in the relevant previous years.**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(In Rs. Crore)

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						

Sr. No	Particulars of Remuneration	Name of MD/WTD/ Manager					Total Amount
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

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 Rs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary	*Not Applicable	**	17,13,144.26	17,13,144.26

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
	(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	**-**	**-**	**17,13,144.26**	**17,13,144.26**

* Not applicable to Government Companies. Only CFO and CS are KMPs.

** The Company Secretary is holding the position in addition to her responsibilities as Sr. Manager, Corporate Affairs Dept., Air India.

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	-	-	-	-	-

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 31 MARCH 2020

The preparation of financial statements of **ALLIANCE AIR AVIATION LIMITED** for the year ended 31 March 2020 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 auditors 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 October 2020.

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 31 March 2020 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

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

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

Sd/-
(Rina Akoijam)
Principal Director of Audit (Infrastructure)
New Delhi

Place : New Delhi
Dated : 23 December 2020

INDEPENDENT AUDITOR'S REPORT

To,

The Members of Alliance Air Aviation Limited

Report on the Audit of Ind AS Financial Statements

Qualified Opinion

We have audited the accompanying Ind AS financial statements of Alliance Air Aviation Limited ("The Company"), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including 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,***except for the effects of the matters described in the basis for qualified opinion section of our report,*** the aforesaid Ind AS 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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2020, its loss including other comprehensive income, its cash inflows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

Attention is drawn in respect of following matters: –

a) Note no 38 Para (3)&(4) in respect of pending Reconciliation with Airport Authority of India for the period from FY 2013-14 to FY 2017-18. The impact of the pending reconciliation on financial statements is presently not quantifiable.

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 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 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 qualified opinion.

Emphasis of Matter

Attention is drawn to following notes:

a) Notes No. 46 which states that the financial statements of the company have been prepared on going concern basis for the reasons stated therein inspite of continuous accumulated losses,net worth of the company fully erodedand showing material uncertainty on the company's ability to continue as a going concern.

b) We draw attention to Note No.60in the financial statements which describes the possible effects of uncertainty relating to COVID 19 Pandemic on Companies operations and results as assessed by the management.

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

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 Director'sReport, Management discussion and analysis Report, Report on Corporate Governance. The Other information is not made available to us till the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, 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.

When we read the other report, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions if required.

Responsibility 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 Ind AS 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 implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, 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 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

Report on Other Legal and Regulatory Requirements

1) As required by the Companies (Auditor's Report) Order, 2016 ("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) 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 the Statement of Other Comprehensive Income,the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) 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

e) On the basis of the written representations received from the directors as on 31 March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the Internal Financial Controlswith 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.

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. G.S.R. 463(E) dated 5th June 2015.

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:

   1. In the case of the company the impact of pending litigations on its financial position has been disclosed under Note No- 31.

   2. The company did not have any long-term contract including derivative contracts for which there were any material forceable losses.

   3. There were no amounts which were required to be transferred to the Investors education and protection fund by the company.

For S.K. Kapoor & Co.
Chartered Accountants
FRN – 000745C

(V.B. Singh)
Partner
M. No. – 073124
UDIN – 20073124AAAADF8843

Place : New Delhi
Date : 20/10/2020

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 2020

1) In respect of Its Fixed Assets -

- The Company has maintained proper records showing full particulars including quantitative details and situations of fixed assets.
- As explained to us, company is conducting physical verification of the fixed assets on biennial basis. Physical verification of fixed assets for the FY 2019-20 for Delhi station was started but could not be completed due to lockdown and global pandemic of COVID-19 and for Hyderabad and Kolkata stations the physical verification has not yet been started due to reasons as stated, hence we cannot comment upon discrepancy if any.
- According to the information and explanations given by the management and on the basis of records available to us there are no immovable properties included in property, plant and equipment of the company and accordingly, the requirements under para 3(i)(c) of the order are not applicable to the company.

2) In respect of Inventories –

a) As per the information given to us, the exercise of physical verification of inventories is done on biennial basis. The physical verification of inventories which was due to be completed in the financial year 2019-20 could not be completed due to global pandemic of COVID-19.

b) As per the information stated above, since the physical verification of inventories could not be completed in the financial year 2019-20, therefore we cannot comment upon discrepancy if any.

3) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the order are not applicable to the company and hence not commented upon.

4) In our opinion and according to the information and explanations given to us, the company has not given any Loan, or made Investments,or provided any Guarantees or Securityas specified under Section 185 and 186 of the Companies Act, 2013 hence provisions of this clause is not applicable on the company.

5) The Company has not accepted any deposits 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.

6) 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. Thus, paragraph 3(vi) of the order is not applicable to the company.

7) (a) 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, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income Tax, Goods and Services Tax, Duty of Customs, Duty of Excise, Cess and other material statutory dues have

been regularly deposited during the year by the company with appropriate authorities.

(b) According to the information and explanation given to us, no undisputed amounts payable in respect of provident Fund, Income Tax, Goods and Service Tax, Duty of Customs, Duty of Excise, Cess and other material statutory dues were in arrears as at 31st March, 2020 for a period of more than six months from the date they became payable, except Service Tax amounting to Rs. 311.30Lakhs payables since previous years (matter is under litigation with the party M/S GATI Limited):

(c) According to the information and recordsavailable to us, there are no dues of Provident Fund, Goods and Service Tax, Duty of Customs, Duty of Excise, Cess and other material statutory dues which have not been deposited with appropriate authorities on account of any dispute.

Name of the Statute	Nature of Dues	Amount Outstanding (Rs. In Lakhs	Period for which amount relates	Forum where dispute is pending
Income Tax Act 1961	Income Tax and Interest	174.30	Assessment Year 2000-01	ITAT
Income Tax Act 1961	Income Tax and Interest	140.40	Assessment Year 1997-98	CIT (Appeals)

8) In our opinion and according to the information and explanations given by the management, the Company has not taken any loan from financial institution or bank . The Company did not have any loans or borrowing from the government and there were no debentures issued during the year or outstanding as at 31 March 2020.

9) The Company has not raised monies by way of initial public offer or further public offer or term loans. Accordingly, clause 3(ix) of the order is not applicable to the company.

10) 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 by the officers and employees of the Company has been noticed or reported during the year

11) 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. Accordingly, clause 3(xi) of the order is not applicable to the company.

12) In our opinion, the Company is not a Nidhi Company. Therefore the, Provisions of clause 3(xii) of the order are not applicable to the Company.

13) In our opinion, all the transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Ind AS Financial Statements(Refer Note No.(40)) as required by the applicable accounting standards.

14) According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Accordingly, the provisions of clause 3 (xiv) of the order are not applicable to the company.

15) According to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him during the year under audit. Accordingly,

the provisions of clause 3 (xv) of the order are not applicable to the company.

16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act,1934. Accordingly, the provisions of clause 3 (xvi) of the order are not applicable to the company.

For S.K. Kapoor & Co.
Chartered Accountants
FRN – 000745C

(V.B. Singh)
Partner
M. No. – 073124
UDIN – 20073124AAAADF8843

Place : New Delhi
Date : 20 October 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITORS REPORT

Referred to in paragraph 2 under "Report on other legal and Regulatory requirement section of our report of even date to the members of Alliance Air Aviation Ltd on the financial statements for the year ended 31st March 2020

Sl. No.	Direction u/s 143(5) Act 2013 of the Companies	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). 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 AIL as the AIL's system has been used for the booking etc, 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.	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
3	Whether funds received / receivable for specific Schemes from Central / State Agencies were Properly accounted for / utilised as per its terms and conditions. List the cases to 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

(V.B. Singh)
Partner
M. No. – 073124
UDIN – 20073124AAAADF8843

Place : New Delhi
Date : 20 October 2020

ANNEXURE – "C" REFERRED IN PARAGRAPH 2(F) UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT ON THE IND AS 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")

We have audited the internal financial controls with reference to Ind AS financial statements of Alliance Air Aviation Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS 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. 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 with reference to Ind AS 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, 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 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 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 qualified audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls with reference to Ind AS Financial Statements

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

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

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 Ind AS financial statements.

Inherent Limitations of Internal Financial Controls with reference to Ind AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 over financial reporting to future periods are subject to the risk that the internal financial controls with reference to 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.

Basis for Qualified Opinion

In Our 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 31st 2020:

- Interface between functional software relating to Inventory Management with the accounting software is yet to be implemented, resulting in accounting entries made manually. System of verification of data processed by outsourced agency needs to be strengthen as there is significant reliance on the data provided by them.

- Internal control system for deduction, deposits and reconciliation of statutory dues needs to be strengthen.

- The company do not have an Information system audit to evaluate and test the IT general controls, which may affect the completeness, accuracy and reliability of the reports generated from IT System.

- The company does not have maker checker concept/not adhering maker checker concept in SAP accounting, however same is followed through vouchers authentication according to the power delegated.

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 misstatements of the company’s Ind AS Financial Statements will not be prevented or detected on timely basis.

Qualified Opinion

In our opinion, except for the effects of the material weaknesses described in “Basis of Qualified Opinion” paragraph above, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal 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 ICAI.

We have considered the material weaknesses identified and reported above

As per our report of even date attached

For S.K. Kapoor & Co.
Chartered Accountants
FRN – 000745C

(V.B. Singh)
Partner
M. No. – 073124
UDIN – 20073124AAAADF8843

Place : New Delhi
Date : 20 October 2020

MANAGEMENT'S REPLIES TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF THE ALLIANCE AIR AVIATION LIMITED FOR THE FINANCIAL YEAR 2019-20

Audit Observation	Management Comments
Report on the Audit of Ind AS Financial Statements **Qualified Opinion** We have audited the accompanying Ind AS financial statements of Alliance Air Aviation Limited ("The Company"), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including 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,except for the effects of the matters described in the basis for qualified opinion section of our report, the aforesaid Ind AS 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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2020, its loss including other comprehensive income, its cash inflows and the changes in equity for the year ended on that date.	
Basis for Qualified Opinion a) Note no 38 para (3)& (4) in respect of pending Reconciliation with Airport Authority of India for the period from FY 2013-14 to 2017-18. The impact of the pending reconciliation on financial statements is presently not quantifiable.	Suitable disclosure has been made in Notes to Accounts in Note no. 38 Para (3) & (4). Under the aegis of Ministry of Civil Aviation, a memorandum of understanding (MOU) with Airport Authority of India (AAI) was signed by headquarter on 26.08.2013 whereby the dues of AAI vis a vis Air India as on 31.03.2012 were adjudicated by the ministry. In the year 2019-20, reconciliation for the year 2018-19 & 2019-20 is finalized and reconciliation process for the preceding years will be completed in coming year.

Audit Observation	Management Comments
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 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 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 qualified opinion.	
Emphasis of Matter a) Notes no 46 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, net worth of the company fully eroded and showing material uncertainty on the company's ability to continue as a going concern.	Suitable disclosure has been made in Notes to Accounts in Note no. 46. The revenue as posted in 2019-20 is Rs. 118115.39 Lakhs which shows 41.24% increase over last year. The financials of AAAL for 2019-20 shows an operating profit of Rs. 6508.94 Lakh. The profit & loss as shown (Rs. 20100.06) Lakh in 2019-20 is mainly due to the effect of Ind AS 116 which is Rs. 23810.05 Lakh. The above factual position established further positive results in the coming years.
b) We draw attention to note no 60 in the financial statements which describes the possible effects of uncertainty relating to COVID 19 Pandemic on Companies operations and results as assessed by the management. Our opinion is not modified in respect of the above matters.	This is only statement of fact.
The Company's Board of Directors is responsible for the other information. The other information comprises the Director's Report, Management discussion and analysis Report, Report on Corporate Governance. The Other information is not made available to us till the date of this auditor's report.	

Audit Observation	Management Comments
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, 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. When we read the other report, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions if required.	
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 Ind AS 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 implementation and maintenance of 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.	

Audit Observation	Management Comments
In preparing the 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. That Board of Directors 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 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.	

Audit Observation	Management Comments
■ 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 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.	

Audit Observation	Management Comments
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 1) As required by the Companies (Auditor's Report) Order, 2016 ("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.	

Audit Observation	Management Comments
3) 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 the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account. d) 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 e) On the basis of the written representations received from the directors as on 31 March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act. f) 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 "B" to this report. 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. G.S.R. 463(E) dated 5th June 2015.	

Audit Observation	Management Comments
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: 1. In the case of the company the impact of pending litigations on its financial position has been disclosed under Note No- 31. 2. The company did not have any long-term contract including derivative contracts for which there were any material forseeable losses. 3. There were no amounts which were required to be transferred to the Investors education and protection fund by the company.	

MANAGEMENT'S REPLIES TO "ANNEXURE A" TO THE AUDITORS' REPORT

Audit Observation	Management Comments
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 2020 1) In respect of Its Fixed Assets - ▪ The Company has maintained proper records showing full particulars including quantitative details and situations of fixed assets.	This is a statement of fact.
▪ As explained to us, company is conducting physical verification of the fixed assets on biennial basis. Physical verification of fixed assets for the FY 2019-20 for Delhi station was started but could not be completed due to lockdown and global pandemic of COVID-19 and for Hyderabad and Kolkata stations, the physical verifications have not yet been started due to the reasons as stated hence we cannot comment upon discrepancy if any. ▪ According to the information and explanations given by the management and on the basis of records available to us there are no immovable properties included in property, plant and equipment of the company and accordingly, the requirements under Para 3(i)(c) of the order are not applicable to the company.	This is a statement of fact. This is a statement of fact.
2) In respect of Inventories - a) As per the information given to us, the exercise of physical verification of inventories is done on biennial basis. The physical verification of inventories which was due to be completed in the financial year 2019-20 could not be completed due to global pandemic of COVID-19. b) As per the information stated above, since the physical verification of inventories could not be completed in FY 2019-20, therefore we cannot comment on the discrepancy if any.	This is a statement of fact. Suitable disclosure has been made in Notes in note no. 35(a) & 35(b).

Audit Observation	Management Comments
3) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the order are not applicable to the company and hence not commented upon.	This is a statement of fact.
4) In our opinion and according to the information and explanations given to us, the company has not given any Loan, or made Investments, or provided any Guarantees or Security as specified under Section 185 and 186 of the Companies Act, 2013 hence provisions of this clause is not applicable on the company.	This is a statement of fact.
5) The Company has not accepted any deposits 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 a statement of fact.
6) 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. Thus, paragraph 3(vi) of the order is not applicable to the company.	This is a statement of fact.
7)(a) 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, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income Tax, Goods and Services Tax, Duty of Customs, Duty of Excise, Cess and other material statutory dues have been regularly deposited during the year by the company with appropriate authorities.	This is a statement of fact.
(b) According to the information and explanation given to us, no undisputed amounts payable in respect of provident Fund, Income Tax, , Goods and Service Tax, Duty of Customs, Duty of Excise, , Cess and other material statutory dues were in arrears as at 31st March, 2020 for a period of more than six months from the	This is a statement of fact. The Service Tax amount has not been deposited as the matter is under litigation with M/s Gati limited. The action if any will be taken, based upon final verdict.

<table>
<tr><th>Audit Observation</th><th>Management Comments</th></tr>
<tr><td>date they became payable, except Service Tax amounting to Rs. 31.13 Million payables since previous years (matter is under litigation with the party M/S GATI Limited):</td><td></td></tr>
<tr><td>(c) According to the information and records available to us, there are no dues of Provident Fund, Goods and Service Tax, Duty of Customs, Duty of Excise, Cess and other material statutory dues which have not been deposited with appropriate authorities on account of any dispute.</td><td>This is a statement of fact.</td></tr>
<tr><td><table>
<tr><th>Name of the statue</th><th>Nature of dues</th><th>Amount Outstanding (Rs in Lakhs)</th><th>Period for which 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>174.30</td><td>Assessment Year 2000-01</td><td>ITAT</td></tr>
<tr><td>Income tax Act 1961</td><td>Income Tax and Interest</td><td>140.40</td><td>Assessment Year 1997-98</td><td>CIT (Appeals)</td></tr>
</table></td><td></td></tr>
<tr><td>8) In our opinion and according to the information and explanations given by the management, the Company has not taken any loan from financial institution or bank . The Company did not have any loans or borrowing from the government and there were no debentures issued during the year or outstanding as at 31 March 2020.</td><td>This is a statement of fact.</td></tr>
<tr><td>9) The Company has not raised monies by way of initial public offer or further public offer or term loans. Accordingly, clause 3(ix) of the order is not applicable to the company.</td><td>This is a statement of fact.</td></tr>
<tr><td>10) 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 by the officers and employees of the Company has been noticed or reported during the year</td><td>This is a statement of fact.</td></tr>
<tr><td>11) 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. Accordingly, clause 3(xi) of the order is not applicable to the company.</td><td>This is a statement of fact.</td></tr>
</table>

Audit Observation	**Management Comments**
12) In our opinion, the Company is not a Nidhi Company. Therefore the, Provisions of clause 3(xii) of the order are not applicable to the Company.	This is a statement of fact.
13) In our opinion, all the transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Ind AS Financial Statements (Refer Note No.(40) as required by the applicable accounting standards.	This is a statement of fact.
14) According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Accordingly, the provisions of clause 3 (xiv) of the order are not applicable to the company.	This is a statement of fact.
15) According to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him during the year under audit. Accordingly, the provisions of clause 3 (xv) of the order are not applicable to the company.	This is a statement of fact.
16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act,1934. Accordingly, the provisions of clause 3 (xvi) of the order are not applicable to the company.	This is a statement of fact.

MANAGEMENT'S REPLIES TO "ANNEXURE B" TO THE AUDITORS' REPORT

S No.	Direction u/s 143(5) of the Companies Act 2013	Auditor's Reply on Action taken on The directions	Management Reply	Impact on Financials
1	Whether the company has system in place To process all the accounting transactions through IT SystemIf Yes, the implications of processing of Accounting transactions outside IT SystemOn 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) . 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 AIL as the AIL's system has been used for the booking etc , 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.	This is a statement of fact. All the accounting entries are done through the financial Accounting module SAP. The inventory & revenue accounting has an interface with SAP financial module.	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 inabilityTo repay the loan ? If Yes, the financial impact may be stated.	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.	This is a Statement of fact.	NIL

3	Whether funds received / receivable for specific Schemes from Central / State Agencies were Properly accounted for / utilised as per its terms and conditions. List the cases to deviations	No fund received / receivable for specific schemes from central / state agency during the year except amount received / receivable under Regional Connectivity Schemes (CS) and Viability Gap Funding (VGF) which has been properly accounted for in the books of accounts.	This is a statement of fact.	NIL

MANAGEMENT'S REPLIES TO "ANNEXURE C" TO THE AUDITORS' REPORT

Audit Observation	Management Comments
Annexure – "C" Referred in paragraph 2(f) under the heading "Report on other Legal and Regulatory Requirements" of our report on the Ind AS 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") We have audited the internal financial controls with reference to Ind AS financial statements of Alliance Air Aviation Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS 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. 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 with reference to Ind AS 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, 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 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 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 qualified audit opinion on the Company's internal financial controls system over financial reporting.	
Meaning of Internal Financial Controls with reference to Ind AS Financial Statements A company's internal financial controls with reference to these Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that : (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and	This is a statement of fact. This is a statement of fact.

(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 Ind AS financial statements.	This is a statement of fact.
Inherent Limitations of Internal Financial Controls with reference to Ind AS Financial Statements Because of the inherent limitations of internal financial controls with reference to 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 over financial reporting to future periods are subject to the risk that the internal financial controls with reference to 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.	
Basis for Qualified Opinion In Our 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 30th 2020: ■ Interface between various functional software relating to Inventory Management with the accounting software is yet to be implemented, resulting in accounting entries made manually. System of verification of data processed by outsourced agency needs to be strengthen as there is significant reliance on the data provided by them.	RAMCO system has now been interfaced with SAP Finance module for accounting & ensuring minimum manual intervention.
■ Internal control system for deduction, deposits and reconciliation of statutory dues needs to be strengthened.	The monthly closure of SAP will strengthen the deduction, deposit and reconciliation of statutory dues.
■ The company do not have an Information system audit to evaluate and test the IT general controls, which may affect the completeness, accuracy and reliability of the reports generated from IT System.	AASL has a functional IT department, which in coordination with IBM (SAP module agency) ensures controls and accuracy and reliability of reports regenerated from IT systems.

■ The company does not have maker checker concept / not adhering maker checker concept in SAP accounting, however same is followed through vouchers authentication according to the power delegated.	The delegation of Financial Powers based on the revised mapping of designations in the organization for all departments has been approved by the Board. The company is in the process of implementation of maker-checker concept in SAP. Supplementary control has been exercised to ensure control in processing and accounting of entries.
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 misstatements of the company's Ind AS Financial Statements will not be prevented or detected on timely basis.	
Qualified Opinion In our opinion, except for the effects of the material weaknesses described in "Basis of Qualified Opinion" paragraph above, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal 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 ICAI. We have considered the material weaknesses identified and reported above	

BALANCE SHEET AS AT 31ST MARCH 2020

(Amount in Rs.)

Particulars			Note No.	As at March'2020	As at March'2019
	ASSETS :				
1		**Non-current Assets**			
	(i)	Property, Plant & Equipment	2(a)	**9,12,34,059**	9,74,38,513
	(ii)	Right-of-use assets	2(b)	**19,05,33,32,825**	-
	(iii)	Financial Assets:			
		a) Trade Receivables		**-**	-
		b) Other Financial Assets	3	**81,53,20,710**	1,09,37,74,522
	(iv)	Income Tax Assets (net)	4	**39,72,76,396**	18,90,51,455
	(v)	Deferred Tax Assets (net)		**-**	-
	(vi)	Other Non-Current Assets	5	**2,47,06,03,621**	1,81,42,72,477
2		**Current Assets**			
	(i)	Inventories	6	**29,69,66,384**	21,51,81,210
	(ii)	Financial Assets:			
		a) Trade Receivables	7	**78,75,54,895**	98,68,53,534
		b) Cash and Cash equivalents	8	**30,77,48,574**	3,84,84,203
		c) Bank balances other than (b) above	9	**1,43,55,707**	21,98,24,920
		d) Loans	10	**44,39,58,607**	17,53,79,282
		e) Others Financial assets	11	**18,92,14,517**	13,82,57,454
	(iii)	Other Current Assets	12	**80,44,16,426**	39,78,26,848
		Total Assets		**25,67,19,81,721**	5,36,63,44,418
	EQUITY AND LIABILITIES :				
1		**Equity**			
		a) Equity Share Capital	13	**4,02,25,00,000**	4,02,25,00,000
		b) Other Equity	14	**(26,58,90,35,050)**	(23,98,52,86,557)
2		Liabilities :			
	(i)	Non-current Liabilities			
		a) Financial Liabilities			
		i) Borrowings		**-**	-
		ii) Lease Liabilities	15	**21,65,11,77,572**	-
		iii) Other Financial Liabilities		**-**	-
		b) Provisions	16	**58,74,87,267**	22,80,75,580
		c) Other non Current Liabilities		**-**	-
	(ii)	**Current Liabilities**			
		a) Financial Liabilities			
		i) Borrowings	17	**16,90,22,63,593**	16,33,35,64,375
		ii) Lease Liabilities	15	**3,45,12,311**	-
		iii) Trade Payables	18	**8,09,37,23,252**	5,71,55,76,464
		iv) Other Financial Liabilities	19	**50,39,15,304**	2,65,51,27,726
		b) Provisions	20	**21,16,769**	21,81,115
		c) Other Current Liabilities	21	**46,33,20,703**	39,46,05,715
		Total Equity & Liabilities		**25,67,19,81,721**	5,36,63,44,418
Significant Accounting Policies Note No. 1 and Other Explanatory Notes forming part of Ind AS Financial Statements					

As per our Separate report of even date

For S.K Kapoor & Co.
Chartered Accountants
Firm Registration No. FRN NO.000745C

Sd/-
V. B. Singh
Partner
Membership No: 073124
UDIN: 20073124AAAADF8843

For and on behalf of the Board of Directors of Alliance Air Aviation Limited

Sd/-
(Rajiv Bansal)
Chairman
DIN 00245460

Sd/-
(Vinod Hejmadi)
Director
DIN : 07346490

Sd/-
(C. S. Subbiah)
CEO, AAAL

Sd/-
(Manjiree M. Vaze)
Company Secretary
ACS-16028

Sd/-
(Ambar Kumar Mondal)
Chief Financial Officer

Place : New Delhi
Date : 20/10/2020

Place : New Delhi
Date : 20/10/2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

(Amount in Rs.)

	Particulars	Note No	Amount for the period 2019-20	Amount for the period 2018-19
I	**Revenue**			
1	From Operations	22		
	i) Scheduled Traffic Services		**7,13,60,39,268**	6,91,93,41,032
	ii) Non Schedule Traffic Services		**2,41,97,21,574**	1,24,60,11,317
	iii) Other Operating Revenue		**37,45,26,556**	5,07,66,565
2	Other Income	23	**1,88,12,51,753**	14,66,63,927
II	**Total Revenue (1+2)**		**11,81,15,39,151**	8,36,27,82,841
III	**Expenses**			
	Aircraft Fuel & Oil		**1,96,32,37,141**	2,06,51,19,161
	Other Operating Expense	24	**3,29,11,27,333**	5,63,20,02,391
	Purchase of Stock-in-Trade		**-**	-
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		**-**	-
	Employee benefit expense	25	**1,65,83,58,342**	1,47,37,50,351
	Finance Costs	26	**4,54,21,51,356**	1,59,64,39,414
	Depreciation and amortization expense	2a & 2b	**2,28,78,93,662**	1,57,03,845
	Other expenses	27	**7,50,35,815**	50,37,22,074
IV	**Total Expenses**		**13,81,78,03,648**	11,28,67,37,236
V	**(Loss) before exceptional items and tax (II - IV)**		**(2,00,62,64,497)**	(2,92,39,54,394)
VI	**Exceptional Items**	28	**-**	-
VII	Profit before tax (VII - VIII)		**(2,00,62,64,497)**	(2,92,39,54,394)
VIII	**Tax expense:**			
a	Current Tax		**-**	-
b	Deferred Tax		**-**	-
IX	**(Loss) for the year after tax (VII-VIII)**		**(2,00,62,64,497)**	(2,92,39,54,394)
X	**Other Comprehensive Income**			
	Items that will not be reclassified to profit and loss			
	- Remeasurements of defined Benefit Plans		**(37,41,023)**	7,20,115
XI	**Total Comprehensive Income**		**(2,01,00,05,520)**	(2,92,32,34,279)
XII	**Earning per equity share:**	29		
	(1) Basic		**(49.88)**	(72.69)
	(2) Diluted		**(49.88)**	(72.69)
	Significant Accounting Policies Note No. 1 and Other Explanatory Notes forming part of Ind AS Financial Statements			

As per our Separate report of even date

For S.K Kapoor & Co.
Chartered Accountants
Firm Registration No. FRN NO.000745C

Sd/-
V. B. Singh
Partner
Membership No: 073124
UDIN: 20073124AAAADF8843

Place : New Delhi
Date : 20/10/2020

For and on behalf of the Board of Directors of Alliance Air Aviation Limited

Sd/-
(Rajiv Bansal)
Chairman
DIN 00245460

Sd/-
(Vinod Hejmadi)
Director
DIN : 07346490

Sd/-
(C. S. Subbiah)
CEO, AAAL

Sd/-
(Manjiree M. Vaze)
Company Secretary
ACS-16028

Sd/-
(Ambar Kumar Mondal)
Chief Financial Officer

Place : New Delhi
Date : 20/10/2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2020

(Amount in Rs.)

A. Equity Share Capital	As at 31.03.2020		As at 31.03.2019	
	No. of Share	Amount	No. of Share	Amount
Balance at the beginning of the reporting period	**4,02,25,000**	**4,02,25,00,000.00**	4,02,25,000	4,02,25,00,000.00
Changes in equity share capital during the year				
Add:	**0**	**-**	0	-
Less:	**0**	**-**	0	-
Balance at the end of reporting period	**4,02,25,000**	**4,02,25,00,000.00**	**4,02,25,000**	**4,02,25,00,000.00**

(Amount in Rs.)

PARTICULARS	Retained Earnings	Other Comprehensive Income	Total
Balances as at 1.04.2019	(24,00,36,02,723)	1,83,16,166	(23,98,52,86,557)
Impact of Ind AS 116-Leases	(59,37,42,973)	-	(59,37,42,973)
Prior Period Adjustment	-	-	-
Restated Balance as at 1.04.2019	**(24,59,73,45,697)**	**1,83,16,166**	**(24,57,90,29,531)**
Profit Loss for the year	(2,00,62,64,497)	-	(2,00,62,64,497)
Adjustment of the opening balance of OCI for Leave Encashment	1,10,31,486	(1,10,31,486.00)	-
Other Comprehensive Income for the year	-	(37,41,023)	(37,41,023)
Total Other Comprehensive Income for the year			**(26,58,90,35,050)**
Balance as at 31.03.2020	**(26,59,25,78,707)**	**35,43,657**	**(26,58,90,35,050)**
Balance as at 1.04.2018	(21,07,88,22,929)	1,75,96,051	(21,06,12,26,878)
Impact of IND AS -115 -Revenue from Contract with customers	-	-	-
Restated balance as at 1.4.2018	**(21,07,88,22,929)**	**1,75,96,051**	**(21,06,12,26,878)**
Profit Loss for the year	(2,92,39,54,394)	-	(2,92,39,54,394)
Transfer from Reserve	(8,25,400)	-	(8,25,400)
Other Comprehensive Income for the year	-	7,20,115	7,20,115
Total Other Comprehensive Income for the year			**(23,98,52,86,557)**
Balance as at 31.03.2019	**(24,00,36,02,723)**	**1,83,16,166**	**(23,98,52,86,557)**

As per our Separate report of even date

For S.K Kapoor & Co.
Chartered Accountants
Firm Registration No. FRN NO.000745C

Sd/-
V. B. Singh
Partner
Membership No: 073124
UDIN: 20073124AAAADF8843

Place : New Delhi
Date : 20/10/2020

For and on behalf of the Board of Directors of Alliance Air Aviation Limited

Sd/-
(Rajiv Bansal)
Chairman
DIN 00245460

Sd/-
(Vinod Hejmadi)
Director
DIN : 07346490

Sd/-
(C. S. Subbiah)
CEO, AAAL

Sd/-
(Manjiree M. Vaze)
Company Secretary
ACS-16028

Sd/-
(Ambar Kumar Mondal)
Chief Financial Officer

Place : New Delhi
Date : 20/10/2020

STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31.03.2020

Amount in Rs.

Particulars	2019-2020		2018-2019	
A. CASH FLOW FROM OPERATING ACTIVITIES				
a) Profit/(Loss) before tax for the year as per Profit & Loss A/C		**(2,01,00,05,520)**		(2,92,32,34,279)
b) Add:- Adjustment for :				
1 Depreciation and amortisation expenses	**2,28,78,93,662**		1,57,03,845	
2 Provisions / Un-claimed Liabilities Written Back	**(1,80,09,97,551)**		(5,29,63,148)	
3 Bad Debt Prov.	**2,36,83,327**		8,03,66,628	
4 Interest, Finance Cost and Exchange difference on Leases as per Ind-AS 116	**2,71,41,02,306**		-	
5 Interest and Finance Costs	**1,82,80,49,050**		1,60,98,12,520	
6 Transfer from Reserve			(8,25,400)	
7 Interest Earned	**(8,02,54,203)**		(9,37,00,779)	
8 Provision for obsolescence of spares	**5,77,24,010**		(1,99,43,630)	
		5,03,02,00,601		1,53,84,50,036
c) Operating Profit/(Loss) before Movements in working capital:		**3,02,01,95,082**		(1,38,47,84,244)
ADD: Adjustments for (increase) / decrease in operating assets:				
Other Bank Balances	**20,54,69,213**		(20,71,68,224)	
Other non-current assets	**(1,07,52,02,934)**		22,29,01,278	
Inventories	**(13,95,09,184)**		15,44,27,787	
Trade receivables	**17,56,15,312**		(15,22,28,084)	
Loans	**(26,85,79,325)**		(7,17,69,474)	
Others Financial Asset	**(5,09,57,062)**		55,17,53,725	
Other current assets	**(40,65,89,578)**		(37,65,04,055)	
		(1,55,97,53,559)		12,14,12,953
ADD: Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	**2,37,81,46,788**		2,56,93,60,907	
Other current liabilities	**6,87,14,988**		12,86,59,167	
Short-term borrowing	**56,86,99,218**		90,06,22,610	
Short-term provisions	**(64,346)**		(11,21,05,015)	
Other Financial Liabilities	**6,86,56,917**		(97,55,34,808)	
Lease Liability Payable	**-**		(27,52,48,611)	

Particulars	2019-2020		2018-2019	
Long-term provisions	**1,69,87,471**	**3,10,11,41,037**	18,00,21,532	2,41,57,75,782
d) Cash generated from operations		**4,56,15,82,560**		1,15,24,04,492
Less : Tax Paid Including TDS		**(20,82,24,941)**		(1,83,59,442)
Cash Flow from operating activities after tax (A)		**4,35,33,57,619**		1,13,40,45,050
B. CASH FLOW FROM INVESTING ACTIVITES				
a) Purchase of Fixed Assets	**(1,50,40,463)**		(3,57,06,682)	
b) Proceeds from FDR under Lien	**27,84,53,812**		18,65,19,633	
c) Interest Income	**8,02,54,203**	**34,36,67,551**	9,37,00,779	24,45,13,729
d) Sale of fixed Asset				
Cash flow from investing activities (B)		**34,36,67,551**		24,45,13,729
C CASH FLOW FROM FINANCING ACTIVITES				
a)Conversion of Current Liability into Equity	**-**		-	
b) Lease payment	**(2,59,97,11,752)**		-	
b) Interest Paid	**(1,82,80,49,050)**	**(4,42,77,60,799)**	(1,60,98,12,520)	(1,60,98,12,520)
Cash Used from financing activity (C)		**(4,42,77,60,799)**		(1,60,98,12,520)
D NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)		**26,92,64,371**		(23,12,53,741)
E CASH & CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**3,84,84,203**		26,97,37,944
F CASH & CASH EQUIVALENTS AT THE END OF THE YEAR (D+E)		**30,77,48,574**		3,84,84,203

Note :- The above Cash Flow Statement 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	Current Year	Previous Year
Cash and Cash Equivalent comprises:		
Balance with Banks		
- In Current Accounts	**307,469,881**	38,484,012
Cash on hand	**278,693**	191
Closing Balance	**307,748,574**	**38,484,203**

As per our Separate report of even date

For S.K Kapoor & Co.
Chartered Accountants
Firm Registration No. FRN NO.000745C

Sd/-
V. B. Singh
Partner
Membership No: 073124
UDIN: 20073124AAAADF8843

Place : New Delhi
Date : 20/10/2020

For and on behalf of the Board of Directors of Alliance Air Aviation Limited

Sd/-
(Rajiv Bansal)
Chairman
DIN 00245460

Sd/-
(Vinod Hejmadi)
Director
DIN : 07346490

Sd/-
(C. S. Subbiah)
CEO, AAAL

Sd/-
(Manjiree M. Vaze)
Company Secretary
ACS-16028

Sd/-
(Ambar Kumar Mondal)
Chief Financial Officer

Place : New Delhi
Date : 20/10/2020

NOTES FORMING PART OF THE IND AS FINANCIAL STATEMENTS OF ALLIANCE AIR AVIATION LIMITED FOR THE YEAR ENDED 31ST MARCH, 2020

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. The financial statements are for Alliance Air Aviation Limited. All figures of financials are in (Rupees.), rounded off upto 2 decimals except for Notes to Accounts which are in Rupees Lakhs, unless otherwise stated.

1. Company Information / Overview:

Background:

Alliance Air Aviation Limited (formerly known as Airline Allied Services Limited), a wholly owned subsidiary of Air India Limited a Government of India Company, incorporated in India, registered under the Companies Act, 1956now erstwhile Companies Act 2013 ("The Act").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 Eighteen ATR – 72-600 aircrafts and one ATR – 42-320 aircrafts.

The registered office of the company is situated at Alliance Bhawan, Domestic Terminal-1, I.G.I. Airport, New Delhi – 110037.

2. Basis of preparation of Financial Statements:

(i) Statement of Compliance:

The Financial Statements of the company comply with Indian Accounting Standards (IndAS) as specified under section 133 of Companies Act 2013 (The Act), read with relevant rules issued thereunder pursuant to the notification issued by Ministry of Corporate Affairs dated 16 February 2015, in conjunction with notifying the Companies (Indian Accounting Standards) Rules, 2015 including amendments and enactments issued under the law in force 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.

(ii) Basis of measurement:

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

(iii) Standards issued but not yet effective:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April, 2020.

(iv) The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1st April 2019:

a) Ind-AS 116, Leases

b) Amendment to Ind-AS 19, Employee Benefits

c) Amendment to Ind-AS 109, Financial Instruments

d) Appendix-C, Uncertainty Over Tax Treatments to Ind-AS 12, Income Taxes

The company had to change its accounting policies and make certain adjustments following the adoption of Ind-AS 116. This is disclosed in Note No. 51 of the Ind AS Financial Statements.

Most of the other amendments listed above did not have any impact on the amounts recognized according to applicable standards in prior periods and are not expected to have significantly effect on the current or future periods.

(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 Assetsand 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. Depreciation method, useful lives and residual value 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 CRJ & ATR aircraft is provided based on the completed aircraft lease months over the total aircraft lease months from the date of use.

c) Major 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 Equipments	3 Years
Ground Support Equipments(ATR)	(as per above mentioned policy at II b (2.))
Medical Equipments	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 and the discrepancies observed in the course of the verification adjusted in the year in which report is submitted and finalized.

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.

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 Standalone Statement of Profit and Loss, as incurred.

C. Amortization

Intangible assets which have finite useful lives are amortized on straight line method over the estimated useful life, which is reviewed by the management every year i.e.

a) Software of Passenger Services System, over 10 years, and

b) Other software/website, over 5 years.

The Residual Value of Intangible Asset with Finite Useful Life is considered as zero.

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

A. Transition Provision:

The Company has adopted Ind AS 116 Leases from 1st April 2019. Ind AS 116 introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

On initial application, the Company elected to adopt the modified retrospective approach, by recognizing the cumulative effect of initially applying the new standard as an adjustment to the opening balance at April 1, 2019, without restating the comparative information.

The company applied Ind AS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under Ind AS 17 were not reassessed/considered. Therefore, the definition of a lease under Ind AS 116 has been applied only to contracts entered into or changed on or after 1st April 2019.

B. Practical Expedients Used:

The Company has applied following other practical expedients on transition to Ind AS 116 on initial application:

a. Use of single average discount rate to portfolio of leases of similar assets in similar economic environment with similar conditions for end date.

b. 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 average of SWAP rates which is the incremental borrowing rate of the company.

c. Not to recognize right of use assets and lease liabilities for leases with remaining lease term of upto 12 months from the date of initial application (i.e. 1 April 2019) by class of asset and leases of low value asset on lease by lease basis.

C. 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.

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) & ATF.

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 are valued at lower of cost and Net Realizable Value ('NRV'). NRV for Stores and spares, loose tools and 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.

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.

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.

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. Manufacturer's Credit (Cash & Non-Cash Incentives):

Manufacturer's/Lessors' credit entitlements are accounted for on accrual basis and credited to 'Incidental Revenue' 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.

XI. 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 of commencement of commercial use of the assets.
- 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 borrowingsthat 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.

XII. 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.

XIII. 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 ofrealisation/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.

XIV. EmployeeBenefits:

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 recognised 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.

XV. 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.

XVI. 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 thatmay arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

c) Contingent assets are possible assets that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent Assets are disclosed where an inflow of economic benefits is probable

Changes in Provision:

Provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed**.**

When discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized as Finance Cost.

XVII. 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.

XVIII. 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.

XIX. 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 theinputs to the fair value measurements in its entirety, which are described as follows:

- Level1 inputs are quoted prices (unadjusted) inactive markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the assetorliability,eitherdirectlyorindirectly;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.

XX. 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 assetor 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 recognized amounts and there is an intention to sale on a net basis, to realize the assets and sale the liabilities simultaneously

XXI. Materiality Threshold Limits:

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

Thresh hold Items	Unit	Thresh hold Value
Prior Period Expenditure/Revenue	Lakhs	10.00
Prepaid Expense	Lakhs	0.10
Foreign Stations	Lakhs	0.50
Domestic Stations	Lakhs	0.10
Contingent Liability & Capital Commitments	Lakhs	1.00
Fair Valuation of Financial Instruments	Lakhs	50.00

For S.K Kapoor & Co.
Chartered Accountants
Firm Registration No. FRN NO.000745C

Sd/-
V. B. Singh
Partner
Membership No: 073124
UDIN: 20073124AAAADF8843

Place : New Delhi
Date : 20/10/2020

For and on behalf of the Board of Directors of Alliance Air Aviation Limited

Sd/-
(Rajiv Bansal)
Chairman
DIN 00245460

Sd/-
(Vinod Hejmadi)
Director
DIN : 07346490

Sd/-
(C. S. Subbiah)
CEO, AAAL

Sd/-
(Manjiree M. Vaze)
Company Secretary
ACS-16028

Sd/-
(Ambar Kumar Mondal)
Chief Financial Officer

Place : New Delhi
Date : 20/10/2020

NOTE 2 (a) PLANT, PROPERTY & EQUIPMENT FY 2019-20

PARTICULARS OF ASSETS	Useful Life as per Schedule II	GROSS BLOCK AS ON 31.03.2019	ADDITI-ONS DURING 2019-20	SOLD/ DISCA-RDED DURING 2019-20	GROSS BLOCK AS ON 31.03.2020	Accum-ulated Dep. UP TO 01.04.2019	DEPRE-CIATION FOR THE YEAR 2019-20	ADJUST-MENT MADE DURING THE YEAR *	CUMULATIVE DEPRE-CIATION AS ON 31.03.2020	NET BLOCK AS ON 31.03.2020	NET BLOCK AS ON 31.03.2019
		1	2	3	4	5	6	7	8	9	10
PLANT & EQUIPMENT	5 Years	9,256,975	1,063,136		10,320,111	2,452,658	1,791,213	18,615	4,243,871	6,057,625	6,785,702
FURNITURE & FIXTURES	10 years	6,515,368	1,115,389		7,630,757	2,235,626	532,143	(36,709)	2,767,768	4,899,698	4,316,454
VEHICLE	8 Years	3,665,252	-	858,937	2,806,315	2,324,388	214,247		1,679,698	1,126,617	1,340,813
DATA PROCESSING EQUIPMENT	3 Years	15,079,891	5,839,921		20,919,812	6,692,519	5,259,057		11,951,576	8,968,236	8,387,420
GROUND SUPPORT EQUIPMENT (ATR)	(as per policy)	8,174,949	-		8,174,949	8,174,949	-		8,174,949	-	-
F.A Pending Disposal	-	-			-	-			-	-	-
AIRFRAME ROTABLES	Based on Lease Period	158,234,285	7,022,018		165,256,302	82,804,728	13,301,866		96,106,595	69,149,708	75,429,556
AERO ENGINE ROTABLES	Based on Lease Period	1,464,133	-		1,464,133	285,565	146,392		431,957	1,032,176	1,178,568
Total as on 31.03.2020		**202,390,852**	**15,040,463**	**858,937**	**216,572,379**	**104,970,433**	**21,244,918**	**(18,094)**	**125,356,413**	**91,234,059**	**97,438,513**
Total as on 31.03.2019		**166,684,169**	**35,706,682**	**-**	**202,390,852**	**89,248,494**	**15,703,845**	**-**	**104,952,339**	**97,438,513**	**77,435,673**

*NOTE: The adjustment made during the year is due to the difference in the system and the Financial Statements due to migration to SAP Accounting software.

NOTE NO : 2(b) RIGHT OF USE ASSET

Amount in Rs.

PARTICULARS OF ASSETS	Useful Life as per Schedule II	As at 01.04.2019 on account of adoption of Ind AS 116	ADDIT-IONS DURING 2019-20	SOLD/ DISCA-RDED DURING 2019-20	Adjustments during 2019-20	GROSS BLOCK AS ON 31.03.2020	Accumulated Dep. As at 01.04.2019 on account of adoption of Ind AS 116	DEPREC-IATION FOR THE YEAR 2019-20	CUMULATIVE DEPREC-IATION AS ON 31.03.2020	NET CARRYING VALUE AS ON 31.03.2019
ROU ASSET	Based on Lease Period	21,319,980,569	-	-	-	21,319,980,569	-	2,266,648,744	2,266,648,744	19,053,331,825

NOTE NO.-3 : OTHER FINANCIAL ASSET

(Amount in Rs.)

Particulars	As at March 31st, 2020	As at March 31st, 2019
Unsecured Considered Good		
Deposits (Maturity more than 12 months)	**81,53,20,710**	1,09,37,74,522
(includes FDR under lien)		
Advance to Suppliers		
- Considered Doubtful	**3,06,24,585**	3,06,24,585
Less: Impairment Allowances to Doubtful Debts	**(3,06,24,585)**	(3,06,24,585)
Total	**81,53,20,710**	1,09,37,74,522

NOTE NO.- 4 : INCOME TAX ASSETS

(Amount in Rs.)

Particulars	As at March 31st, 2020	As at March 31st, 2019
Advance Payment of Income Tax including TDS	**41,37,16,731**	20,54,91,790
Less: Provision for taxation	**(1,64,40,335)**	(1,64,40,335)
Total	**39,72,76,396**	18,90,51,455

NOTE NO.- 5 : OTHER NON CURRENT ASSETS

(Amount in Rs.)

Particulars	As at March 31st, 2020	As at March 31st, 2019
Unsecured Considered Good		
Advances other than Capital Advances		
a) Security Deposits (Maintenance Reserve)	**2,47,06,03,621**	1,81,42,72,477
Total	**2,47,06,03,621**	1,81,42,72,477

NOTE NO.- 6 : INVENTORIES

(Amount in Rs.)

Particulars	As at March 31st, 2020	As at March 31st, 2019
Stores and Spare Parts *	**46,32,29,435**	32,20,17,389
Loose Tools *	**22,92,523**	19,28,528
Goods in Transit	**-**	20,66,856
Less: Provision for Obsolescence & Shortages	**(16,85,55,573)**	(11,08,31,563)
Total	**29,69,66,384**	21,51,81,210

* For valution refer Significant Accounting Policy clause 3(VI)(B)

NOTE NO.- 7 : TRADE RECEIVABLES

(Amount in Rs.)

Particulars	As at March 31st, 2020	As at March 31st, 2019
Secured, considered good	**-**	-
Unsecured, considered good	**78,75,54,895**	98,68,53,534
Trade Receivable which have significant increase in Credit Risk	**-**	-
Trade Receivable- Credit Impaired	**2,64,60,571**	5,02,00,151
Less: Impairment Allowance for doubtful receivables	**(2,64,60,571)**	(5,02,00,151)
Total	**78,75,54,895**	98,68,53,534

NOTE NO.- 8 : CASH AND CASH EQUIVALENTS

(Amount in Rs.)

Particulars	As at March 31st, 2020	As at March 31st, 2019
Balance with Banks		
- In Current Accounts	**30,74,69,881**	3,84,84,012
Cash in hand	**2,78,693**	191
Total	**30,77,48,574**	3,84,84,203

NOTE NO.- 9 : BANK BALANCES OTHER THAN CASH EQUIVALENTS

(Amount in Rs.)

Particulars	As at March 31st, 2020	As at March 31st, 2019
Balance with Banks		
In Margin Money Deposits (3 < Maturity < 12)	**1,43,55,707**	21,98,24,920
Total	**1,43,55,707**	21,98,24,920

NOTE NO.- 10 : LOANS

(Amount in Rs.)

Particulars	As at March 31st, 2020	As at March 31st, 2019
Unsecured, Considered Good		
Security Deposits	**44,39,58,607**	17,53,79,282
Total	**44,39,58,607**	17,53,79,282

NOTE NO.- 11 : OTHER FINANCIAL ASSETS

(Amount in Rs.)

Particulars	As at March 31st, 2020	As at March 31st, 2019
Unsecured Considered Good		
Advances to Suppliers	**18,88,76,216**	13,77,27,915
Advances to Staff	**3,38,301**	5,29,540
Unsecured Considered Doubtful		
Advances to Staff	**54,52,414**	54,52,414
Less: Allowance for Doubtful Staff Advances	**(54,52,414)**	(54,52,414)
Total	**18,92,14,517**	13,82,57,454

NOTE NO.- 12 : OTHER CURRENT ASSETS

(Amount in Rs.)

Particulars	As at March 31st, 2020	As at March 31st, 2019
Unsecured Considered Good		
Prepaid Expenses	**10,40,31,962**	1,03,77,098
Receivable from Related Parties	**4,54,98,135**	6,21,45,172
Receivable from Others	**2,50,21,638**	1,29,375
GST Input Tax Recoverable	**62,97,66,679**	32,51,75,203
Unsecured Considered Doubtful		
Deposits with High Court *	**22,23,71,101**	22,22,73,088
Provision for Doubtful Advance -Security Deposit	**(22,22,73,088)**	(22,22,73,088)
Total	**80,44,16,426**	39,78,26,848

*Refer Note No. 49 of the Ind AS Financial Statements

NOTE NO.- 13 : EQUITY SHARE CAPITAL

Particulars	As at March 31st, 2020	As at March 31st, 2019
Authorised Share Capital		
2000,00,000 Equity Shares of Rs.100/- each	**2000,00,00,000**	2000,00,00,000
(Previous Year 2000,00,000 Equity Shares of Rs. 100/- each)		
	2000,00,00,000	2000,00,00,000
Issued, Subscribed & fully Paid up Share Capital		
402,25,000 Equity Shares of Rs.100/- each, fully paid-up	**4,02,25,00,000**	4,02,25,00,000
(Previous Year 402,25,000 Equity Shares of Rs. 100/- each)		
	4,02,25,00,000	4,02,25,00,000

13 (a) Reconciliation of no. of shares	As at March 31st, 2020	As at March 31st, 2019
No. of equity shares at the beginning of year	**4,02,25,000**	4,02,25,000
Add No. of equity shares issued		-
Less No. of equity shares redeemed		-
No. of equity shares at the closing of the year	**4,02,25,000**	4,02,25,000

13 (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.

13 (c) Equity Shares held by its Holding Company

402,25,000 Equity Shares (Previous Year 4,02,25,000 equity shares) are held by Air India Limited, the holding company and its nominees (on behalf of holding company)

13 (d) Details of shareholder holding more than 5% of Equity Shares:

Name of Shareholder	As at March 31st, 2020	As at March 31st, 2019
Air India Limited, Holding Company and its nominees (on behalf of holding company)	**4,02,25,000**	4,02,25,000
No. Of Share	**4,02,25,000**	4,02,25,000
Percentage of Holding	**100%**	100%

NOTE NO.-14 : OTHER EQUITY

Particulars	As at March 31st, 2020	As at March 31st, 2019
1. Surplus /(Deficit) in statement of profit & loss		
Opening balance	**(24,00,36,02,723)**	(21,07,88,22,929)
Add:Profit / (Loss) for the year	**(2,00,62,64,497)**	(2,92,39,54,394)
Less: Impact of Ind As 116	**(59,37,42,973)**	-
Add: Prior Period Adjustments	**-**	-
Less : Adjustment of the opening balance of OCI for Leave Encashment	**1,10,31,486**	-
Transfer from Reserve		(8,25,400)
Closing balance	**(26,59,25,78,707)**	(24,00,36,02,723)
2. Other Comprehensive Income		
Opening balance	**1,83,16,166**	1,75,96,051
Add: Adjustment of the opening balance of OCI for Leave Encashment	**(1,10,31,486)**	-
Add: For the Year	**(37,41,023)**	7,20,115
Closing balance	**35,43,657**	1,83,16,166
Total	**(26,58,90,35,050)**	(23,98,52,86,557)

NOTE NO.- 15 : LEASE LIABILITIES

(Amount in Rs.)

Particulars	As at March 31st, 2020	As at March 31st, 2019
Lease Liabilities	**21,68,56,89,883**	-
Less: Current Portion of lease liability	**(3,45,12,311)**	-
(Disclosed as Current Liability in Balance Sheet)		
Non current lease liabilities	**21,65,11,77,572**	
TOTAL	**21,65,11,77,572**	-

NOTE NO.- 16 : PROVISIONS

(Amount in Rs.)

Particulars	As at March 31st, 2020	As at March 31st, 2019
Provisions for Employee Benefits		
Provision for Gratuity	**5,67,78,149**	4,25,78,367
Less : Current Portion of Gratuity (Disclosed under Note No. 20)	**(13,75,036)**	(13,90,076)
Provision for Leave Enchashment	**2,54,83,067**	2,27,59,724
Less : Current Portion of Leave Encashment (Disclosed under Note No. 20)	**(7,41,733)**	(7,91,039)
Other Provisions		
Provision for Re-delivery of Aircraft	**50,73,42,820**	16,49,18,604
TOTAL	**58,74,87,267**	22,80,75,580

NOTE NO.-17 : CURRENT BORROWINGS

(Amount in Rs.)

Particulars	As at March 31st, 2020	As at March 31st, 2019
Air India Ltd. (Holding Company) *	16,90,22,63,593	16,33,35,64,375
TOTAL	16,90,22,63,593	16,33,35,64,375

*** Refer Note No. 40 of the Ind AS Financial Statements**

NOTE NO.-18 : TRADE PAYABLES

(Amount in Rs.)

Particulars	As at March 31st, 2020	As at March 31st, 2019
a.) Total outstanding dues of		
Micro Enterprises and Small Enterprises	**1,03,90,748**	67,18,237
b.) Total outstanding dues of Creditor other		
than Micro Enterprises and Small Enterprises		

Particulars	As at March 31st, 2020	As at March 31st, 2019
- Provision for Expenses	**65,18,94,093**	1,23,07,43,151
- Vendors in India	**3,95,25,81,665**	2,54,99,10,326
- Vendors Outside India	**1,08,70,74,013**	86,61,49,481
- Payable to Related Parties	**2,24,04,87,569**	91,12,25,576
- Supplier-MRO-RAMCO	**15,12,95,164**	15,08,29,693
TOTAL	**8,09,37,23,252**	5,71,55,76,464

NOTE NO.- 19 : OTHER CURRENT FINANCIAL LIABILITIES

(Amount in Rs.)

Particulars	As at March 31st, 2020	As at March 31st, 2019
Earnest Money Deposit	**26,88,551**	12,00,000
Security Deposits	**30,98,17,524**	31,01,44,724
Others	**19,14,09,229**	23,43,783,002
TOTAL	**50,39,15,304**	2,65,51,27,726

NOTE NO.- 20 : CURRENT PROVISIONS

(Amount in Rs.)

Particulars	As at March 31st, 2020	As at March 31st, 2019
Provision for Gratuity Liability	**13,75,036**	13,90,076
Provision for Leave Enchashment	**7,41,733**	7,91,039
Provision for Re-delivery	**-**	-
TOTAL	**21,16,769**	21,81,115

NOTE NO.- 21 : OTHER CURRENT LIABILITIES

(Amount in Rs.)

Particulars	As at March 31st, 2020	As at March 31st, 2019
Advance from Suppliers	**19,45,12,295**	26,44,98,055
Statutory dues Payable		
- TDS on GST payable	**58,05,859**	13,70,435
- TDS payable as per Income Tax	**22,08,98,251**	9,51,25,514
- Provident Fund Payable	**84,84,796**	-
- Service Tax Payable	**3,34,39,478**	3,34,39,478
- Others	**1,80,023**	1,72,233
TOTAL	**46,33,20,703**	39,46,05,715

NOTE NO.- 22 : REVENUE FROM OPERATIONS

(Amount in Rs.)

Particulars	2019-20	2018-19
1. Operational Revenue		
i) Scheduled Traffic Services		
a) Passenger	**7,04,78,70,156**	6,91,59,88,203
b) Excess Baggage	**7,66,17,338**	4,88,432
c) Mail	**21,02,992**	42,552
d) Cargo	**94,48,781**	28,21,845
	7,13,60,39,268	6,91,93,41,032
ii) Non-Schedule Traffic Services		
a) Charter	**3,07,99,500**	2,05,83,626
b) Subsidy for Operation from Government	**2,38,89,22,074**	1,22,54,27,691
	2,41,97,21,574	1,24,60,11,317
iii) Other Operating Revenue		
a) Handling and Servicing	**5,625**	-
b) Manufacturers Credit	**33,59,88,885**	-
c) Handling Servicing and Incidental Revenue	**3,85,32,047**	5,07,66,565
	37,45,26,556	5,07,66,565
TOTAL	**9,93,02,87,398**	8,21,61,18,914

NOTE NO.- 23 : OTHER INCOME

(Amount in Rs.)

Particulars	2019-20	2018-19
1. Interest on Fixed Deposit-India	**8,02,54,203**	9,37,00,779
2. Others		
- Provisions No Longer Required Written Back*	**1,80,09,97,551**	5,29,63,148
TOTAL	**1,88,12,51,753**	14,66,63,927

* Refer Note no. 52 of the Ind AS Financial Statements (Not in original)

NOTE NO- 24 :

(Amount in Rs.)

	Other Operating Expense	2019-20	2018-19
i)	Aircraft Lease, Handling & Maintenance charges		
	Lease of Aircraft Engine	**7,56,43,834**	2,12,24,95,103
	Handling	**42,19,85,191**	39,99,07,327
	Maintenance	**1,55,64,05,018**	2,11,92,58,685
		2,05,40,34,043	4,64,16,61,115
ii)	Navigation, Landing, Housing & Parking		
	Landing Fees - Scheduled & Other Ops	**2,96,06,135**	2,51,36,955
	Housing & Parking Fees	**1,02,21,375**	1,03,27,967

	Flight Comm & Navigation Charges	**22,29,58,170**	22,10,03,553
		26,27,85,680	25,64,68,476
iii)	Other Communication Charges		
	Telephone Equipment Rental	**26,318**	68,250
	Expenses on Reservation System	**47,37,36,385**	35,74,04,659
	Postage Telegram & Courier Charges	**1,60,851**	1,26,974
	Telephone & Trunk Call Charges	**17,09,108**	14,04,036
		47,56,32,662	35,90,03,919
iv)	Passenger Amenities		
	Inflight & Hotel Consumables Consumption	**-**	-
	Pax Amenities - Catering On Ground	**2,91,01,541**	2,21,47,665
	Pax Amenities - Catering On Board	**9,02,58,450**	10,92,18,490
	Pax Amenities - Hotel Expenses	**4,48,641**	17,54,776
	Pax Amenities - Inflight Programme	**-**	-
	Pax. Call center Charges	**1,72,64,971**	2,50,47,704
	Pax Amenities - News Paper & Magazines	**69,403**	10,66,324
		13,71,43,006	15,92,34,959
v)	Insurance		
	Insurance - Aircraft	**7,97,97,373**	3,80,67,112
	Insurance General	**11,947**	22,384
		7,98,09,320	3,80,89,496
vi)	Inventory Consumption		
	Material Consumed-Aircraft	**13,65,15,799**	3,27,84,952
	Provision for Obsolescence (Net)	**5,77,24,010**	(1,99,43,630)
		19,42,39,809	1,28,41,322
vii)	Booking Agency Commision (Net)		
	Commison on Ticket sale	**8,74,82,813**	16,47,03,103
		8,74,82,813	16,47,03,103
	TOTAL	**3,29,11,27,333**	5,63,20,02,391

NOTE NO.- 25

(Amount in Rs.)

EMPLOYEE BENEFIT EXPENSES	**2019-20**	**2018-19**
1. Salary, Wages and Bonus		
Salaries - Staff In India	**86,73,06,077**	7,543,37,281
Bonus Expense	**61,12,331**	48,84,725
	87,34,18,408	75,92,22,006
2. Crew Allowances		
Hourly Payments	**-**	-
Foreign Contract Pilots Fees & Claims	**73,63,70,542**	65,26,91,026

EMPLOYEE BENEFIT EXPENSES	2019-20	2018-19
	73,63,70,542	65,26,91,026
3. Contribution to Provident and Other Funds		
CC Provident Fund-Staff in India	**1,21,36,656**	1,04,05,656
	1,21,36,656	1,04,05,656
4. Staff Welfare Expenses (Net)		
Other Staff Welfare Expenses	**2,02,88,346**	3,40,89,683
Staff Training Expenses	**6,09,311**	38,60,304
	2,08,97,657	3,79,49,987
5. Gratuity	**1,02,11,425**	79,81,063
6. Leave Encashment	**53,23,654**	55,00,613
TOTAL	**1,65,83,58,342**	1,47,37,50,351
NOTE NO.-26		
FINANCE COST	**2019-20**	2018-19
(i) Interest on Loans:		
- Interest on AI Loan (Holding Company)	**1,44,62,55,343**	1,38,26,46,876
(ii) Interest expense on lease liabilities*	**2,71,41,02,306**	-
(iii) Bank Charges	**2,12,78,003**	2,58,10,681
(iv) Delayed Payment Charges to Fuel Companies	**19,38,39,068**	8,83,61,346
(v) Interest charged by related parties	**16,66,76,637**	9,96,20,512
TOTAL	**4,54,21,51,356**	1,59,64,39,414

* Includes Exchange Differences amounting Note No 26 Financial cost on hiring to Rs. 197,69,84,518/- , P/Y Rs. 00.00 on account of translation of lease liabilities.

NOTE NO.- 27 :

(Amount in Rs.)

OTHER EXPENSES	2019-20	2018-19
Travelling Expenses	**8,49,82,733**	8,81,92,564
Rent	**2,85,05,976**	3,27,43,272
Repair Charges	**-**	20,69,502
Hire of Transport	**3,17,06,447**	4,24,89,107
Electricity / Heating & Fuel Charges	**66,82,254**	62,25,427
Water Charges	**13,540**	5,460
Printing and Stationary	**38,47,414**	28,75,328
Publicity and Sales Promotion	**7,76,105**	8,05,452
Legal Charges	**8,19,370**	10,58,359
Audit & Other Fees		
-Audit Fees	**6,50,000**	6,50,000
-Reimbursement of Expenses	**-**	-
Provision for Redelivery & other charges	**-**	15,66,17,420

Provision for Obsolescence (Net)	**-**	-
Provision for Bad & Doubtful Advances	**2,36,83,327**	8,03,66,628
Exchange Variation (Net)	**(18,76,98,966)**	3,24,21,724
Professional / Consultation Fees & Expenses	**3,83,40,988**	1,95,96,958
Fees to DGCA	**10,74,323**	36,02,890
Office Cleaning Expenses	**1,02,025**	59,939
Entertainment Expenses - General	**4,07,912**	4,49,606
Books & Periodicals - Jeppesen / Technical	**1,90,65,749**	1,37,31,536
Surplus/Loss on Assets sold or scrapped	**-**	-
Other Misc. Expenses	**1,49,33,512**	63,87,795
Interest on delayed payment of TDS	**69,11,717**	1,04,41,134
Interest on delayed payment of Service Tax/GST	**2,31,390**	29,31,972
TOTAL	**7,50,35,815**	5,037,22,074

NOTE NO.- 28 :

(Amount in Rs.)

EXCEPTIONAL ITEM	**As at March 31st, 2020**	**As at March 31st, 2019**
Inventory Migration Surplus		
Aircraft Inventory Written Back	**-**	-
Inventory Migration Account - MRO	**-**	-
Provision for Inventory Reconciliation (Expenses)	**-**	-
TOTAL	**-**	-

NOTE NO.- 29 :

(Amount in Rs.)

DISCLOSURE OF EARNING PER SHARE	**As at March 31st, 2020**	**As at March 31st, 2019**
a) Weighted average number of shares at the beginning of year	**40,225,000**	40,225,000
b) Weighted average number of shares at the end of year	**40,225,000**	40,225,000
c) Net profit after tax available for equity shareholders (Rupees)	**(2,006,264,497)**	(2,923,954,394)
d) Basic and Diluted Earning Per Share (Rupees)	**(49.88)**	(72.69)
e) Par Value of Share (Rupees)	**100**	100

NOTES FORMING PART OF THE FINANCIAL STATEMENTS OF FOR THE YEAR ENDED 31 MARCH 2020

30. Disinvestment Process

(i) In view of the NITI Aayog recommendations on the disinvestment of 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 Air India group in its meeting held on June 28, 2017. CCEA also constituted the Air India Specific Alternative Mechanism (AISAM) committee to guide the process of strategic disinvestment.

The Transaction Advisor, Legal Advisor and Asset valuer have been appointed by AISAM, to guide the Governmentand to carry forward the process of Disinvestment.

(ii) The AISAM in its meetings held on September 21, 2017 and October 05, 2017 decided that:

a.) The following Four Subsidiaries of Air India be demerged and parked in the newly created Special Purpose Vehicle (SPV):

i) Alliance Air Aviation Limited, (AAAL)

ii) AI Airport Services Ltd (AIASL)

iii) Air India Engineering Services Limited (AIESL),

iv) Hotel Corporation of India (HCI)

b.) A Special Purpose Vehicle (SPV) be created for warehousing accumulated working capital loan not backed by any asset along with four subsidiaries AIATSL, AAAL, AIESL, HCI, non-core assets, paintings & artifacts and other non- operational assets. This entity be named "Air India Assets Holding Limited".

(iii) Pursuant to the above decision of the AISAM, the SPV **Air India Assets Holding Limited** (AIAHL) was formed.

(iv) The Ministry of Civil Aviation vide their Letter No. AV.17046/368/2017- AI dated November 03, 2017 directed Air India to demerge the above mentioned four subsidiaries to park it in the SPV. It further directed to transfer the investment in the shares of the subsidiary companies namely AAAL, AIASL, AIESL and HCI from Air India to the SPV company at book values (at value shown in the Balance Sheet as at March 31, 2017 with any addition to "Equity" thereto during the year)

(v) The Board of Air India in its 82nd Board meeting held on November 17, 2017 had given in-principle approval for transferring the interest of Air India in the subsidiary companies viz. AIATSL, AIESL, AAAL and HCI to the SPV after following the necessary procedures under the Companies Act, 2013 and other legal formalities as may be recommended by the legal advisor.

(vi) However, in the AISAM meeting held on 18th June 2018 it was decided that in view of volatile crude price and adverse fluctuation in exchange rate the present environment is not conducive to stimulate interest amongst investors for strategic disinvestment of AI in near future. It has been decided that once the global economic indicators including oil price and the forex regime stabilized, the opinion of strategic disinvestment of Air India should be brought before AISAM , for deliberating the future course of action.

As on date MOCA did not take any decision for disinvestment of Alliance air. MOCA separately decide the contours of the mode of disposal of the subsidiaries viz.Alliance Air Aviation Limited erstwhile Airline

Allied Services Ltd.

31. Contingent Liabilities& Contingent Assets:

A. **In compliance of Ind AS 37 on “Provisions, Contingent Liabilities and Contingent Assets”, the required information is as under:**

Claims against AAAL not acknowledged as debts (excluding interest (for which no claim received) and penalty wherever likely to be applicable) and being contested to the extent ascertainable and quantifiable.

Amount in Rs. lakhs

Description	Opening Balance As on 01.04.2019	Addition During the Year	Utilization during the Year	Reversals during the Year	Balance As on 31stMarch 2020
* Income Tax Demand Notices Received by Company which are under Appeal	392.80	-		22.94	369.86
** Other Claims on account of Other contingent Liabilities	2157.83	5394.95	1104.30	-	6448.48
Grand Total	**2550.63**	**5394.95**	**1104.30**	**22.94**	**6818.34**

**The disputed demands shown above are excluding interest on demand*

No provision has been considered necessary in respect of disputed demand of Income tax amounting Rs. 369.86Lakhs (Previous year’s Rs. 392.80Lakhs) in view of company’s appeals pending with appellate authorities. However, the same is shown above under contingent Liabilities.

B. **** Explanatory Statement in respect of Other Contingent Liabilities**

a.) Standby Letter of Credits under Aircraft Lease and Maintenance Support Agreement for ATR aircraft operations**Rs. Nil Lakhs**(Rs.1104.30lakhs)

(Based on guarantee given by Air India Ltd. the parent company)

b.) Interest liability on account of delay in foreign remittance raised by the vendor, amounting to Rs.700.00 Lakhs(Previous year’s Rs.239.80Lakhs), will not be considered as debt. Negotiation with the vendor is going on for withdrawal of interest claim.

c.) Miscellaneous claim **Rs. 5748.48 lakhs**(Rs.813.73 lakhs)includes:

- Claimstowards invoices against PBH orders and repairsraised by ATR and other foreign vendors but not accepted by AAALamounting Rs. 1333.08Lakhs.
- AISATS Claims amounting of Rs608.12Lakhstowards charges billed which are not as per MSA,thus not accounted by AAAL.
- Unsettled legal claims of Rs.217.06Lakhs(Rs. 149.90 Lakhs) in respect of ongoing legal cases.
- AAAL has issued bank guarantees to AAI at the time of award of RCS sectorsamounting Rs.1664.22Lakhs.
- Rs.1926.00 lakhs towards the amounts of differences identified in the process of reconciliations with Airports Authority.

C. **Provision for Re-Delivery**

Amount in Rs. lakhs

PARTICULARS	For the year ended 31 March 2020	For the year ended 31 March 2019
Balance as at beginning of the year	**1649.18**	3834.86
Provisions created during the year*	**2441.80**	756.02
Interest accretion on provisions during the year	**144.29**	0.00
Amounts utilized/adjusted during the year	**0.00**	2941.69
Impact of exchange loss on restatement of opening provision		
Impact of exchange loss on restatement of closing provision	**419.07**	0.00
Balance as at end of the year	**4654.36**	1649.19
Balance as at end of the year - Non-current	**4654.36**	1649.19
Balance as at end of the year - Current	**0.00**	0.00

*Provision for redelivery obligation: The Company has in its fleet, aircrafts on lease. As contractually agreed under the lease contracts, the aircrafts have to be redelivered to the lessors at the end of the lease term under stipulated contractual return conditions. After the adoption of Ind AS 116 "Leases", 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.

32. Disclosure as per Ind AS 8 "Accounting Policy, Changes in Accounting Estimates and Errors"

During the year the company has recognized prior period error amounting to Rs. 424.32 Lakhs (net)by re-stating the balances of its comparative period i.e. 2018-19 presented including comparative statement of profit and loss.

Since the errors only pertains to the comparative period presented, hence as per Ind AS 8the re-statement has been done in the comparative period only.

a) Nature of Prior period error –

A prior Period error pertains to entries of certain provisions which the parent (Air India Ltd) had transferred to the company and debited as expenditure in the books of the company for 2018-19. The same expenditures were already debited by the company in the year 2018-19 based on their dealing with the parties. The excess expenditure which was transferred by Air India in the nature of provisions is treated as Prior Period Error and the adjustments have been done as per Ind AS 8.

b) Amount of correction done –

Amount in Rs. lakhs

Head of Income/Expense	Balance as on 31.03.2019	Re-stated Balance as on 31.03.2019	Difference (Prior Period Error)
RENT	725.68	327.43	(398.25)
MAINTANCE	21084.89	21192.59	107.69

Head of Income/Expense	Balance as on 31.03.2019	Re-stated Balance as on 31.03.2019	Difference (Prior Period Error)
FLIGHT COMMISSION AND NAVIGATION CHARGES	2242.85	2210.04	(32.82)
EXPENSE ON RESERVATION SYSTEM	4001.31	3574.05	(427.26)
SALARY	7247.35	7543.37	296.02
OTHER STAFF WELFARE	310.60	340.90	30.29

33. Commitments:

a. **Capital & Other Commitments**:

Estimated amount of contracts remaining to be executed on Capital Account are given hereunder:

Amount in Rs. lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Engine Procurement commitment	**2355.32**	NIL

b. **Other Long-Term Commitments: Nil.**

34. Compensation/Credits

Grants Receivable by AAAL

i) AAAL is operating following sectors under VGF Arrangements with respective Govt. authorities:

Sr. No	VGF Signed With	Sectors
I	North-East Council	North-East
II	UT-Lakshadweep	Agatti
III	UT-Daman & Diu	Diu

ii). MOU executed between the Company and Union Territory of Daman & Diu for providing Air Operation Service on VGF model. The MOU with Union Territory of Daman & Diu was valid up to 25.10.2017. AAAL is still providing Air operation services and claiming the VGF amount in terms of MOU valid till 25.10.2017. However, AAAL has already received payments against the services provided till March"20.AAAL request dated 16.1.2019 for the extension of MOU for the years 2017-18 & 2018-19 to Union Territory of Daman & Diu and Dadar Nagar Havelli is in the process of execution.

35. Physical Verification & Reconciliation

a) **Property, Plant and Equipment (PPE)**

As per policy of the company, the biennial exercise of physical verification of Property, Plant and Equipment which was due to be completed in the financial year 2019-20 could not be completed due to Global pandemic of COVID-19.

b) **Physical Verification of Aircraft Inventory**

As per policy of the company, exercise of physical verification of inventory which was due to be completed in the financial year 2019-20., however due to Global pandemic of COVID-19., the physical verification work could not be complete by outside agencies, the agency will complete the same in 2020-21.

c) **Confirmations/Reconciliations**

1) The company has sought confirmation of balances for major receivables, 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. lakhs

Head of Account	Balance as per Books	Balance which is unconfirmed	% of amount unconfirmed
TRADE PAYABLE	80937.23	9906.72	12.24%
TRADE RECEIVABLE	7875.55	967.86	12.00%

2) The reconciliationsof TDS & GST has been outsourced to outside professional firms and the amount shown as on 31st March 2020 are in the agreement with the returns filed.

3) Balance confirmation certificates as on 31st March 2020 have been sent to all vendors and customers. Confirmations have been obtained from 93% of the total amount in case of vendors andin case of the customers all the parties are GovtDept/Ministry and88% of the total dues as on 31st March 2020 are confirmed and out of the total dues from the customer 95%of the amount has been received in 2020-21.

4) The reconciliation and matching of certain unmatched receivable and payables including suspense / Control ledger and staff related accounts are under process. Impact if any or consequential adjustments arising out of the reconciliation although immaterial if any, will be dealt with, in the year of completion of Reconciliation.

36. Internal Control

The company has already taken the steps for strengthening the internal audit process so as to ensure the coverage of all the areas as envisaged in the Minimum Audit Programmeand also to ensure the effective internal control at stations and regional offices. To comply with the same, Independent firm of Chartered Accountants has been appointed 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 management from time to time so as to ensure to implement the effective internal controls at stations, regional offices and user departments and system for uniform and timely accounting entries of transactions in SAP.

Further, company has also appointed an independent professional firm during 2019-20to conduct and evaluate the existing Internal Financial Control (IFC) to further strengthen the internal control system of the Company. The report for the year 2019-20 has also been submitted to the company.

37. Inventories

1. The inventory is mainly comprised of aircraft spares & consumables and tools of ATR aircraft. The spares for exclusive use in ATR aircraft are beingprocured throughAIL's (Air India Ltd) MMD department and recorded with the help of, Inventory Management System called RAMCO system, which is also used for procuring, controlling, issuing and managing the inventory of the entire Air India Group Companies maintained at AIL. For inventory including consumables, which can be commonly used for ATR, Airbus and Boeing aircraft is being procured either by

AIL or by AAAL. The consumption and closing stock is ascertained on the basis of the reports generated from RAMCO system and is based on the global reconciliation for the entire Air India Group companies. The interface between RAMCO and SAP took place in August' 2018, ensuring the correct allocation of inventory to the respective companies, thus, reducing the errors due to manual intervention between inventory systems and accounting system. Based on the advices received from AIL and reconciliation of manual and integrated entries in SAP, the reconciliation differences under various inventory groups viz-a-viz SAP is under process.

2. RAMCO is a comprehensive Maintenance, Repair and Overhaul system for all engineering items. This system was primarily meant for the MRO operations and therefore as per original design system was configured in such way that all transactions will be booked and accounted in a single Operating Unit (OU) vizAir India Engineering Services Ltd. But,after the implementation of this system, management decided to book all the inventory and related transactionsin the respective Airlines.It was therefore a challengeto segregatethe transactions that took place in one single OU (Operated by AIESL) in respective airlines.

   As required, manual segregation of the transactions which were booked in AIESL for transfer to respective Airlines was initiated. This was the starting point of airline wise mismatch of transactions.

   As transactions are carried out in one single OU and then manually separated reconciliation at global level at the end of every year to match the system balances with book balance is required to be carried out.

   To avoid the above mismatch, RAMCOhas come out with a robust functionality so that transactions will get booked correctly in the respective airlines. Further, for this purpose all the inventory items required for respective internal Airlines have been identified and moved to respective airlines in RAMCO system. This functionality was implemented during 2018-19 and all the required changes were done by the RAMCO to implement the same. Due to changes carried out by RAMCO during the year to reconfigure the system, there are some differences in values appearing in RAMCO system viz-a-viz SAP amounting to Rs 1226 lakhs out of which Rs. 628 lakhs has been adjusted in 2020-21. Balance of Rs. 598 lakhs are to be adjusted either against advance or in stock with no impact in profit & loss account.

   During the year, long pending interface between RAMCO and SAP was also implemented so all the transactions which were taking place in RAMCO will now be flown directly to SAP. There are some discrepancies as mentioned above, in the inventory and other accounts which have arisen over the years since implementation of RAMCO due to single OU design and non-interface with SAP. Impact of such discrepancies will be located in 2020-21 and necessary regrouping will be carried out.

3. Goods in transit amounting to **Rs. NIL Lakhs** (Previous year's Rs. 20.70 lakhs) includes items at High Seas, items lying with Customs and items under inspection based on certification by Air India Ltd.

4. Custom Duties, Freight & Incidentals in RAMCO is done on block level instead of at transaction level. 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.

38. Status of Reconciliation with Airport Operators

1. The accounts with BIAL, DIAL, HIAL and MIAL have been reconciled up to 31.03.2020.

2. The subject fact relating to the interests claim on overdue amount has not been received from any private airport operators. During the current year the Air India management has engaged

the services of an outside professional firm for deciding the interest rate of the private operator based on the actual finance cost incurred by them on this account and necessary action will be taken only on reconciliation and confirmation from the private operator. Alliance Air will follow the decision taken by Air India in this regard. On acceptance, the claim on account of interest on overdue amount by Air India, Alliance Air will also accept the same in books in line with Air India.

3. The reconciliation of dues with Airport Authority of India (AAI) is in progress for finalization. However during the year 2019-20 the reconciliation with AAI has been completed for FY 2018-19 and FY 2019-20. Similar process of reconciliation for the previous years prior to FY 2018-19 is also in progress.

4. As per AAALbooks of Accounts, an amount of Rs.4345.50Lakhs (previous year Rs.4295.40Lakhs) was payable to AAI as on 31st March 2020. The accounting of landing, parking and other charges payable has been done to the extent of bills received and provisions made on actual basis, based on the bills received subsequently.

5. Execution of umbrella agreement effective from 1st Jan 2019 between AAI and AIL along with its subsidiary has been signed, which specify space occupied by AIL and its subsidiaries along with applicable rent rates. The credit note arising due to applicability of the revised rate as per umbrella agreement for fourstation has not been received(though amount is not material), hence has not been considered.

6. AAAL started operating on Shirdi Airport from October 2017. Shirdi Airport is a small Airport under the control of Maharashtra Airport Development Company Ltd. (Govt. of Maharashtra undertaking). The Agreement with the airport operator is under process. The bills received for space/electricity and PSF/ASF have been booked, however the payments will be initiated once the agreement is finalized.

39. Segment Reporting

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 under:

Amount in Rs. lakh

Particulars	**FY-2019-20**	**FY-2018-19**
India	99080.51	82161.19
Outside India	222.36	00.00
TOTAL	**99302.87**	**82161.19**

b. The major revenue earning asset of the Company is 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.

40. 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 2019-20.

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. Board of Directors ofAlliance Air Aviation Ltd. (AAAL) (Formerly known as Airline Allied Services Ltd.) (During FY 2019-20 and till date)

Sr. No.	Name	Designation	Date of Appointment	Date of Cessation
1	Shri AshwaniLohani CMD, Air India Ltd.	Chairman	14/02/2019	14/02/2020
2	Shri Rajiv Bansal CMD, Air India Ltd.	Chairman	14/02/2020	Till date
3	Shri Vinod S Hejmadi Director (Finance), Air India Ltd.	Director	20/11/2015	Till Date
4	Shri Pankaj Kumar Regional Director (Northern region), Air India Ltd.	Director	30/08/2019	01/05/2019
5	Shri Prem Singh Negi Regional Director (Northern region), Air India Ltd.	Director	07/10/2019	Till Date
6	Shri AngshumaliRastogi Director (Finance), Ministry of Civil Aviation	Director	12/05/2017	20/01/2020
7	Shri Pranjol Chandra Director, Ministry of Civil Aviation	Director	31/08/2018	Till Date
8	Smt. KusumLata Sharma Director(Finance), Ministry of Civil Aviation	Director	20/01/2020	Till Date

B. Key Managerial Personnel & Relatives

Sr. No.	Name of Key Managerial Personnel	Designation
1.	Mr. C.S. Subbiah	Chief Executive Officer
2.	Mr. Ambar Kumar Mondal	Chief Financial Officer
3.	Mr. Kamal Roul	Chief Financial Officer
4.	Ms. Manjiree M. Vaze	Company Secretary

C. Related parties:

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

Name	Nature of Relationship	Control/Influence
Air India Limited	Holding Company	Entity having control on the company
Air India Engineering Services Ltd.	Associates of Air India	Entity having no significance influence on the company
Air India Air Transport Ltd.	Associates of Air India	Entity having no significance influence on the company

Name	Nature of Relationship	Control/Influence
Hotel Corporation of India	Associates of Air India	Entity having no significance influence on the company
Air India Express Limited	Associates of Air India	Entity having no significance influence on the company

ii) Parties (other than Government of India)

Air India SATS	Associates of Air India	Entity having no significance influence on the company

D. Related Party Transactions

i. During the year 2018-19,a Masters Service agreement (MSA) between Air India Ltd (Holding Company) and Alliance Air Aviation Ltd. (AAAL) (Formerly known as Airlines Allied Services Ltd.) was signed on 19.11.2018. The agreement provides for the exhaustive list for various services that will be rendered by both the parties to each-other. The basis of raising invoices has also been detailed in the agreement.

As per terms of the MSA, invoices of services provided by the parent companies should be accompanied by the Supporting documents, however certain expenses as per MSA has been provided on the basis of advices received from the parent / associate Companies.

This being second year for the implementation of Master Service Agreement (MSA) between AAAL and AIL / other Associate Companies, there are few areas, which need further improvement/ clarification at both end (also approval of holding company), e.g. applicability of GST/ taxes, Interest. Claim of Code Share Services provided by AAAL on behalf of AIL are accounted for on rates other than the rates stated in MSA in respect of minor and infant passengers, amount collected from AAAL's passengers above than the rates stated in MSA are treated as AIL Revenue, claim of Code Share Services accounted for without charging GST, EBT Sale, No Show and cancellation charges etc. are some of the other issues, wherein Companies are in the process to clarify / modify the MSA terms for better presentation and transparency. Impact of the same on the result of the Company is not ascertainable at this stage, therefore not provided.

The interest has been calculated @ 9% on the average of opening and closing balances of AAAL in Air India Ltd books.

In respect of Excess Baggage sale, No show charges, cancellation charges AAAL has considered revenue amounting to Rs766.17LakhsandRs 1734.67 lakhs based on the specific approval of the competent authority of AI and AAAL.

ii. There are no transactions with Key Managerial Personnel except remuneration and perquisites paid Chief Executive Officeramounting Rs. 25.19 Lakhsand to Chief FinancialOfficer amounting Rs.17.13Lakhs for the Year 2019-20.

iii. Transactions such as providing airline related services in the normal course of airline business are not included above.

iv. No Loans or Credit Transactions were outstanding with Directors or Officers of the Company or their relatives at the end of the year.

v. 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 non-Govt. related parties:

E. Transaction details - Related Parties

1. **Parent Company i.e Air India Ltd.:**

Sr. No.	Name of the Entities and Nature of transactions		2019-20 (Amt.in Rs. Lakhs)	2018-19 (Amt.in Rs. Lakhs)
	a.) AIR INDIA LIMITED Opening Balance (Cr.)	A	**166819.67**	**154261.66**
	<u>Expenditure/Debits received</u> **I Debits for Services Rendered**	B	**62606.82**	**71018.52**
	Funds transfer through Bank		53236.40	58671.05
	Payments made to Foreign Vendors		3709.39	8801.28
	Payments made to Indian Vendors		6325.50	4339.53
	Expenses paid by AIL for AAAL (exp*booked through provision)*		(300.23)	2246.58
	Inventory Expenses		(13.45)	(3162.34) (316.23)
	Prior Period		(396.97)	67.76
	Fixed Assets		0.00	3.05
	SAP Maintenance		46.18	51.61
	II Services Provided	C	**1259.12**	**1348.59**
	Handling		770.52	828.10
	SOD		248.88	299.99
	Staff Training Expenses *(booked through provisions)*		11.99	12.38
	Corporate Guarantee Charges		227.72	208.13
	III Interest charged by AIL	D	**14462.55**	**13826.47**
	IVManpower Billing *(Salary of AIL Personnel working for AAAL)*	E	**95.64**	**122.96**
	GST and TDS	F	**972.22**	**724.14**
	GST charged by Air India		1128.36	835.63
	TDS deducted by AAAL on AIL billing		(156.14)	(111.48)
	Revenue/ Credits Received			
	I Revenue	G	**77094.61**	**74294.42**
	Traffic Revenue		71269.97	69196.18
	JN Tax/ GST		3014.50	3033.10
	Commission		(874.83)	(981.27)
	PSF/UDF (Credit)		3684.97	3046.40
	II Billing	H	**88.46**	**188.25**
	Man power billing *Salary of AAAL Personnel working for AIL*		47.69	124.80
	SOD Billing		34.69	39.60

Sr. No.	Name of the Entities and Nature of transactions		2019-20 (Amt.in Rs. Lakhs)	2018-19 (Amt.in Rs. Lakhs)
	GST charged by AAAL		10.32	24.47
	TDS deducted by AirIndia on AAAL billing		(4.23)	(0.62)
	Net H = (B+C+D+E+F-G-H)	I	**2213.29**	**12558.01**
	Closing Balance(Cr.) J = (A + I)	J	**169032.96**	**166819.67**
Note:	Corporate Guarantee given by AIL on behalf of AAAL.	45544.28	41625.78	

	b.) Air India Engineering Services Ltd (AIESL)	2019-20 Amount (in Rs. Lakhs)	2018-19 Amount (in Rs. Lakhs)
	Opening Balance(Cr.)	**2023.12**	**(4832.81)**
	Expenditure Repair Other	9848.46	6422.81
	GST	996.71	1156.23
	TDS	(937.84)	(658.35)
	Sod billing (*revenue)*	(197.91)	(65.26)
	Closing Balance (Cr.)	11732.55	**2023.12**
	Bills booked through provisions	**1369.82**	5359.82
	Receivables	(0.00)	(94.22)

c.) Air India Air Transport Services Ltd (AIATSL)	2019-20 Amount in Rs. Lakhs	2018-19 Amount in Rs. Lakhs
Opening balance	**5228.74**	**2302.36**
Expenditure Handling Charges	2036.06	2640.12
GST	427.94	449.65
TDS	(47.55)	(64.17)
Payment made	-	-
Credit Received Amount claimed for damage SOD Billing	- (11.25)	(89.35) (9.87)
Closing Balance	**7633.94**	**5228.74**
Booked through Provision (Billing & Interest**)**	876.94	502.42
Booked through Receivables	-	(518.05)

d.) Air India Express Limited	2019-20 Amount in Rs Lakhs	2018-19 Amount in Rs. Lakhs
Opening Balance	**(1.44)**	**1.06**
Transfer of Inventory	4.19	2.57
SOD Billing	3.14	(5.07)
Closing Balance (Cr.)	**5.89**	**(1.44)**

e.) Air India SATS AirportServices Pvt. Ltd.	2019-20 Amount in Rs. Lakhs)	2018-19 Amount in Rs Lakhs)
Opening Balance(Cr.)	**1858.95**	**771.19**
Expenditure Handling Charges	987.84	937.72
GST	174.23	168.79
TDS	(19.36)	(18.75)
Payment made	-	-
Closing Balance(Cr.)*	**3001.66**	**1858.95**
Bills booked through provision	**-**	**20.24**

**(Unreconciled amount of Rs.608.12 Lakhs has been provided in contingent liability)*

f.)Hotel Corporation of India	2019-20 (Amount in Rs. Lakhs)	2018-19 (Amount in Rs. Lakhs)
Opening Balance(Cr.)	**16.26**	**0.31**
Expenditure	46.87	32.89
GST	6.21	-
TDS	(4.68)	-
Payments	(22.07)	(16.93)
Closing Balance(Cr.)	**Rs. 42.59**	**Rs. 16.26**

2. **Transactions with Provident Fund Trusts**

Amount in Rs. lakhs

Particulars	2019-20	2018-19		
	PF Contribution during the Year	**Payable as on 31.3.2020**	PF Contribution during the Year	Payable as on 31.3.19
AASL PF Trust	**121.37**	**84.85**	**104.00**	**Nil**

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. lakhs

Sr. No	Name of Entity	2019-20	2018-19
	Expenditure		
i)	Airport Authority of India*(including space)*	**2557.88**	**2516.70**
ii)	*Oil Companies*		
	Indian Oil Co Ltd	**11862.00**	**13682.40**
	Hindustan Petroleum Co Ltd	**4113.52**	**4062.70**
	Bharat Petroleum Co Ltd	**3159.45**	**2575.10**
	Revenue		
i)	**Subsidiary for Operation from Govt.**		
	Govt of India	**23889.22**	**12254.28**
ii)	**Charter Revenue - Others**		
	Govt of India	**219.59**	**174.20**

***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.*

41. 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. 53.24**Lakhs(Previous Year Rs.55.00 Lakhs).

b. Defined Benefit Plan –

1) Provident Fund (Funded)

The company pays fixed contribution to 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.

The company has not obtained the actuary reports for the valuation of Provident Fund in such case till 31.03.2020 and expects that such valuation will be done from the next year i.e. 2020-21. Currently the contributions to such trust are charged to the Statement of Profit & Loss Account which is as follows:

Provident Fund **Rs.121.37 Lakhs** (Previous Year Rs. 104.00 Lakhs)

2) Gratuity (Unfunded)

The Company has a defined benefit gratuity plan in India (unfunded). The company's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund. Gratuity is paid from company as and when it becomes due and is paid as per company scheme for Gratuity. During the year, there were no plan amendments, curtailments and 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:

Amount In Rs

Period	From: 01-04-2019 To: 31-03-2020	From: 01-04-2018 To: 31-03-2019
Present value of the obligation at the beginning of the period	**4,25,78,367**	3,79,90,231
Interest cost	**29,80,486**	29,44,243
Current service cost	**72,30,939**	50,36,820
Past Service Cost	**0**	0
Benefits paid (if any)	**(21,57,946)**	(15,26,495)
Actuarial (gain)/loss	**61,46,303**	(18,66,432)
Present value of the obligation at the end of the period	**5,67,78,149**	4,25,78,367

2.1 (b): Bifurcation of total Actuarial (gain) / loss on liabilities

Period	From: 01-04-2019 To: 31-03-2020	From: 01-04-2018 To: 31-03-2019
Actuarial gain / losses from changes in Demographics assumptions (mortality)	**Not Applicable**	Not Applicable
Actuarial (gain)/ losses from changes in financial assumptions	**45,79,712**	0
Experience Adjustment (gain)/ loss for Plan liabilities	**15,66,591**	(18,66,432)
Total amount recognized in other comprehensive Income	**61,46,303**	(18,66,432)

2.2: Key results (The amount to be recognized in the Balance Sheet):

Period	As on: 31-03-2020	As on: 31-03-2019
Present value of the obligation at the end of the period	**5,67,78,149**	4,25,78,367
Fair value of plan assets at end of period	**0**	0
Net liability/(asset) recognized in Balance Sheet and related analysis	**5,67,78,149**	4,25,78,367
Funded Status - Surplus/ (Deficit)	**(5,67,78,149)**	(4,25,78,367)

2.3 (a): Expense recognized in the statement of Profit and Loss:

Period	From: 01-04-2019 To: 31-03-2020	From: 01-04-2018 To: 31-03-2019
Interest cost	**29,80,486**	29,44,243
Current service cost	**72,30,939**	50,36,820
Past Service Cost	**0**	0
Expected return on plan asset	**(0)**	(0)
Expenses to be recognized in P&L	**1,02,11,425**	79,81,063

2.3 (b): Other comprehensive (income) / expenses (Remeasurement)

Period	From: 01-04-2019 To: 31-03-2020	From: 01-04-2018 To: 31-03-2019
Cumulative unrecognized actuarial (gain)/loss opening. B/F	**(1,94,62,483)**	(1,75,96,051)
Actuarial (gain)/loss – obligation	**61,46,303**	(18,66,432)
Actuarial (gain)/loss - plan assets	**0**	0
Total Actuarial (gain)/loss	**61,46,303**	(18,66,432)
Cumulative total actuarial (gain)/loss. C/F	**(1,33,16,180)**	(1,94,62,483)

2.3 (c): Net Interest Cost

Period	From: 01-04-2019 To: 31-03-2020	From: 01-04-2018 To: 31-03-2019
Interest cost on defined benefit obligation	**29,80,486**	29,44,243
Interest income on plan assets	**0**	0
Net interest cost (Income)	**29,80,486**	29,44,243

2.4: Experience adjustment:

Period	From: 01-04-2019 To: 31-03-2020	From: 01-04-2018 To: 31-03-2019
Experience Adjustment (Gain) / loss for Plan liabilities	15,66,591	(18,66,432)
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: 31-03-2020	As on: 31-03-2019
Number of employees	**738**	556
Total monthly salary	**1,24,79,119**	93,84,094
Average Past Service(Years)	**6.4**	7.5
Average Future Service (yr)	**24.9**	24.1
Average Age(Years)	**35.1**	35.9
Weighted average duration (based on discounted cash flows) in years	**17**	17
Average monthly salary	**16,909**	16,878

3.2: Actuarial assumptions provided by the company and employed for the calculations are tabulated:

Discount rate	7.00 % per annum	7.75 % per annum
Salary Growth Rate	8.00 % per annum	8.00 % per annum
Mortality	IALM 2012-14	IALM 2006-08 Ultimate
Withdrawal rate (Per Annum)	5.00% p.a.(18 to 30 Years)	5.00% p.a.(18 to 30 Years)

Discount rate	7.00 % per annum	7.75 % per annum
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: 31-03-2020	As on: 31-03-2019
Current Liability (Short Term)*	**13,75,036**	13,90,076
Non-Current Liability (Long Term)	**5,54,03,113**	4,11,88,291
Total Liability	**5,67,78,149**	4,25,78,367

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	81,05,463	55,82,910

3.5 (c): Maturity profile of defined benefit obligation: Weighted Average

Weighted average duration (based on discounted cash flows) in years	17	17

3.5 (d): Maturity Profile of Defined Benefit Obligation: Maturity analysis of benefit obligations.

01 Apr 2020 to 31 Mar 2021	13,75,036
01 Apr 2021 to 31 Mar 2022	6,88,393
01 Apr 2022 to 31 Mar 2023	4,78,883
01 Apr 2023 to 31 Mar 2024	6,82,624
01 Apr 2024 to 31 Mar 2025	11,75,851
01 Apr 2025 Onwards	5,23,77,362

3.6: Projection for next period:

Best estimate for contribution during next Period	81,05,463	

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 of one another as some of the assumptions may be correlated. The results of sensitivity analysis are given below:

Period	As on: 31-03-2020
Defined Benefit Obligation (Base)	5,67,78,149 @ Salary Increase Rate : 8%, and discount rate :7%
Liability with x% increase in Discount Rate	5,02,04,835; x=1.00% [Change (12)%]
Liability with x% decrease in Discount Rate	6,45,99,528; x=1.00% [Change 14%]
Liability with x% increase in Salary Growth Rate	6,44,43,649; x=1.00% [Change 14%]
Liability with x% decrease in Salary Growth Rate	5,02,04,835; x=1.00% [Change (12)%]
Liability with x% increase in Withdrawal Rate	5,60,02,066; x=1.00% [Change (1)%]
Liability with x% decrease in Withdrawal Rate	5,76,43,475; x=1.00% [Change 2%]

3.8: Reconciliation of liability in balance sheet

Period	From: 01-04-2019 To: 31-03-2020	From: 01-04-2018 To: 31-03-2019
Opening gross defined benefit liability/ (asset)	**4,25,78,367**	3,79,90,231
Expenses to be recognized in P&L	**1,02,11,425**	79,81,063
OCI- Actuarial (gain)/ loss-Total current period	**61,46,303**	(18,66,432)
Benefits paid (if any)	**(21,57,946)**	(15,26,495)
Closing gross defined benefit liability/ (asset)	**5,67,78,149**	4,25,78,367

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 future, that employees have earned in return for their service in the current and previous years. The benefit is discounted to determine its present value. The obligation is measured on the basis of an actuarial valuation using the projected unit credit method.

2.1 (a): Table Showing Changes in Present Value of Obligations:

Period	From: 01-04-2019 To: 31-03-2020	From: 01-04-2018 To: 31-03-2019
Present value of the obligation at the beginning of the period	**2,27,59,724**	1,61,12,794
Interest cost	**15,93,181**	12,48,741
Current service cost	**37,30,473**	42,51,872

Period	From: 01-04-2019 To: 31-03-2020	From: 01-04-2018 To: 31-03-2019
Benefits paid (if any)	**(1,95,031)**	0
Actuarial (gain)/loss	**(24,05,280)**	11,46,317
Present value of the obligation at the end of the period	**2,54,83,067**	2,27,59,724

2.1 (b): Bifurcation of total Actuarial (gain) / loss on liabilities

Period	From: 01-04-2019 To: 31-03-2020	From: 01-04-2018 To: 31-03-2019
Actuarial gain / losses from changes in Demographics assumptions (mortality)	**Not Applicable**	Not Applicable
Actuarial (gain)/ losses from changes in financial assumptions	**21,35,626**	0
Experience Adjustment (gain)/ loss for Plan liabilities	**(45,40,906)**	11,46,317
Total amount recognized in other comprehensive Income	**(24,05,280)**	11,46,317

2.2: Key results (The amount to be recognized in the Balance Sheet):

Period	As on: 31-03-2020	As on: 31-03-2019
Present value of the obligation at the end of the period	**2,54,83,067**	2,27,59,724
Fair value of plan assets at end of period	**0**	0
Net liability/(asset) recognized in Balance Sheet and related analysis	**2,54,83,067**	2,27,59,724
Funded Status - Surplus/ (Deficit)	**(2,54,83,067)**	(2,27,59,724)

2.3 (a): Expense recognized in the statement of Profit and Loss:

Period	From: 01-04-2019 To: 31-03-2020	From: 01-04-2018 To: 31-03-2019
Interest cost	**15,93,181**	12,48,741
Current service cost	**37,30,473**	42,51,872
Expected return on plan asset	**(0)**	(0)
Expenses to be recognized in P&L	**53,23,654**	55,00,613

2.3 (b): Other comprehensive (income) / expenses (Remeasurement)

Period	From: 01-04-2019 To: 31-03-2020	From: 01-04-2018 To: 31-03-2019
Cumulative unrecognized actuarial (gain)/loss opening. B/F	**1,21,77,803**	1,10,31,486
Actuarial (gain)/loss - obligation	**(24,05,280)**	11,46,317
Actuarial (gain)/loss - plan assets	**0**	0
Total Actuarial (gain)/loss	**(24,05,280)**	11,46,317
Cumulative total actuarial (gain)/loss. C/F	**97,72,523**	1,21,77,803

2.4: Experience adjustment:

Period	From: 01-04-2019 To: 31-03-2020	From: 01-04-2018 To: 31-03-2019
Experience Adjustment (Gain) /loss for Plan liabilities	**(45,40,906)**	11,46,317
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: 31-03-2020	As on: 31-03-2019
Number of employees	**738**	556
Total monthly salary	**1,24,79,119**	93,84,094
Average Past Service(Years)	**6.4**	7.5
Average Future Service (yr)	**24.9**	24.1
Average Age(Years)	**35.1**	35.9
Total Leave With Cap/Without Cap	**33,634/33,636**	32,556/32,556
Total CTC / Availment Rate	**2,49,58,238 / 3%**	1,87,68,188 / 3%
Weighted average duration (based on discounted cash flows) in years	**18**	19
Average monthly salary	**16,909**	16,878

3.2: Actuarial assumptions provided by the company and employed for the calculations are tabulated:

Discount rate	7.00 % per annum	7.75 % per annum
Salary Growth Rate	8.00 % per annum	8.00 % per annum
Mortality	IALM 2012-14	IALM 2006-08 Ultimate
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: 31-03-2020	As on: 31-03-2019
Current Liability (Short Term)*	7,41,733	7,91,039
Non-Current Liability (Long Term)	2,47,41,334	2,19,68,685
Total Liability	2,54,83,067	2,27,59,724

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 of one another as some of the assumptions may be correlated. The results of sensitivity analysis are given below:

Period	As on: 31-03-2020
Defined Benefit Obligation (Base)	2,54,83,067
Liability with x% increase in Discount Rate	2,23,83,225; x=1.00% [Change (12)%]
Liability with x% decrease in Discount Rate	2,92,06,655; x=1.00% [Change 15%]
Liability with x% increase in Salary Growth Rate	2,91,32,058; x=1.00% [Change 14%]
Liability with x% decrease in Salary Growth Rate	2,23,83,225; x=1.00% [Change (12)%]
Liability with x% increase in Withdrawal Rate	2,52,15,379; x=1.00% [Change (1)%]
Liability with x% decrease in Withdrawal Rate	2,57,90,710; x=1.00% [Change 1%]

3.6: Reconciliation of liability in balance sheet

Period	From: 01-04-2019 To: 31-03-2020	From: 01-04-2018 To: 31-03-2019
Opening gross defined benefit liability/ (asset)	2,27,59,724	1,61,12,794
Expenses to be recognized in P&L	53,23,654	55,00,613
OCI- Actuarial (gain)/ loss-Total current period	(24,05,280)	11,46,317
Benefits paid (if any)	(1,95,031)	0
Closing gross defined benefit liability/ (asset)	2,54,83,067	2,27,59,724

42. 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.

43. Earnings Per Share

Amount in Rs. lakhs

Details	As at March 31, 2020	As at March 31, 2019
Profit/ (Loss) after tax	**(20062.64)**	(29239.54)
Weighted Average no. of equity shares	**40225.00**	40225.00

Details	As at March 31, 2020	As at March 31, 2019
EPS Basic & Diluted (In Rs.)	(49.88)	(72.69)

44. The Micro and Small Enterprises Development Act

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 31 March 2020 as required by Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act)

Amount in Rs. Lakhs

Particulars	31-Mar-20	31-Mar-19
a) Amount remaining unpaid to any supplier:		
Principal amount	103.91	67.18
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

45. Remuneration to Auditors

The details of the audit fees and expenses of the Auditors: -

Amount in Rs. lakhs

Particulars	2019-20	2018-19
Audit Fees - For the Year	**6.50**	6.50
Total	**6.50**	6.50

46. Going Concern

The financials of AAAL for the year 2019-20 shows a operating profit of Rs 6508.94 lakh as against Rs.

(14734.59 lakh) for the year 2018-19.

The Revenue as posted in 2019-20 is Rs.118115.39 lakh as against Rs 83627.83 lakh in 2018-19, which shows and 41.24 % increase over last year.

The total passenger carried in 2019-20 is1639757no as against 1597382 no in 2018-19 resulted an 2.65% increase over last year.

The block hours of flight are53476 in 2019-20 as compared with 51758 hours in 2018-19 resulted an increase of 3.31%.

Due to adoption of IND AS 116 the additional impact in Statement of Profit and Loss for the year 2019-20 is as follows.

Amount in Rs. lakhs

S No.	Impact on accounts head	(Increase) / Decrease in Loss INR in lakh
i.	Depreciation is higher by	(22666.95)
ii.	Finance cost is higher by	(7371.18)
iii.	Lease Rent is lower by	25997.12
iv.	Exchange Gain/Loss due to re-instatement of lease liability	(19769.85)
v.	***Net Increase in Loss***	***(23810.85)***

Due to increase of ROE in USD currency, the expenditure to the foreign vendor has increased 9.40 % as compared with Last year.

The profit/ loss as shown (Rs. 20100.06) lakh in 2019-20 as compared with (Rs 29232.34) lakh for the year 2018-19, shows the increase in operating efficiency of the company.

Air India Limited had formulated a Turn Around Plan (TAP) applicable to its group companies in order to improve their operational and financial performance. The Government of India had approved the Turn Around Plan (TAP) in February 2012 with the intention to turn around Air India Limited and its subsidiaries.

In adherence to TAP, induction continued with the addition of 04 new ATR-72-600 aircraft in 2018-19. The fleet at year end comprised 19 aircrafts (01 ATR-42 320 and 18 ATR-72 600). AAAL is contemplating a further induction of 15 aircrafts, out of which 02 is for replacement of ATR-42 320. The two replacement Aircraft are of ATR-72 600 and has been approved by AAAL Board. As a corollary, necessary approvals and processes are being undertaken for induction of at least 08 Aircraft in the first phase and FY 2020-21. The induction is required to meet the increasing RCS route commitments allotted to AAAL.

AAAL carried 1.64 million passengers during 2019-20 as against 1.60 million passengers during 2018-19. The year 2019-20 witnessed a growth of 2.65% in passenger carriage. Similarly, network also expanded from 55 destinations to 61 destinations, 109 departures to 126 departures per day and 607 flights per week to 735 flights per week. The aircraft utilization has increased to 53477 block hours from 51758 block hours at a growth of 3.32% in 2019-20 as compared to 2018-19.

Alliance Air has projected operating revenue of around Rs.85000.00 lakh in 2020-21 as compared to the actual operating revenue of Rs. 99302.87 lakh in 2019-20. This is principally due to increase in effective utilization of ATR72-600 aircraft from the average 8.78 hours to 9.20 hours per day apart from increase in ASKM.

The company has continued to operate to the North Eastern 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 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 Alliance Air is likely to emerge as one of the largest players with its young ATR 72-600 fleet suitable for serving these smaller airports.

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. The company was operating 29 UDAN routes as on 31st March 2019, which at present has risen to 61 routes as on 31st March 2020.Alliance Air is operating around 58% UDAN routes at a growth of 10% from the FY 2019-20. Alliance Air by deploying more resources on UDAN sectors. The Company has actively participated in UDAN-4 and awaiting final allotment. The total UDAN route won by the Company now stands at 95. Alliance Air by deploying more resources on UDAN sectors is moving towards profitability.

The company is also continuously evaluating routes, which are loss making and have consciously shifted the operations from these routes to potentially higher revenue earning routes. It is pertinent to mention that company has participated in UDAN round 3 and 3.1 and resultantly been allotted 52 more routes. The total entitlement of the company on such routes now stands at 95.

The airline is consciously increasing the yield and as at year end the average yield stood at Rs. 4132 per passenger. Further the company has implemented cost saving measures for reduction of cost.

With the support of Air India Limited in providing corporate guarantee for aircraft leases, reservation systems, inventory management, SAP etc. and other various measures taken towards improving company's operational and financial activities, it is evident that Company has already posted operating profit in the year 2019-20 and expected that the financial position of the company would further improve in future.

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 2020-21 and thereafter further consolidate the gains.

47. Revenue

(i) Company is availing the services of an outside agency for the processing of data relating to passenger, cargo, baggage and other revenue. AIL's system has been used for the booking of Tickets etc. Revenue data relating to group is supplied by AIL to the out sourced agency and the processed data is received at their end. Revenue relating to AAAL has been segregated on the basis of code assigned to AAAL, and accounted for on the basis of reports uploaded on FTP server. Sources data for the processing and generation of reports which is basis for the recognition of AAAL revenue is maintained at AIL. As per Industry practice, parent Company is complying all necessary norms to ascertain the authenticity and accuracy of data processed by outsourced agency.

(ii) Cargo Revenue amounting to Rs.94.48lakhs, Cargo commission amounting to Rs4.55 lakhs,Pax commission amounting to Rs870.28lakhs, MSF commission to PGP amounting to Rs195.79lakhs, Bank

Charges on Credit Card Rs835.55 lakhs has been accounted for on the basis of amount allocated by AIL on the basis of report generated by an outsourced agency. Out of above, Pax commission and cargo commission has been accounted for without recording the GST and without deduction of TDS.

48. Regional Connectivity Scheme

Till 31.3.2020 AAAL has been awarded (through bidding process) 95 routes under RCS, out of which 61 are operational. Remaining routes are proposed to be launched in the coming months, which includes 10 routes awarded in second round of allotment, 16 routes awarded in third round of allotment and 08 routes awarded in round 3.1 of allotment, remain non-operational till 31.03.2020, though as per terms of the LOI these are required to be operational during the year 2019-20 . Management is of the view that delay in the route to make operational is based on various factors, delay is not on the part of AAAL, therefore AAAL has no liability for the above stated delay in the route making operational. Management is of the view that delay in the route to make operational is based on various factors, delay is not on the part of AAAL, therefore AAAL has no liability for the above stated delay in the route making operational.

49. 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. 3000 lakhs 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 Arbitral Tribunal. To file an appeal in Delhi High court (Double Bench) against the subject order, AIL deposited Rs. 2200 lakh 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. 2200 lakh as prudence, although the matter is sub-judiced. The last effective hearing was on 18.02.2020,however the matter has been adjourned as the Hon'ble High Court of Delhi is not taking up all the matters due to the Covid-19 Pandemic. The next hearing is now put up on 02.11.2020 for arguments.

50. TDS on Provisional Expenses

Provision has been created for the bills received from the vendor during 2020-21 but the service availed in 2019-20. As per system being followed, the provisions created for 2019-20 is reversed in 2020-21 and the actual bill received in 2020-21 is booked in the vendor ledger after deducting applicable TDS in 2020-21. Due to GST scenario, the bills received in 2020-21 cannot be booked in 2019-20 for which the provision has been created and no income tax is deducted on the provisions.

51. LEASE LIABILITIES

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 lakhs)

Particulars	**As at March 31, 2020 (Rs.)**		**As at March 31, 2019 (Rs.)**	
	Non-Current	**Current**	**Non-Current**	**Current**
Lease Liabilities	**216511.77**	**345.12**	00.00	00.00

b.) Transition to Ind AS 116 -

Leases

Transition Provision:

The Company has adopted Ind AS 116 Leases from 1st April 2019. Ind AS 116 introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

On initial application, the Company elected to adopt the modified retrospective approach, by recognizing the cumulative effect of initially applying the new standard as an adjustment to the opening balance at April 1, 2019, without restating the comparative information.

The company applied Ind AS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under Ind AS 17 were not reassessed/considered. Therefore, the definition of a lease under Ind AS 116 has been applied only to contracts entered into or changed on or after 1st April 2019.

The major impact of adopting Ind AS 116 on the Standalone Statement of Profit and Loss for the year ended 31 March 2020 is as follows:

S No.	Impact on accounts head	INR in Rs. Lakhs
A.	**Profit & Loss for 2019-20**	
i.	Depreciation is higher by	**22666.49**
ii.	Finance cost is higher by	**7371.18**
iii.	Lease Rent is lower by	**25997.12**
iv.	Exchange Gain/Loss due to re-instatement of lease liability	**19769.85**
v.	***Net Impact on P & L***	***23810.39***
B.	**Impact on Balance Sheet as on 01-04-2019**	
i.	Right to use Asset is higher by	**213199.81**
ii.	Retained Earnings is lower by	**5937.43**
iii.	Lease Liability is higher by	**2191.37**

Calculation of Present Value of Remaining Lease Liability on Transition :

As per the agreement, Lease Rentals are to be paid in advance. However, the company makes payment of the same at the month end due to financial and liquidity problem, therefore, for the purpose of calculation of present value of lease liability, the lease rentals are considered to be paid at month end instead of at the beginning of the every month.

Practical Expedients Used:

The Company has applied following other practical expedients on transition to Ind AS 116 on initial application:

a) Use of single average discount rate to portfolio of leases of similar assets in similar economic environment with similar conditions for end date.

b) 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 average of SWAP rates which is the incremental borrowing rate of the company.

c) Not to recognize right of use assets and lease liabilities for leases with remaining lease term of upto 12 months from the date of initial application (i.e. 1 April 2019) by class of asset and leases of low value asset on lease by lease basis.

d) Excluded initial direct costs from measuring the right-of-use asset at the date of initial application

e) Used judgment sight when determining the lease term if the contract contains option to extend or terminate the lease.

The Company's leased assets primarily consist of leases for aircraft and engines.

During the year ended 31 March 2020, the Company has recognized an expense of Rs. 756.44 Lakhs on account of short-term leases which represents leased engines having a remaining lease term of less than 12 months as on Balance Sheet date. The portfolio of other short-term leases to which the Company is committed at the end of the reporting period is not materially different from the portfolio of other short-term leases for which expense has been recognized during the year ended 31 March 2020.

Leases classified under Ind AS 116

Lease liabilities of Rs. 216695.43 Lakhs have been recognized, being the present value of the remaining lease payments, using the incremental borrowing rate applicable to the Company at the date of initial application. Right of use assets of Rs.213199.81 lakhs have been recognized and corresponding lease liabilities of Rs. 216695.43 lakhs with the cumulative effect of applying the standard by adjusting retained earnings amounting to Rs. 5937.43 lakhs.

(Amount in lakhs)

Maturity analysis of lease liabilities	
PARTICULARS	**AMOUNT**
Less than one year	29433.92
One to five years	117735.68
More than five years	101655.21
Total undiscounted lease liabilities at 31 March 2020	**248824.80**
Lease liabilities included in the statement of financial position at 31 March 2020	**217275.97**
Amounts recognised in profit or loss	

(Amount in lakhs)

PARTICULARS	**AMOUNT**
Depreciation expense on ROU Asset	22666.49
Interest on lease liabilities	7226.88
Variable lease payments not included in the measurement of lease liabilities	0
Income from sub-leasing right-of-use assets	0
Expenses relating to short-term leases*	756.44
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	0
***Engines taken on lease has been classified as short-term leases since the lease term is less than 12 months as on the balance sheet date. Due to this the reason management has availed the practical expedient.**	

(Amount in lakhs)

Amounts recognised in the statement of cash flows	
PARTICULARS	**AMOUNT**
Total cash outflow for leases	25997.12

52. Reconciliation of Maintenance Reserve

As per the Original Lease Agreement entered with the vendors during the year 2014-15 the value of MR was based on Fixed Flying Hrs. irrespective of Actual Hrs. of Flying, Hence, accounting of MR was being made on the basis of fixed flying Hrs. on year to year basis. Due to the liquidity problem the management of the company decided to renegotiate the terms of agreement including provision of SBLC at the beginning of each year with the lessor. As per Modified Agreement entered with the vendors in 2019-20 MR is payable based on Actual Flying Hrs. and the reduction in MR have been made effective retrospectively w.e.f 2014-15, Henceforth MR amount will be paid in cash on the basis of monthly bills raised by the lessors.

MR POT BALANCES OF LESSORS AS ON 31.03.2020

LESSOR NAME	MR POT BALANCE AS ON 31.03.2020 CONFIRMED BY LESSOR (USD)	BALANCE IN BOOKS OF AAAL AS ON 31.03.2020 (USD)	CLOSING BALANCE (in INR)
ELIX ASSETS 7 LIMITED	$ 6,684,966.09	$ 6,684,966.09	505,817,959.20
AVAP LEASING ASIA LTD.	$ 4,550,682.43	$ 4,550,682.43	344,327,386.07
DAE	$ 21,416,219.84	$ 21,416,219.84	1,620,458,274.19
GRAND TOTAL	**$ 32,651,868.36**	**$ 32,651,868.36**	**2,470,603,619.46**

Based on the revised agreement as referred to above, excess provision made in earlier years amounting to Rs 18009.98 Lakhs has been taken in the books as Current Year's Income as" Provision no longer required "underMisc. Incomebased on independent opinion taken from an independent firm of chartered accountants.

53. Treatment of Product Support Credit

Product Support Credits are made available by the lessors on the basis of terms and conditions as defined in the lease agreement and subsequent modified agreements. The company has modified its lease agreements with the lessor in respect of Customer Support Credits, according to which such credits can be used against unpaid invoices of the lessee for lease rent.During the year the company has received **Rs. 3359.89** Lakhs as Product Support credits which has been accounted as Income in the current year.

54. The company has registered charges of **Rs. 28050.35 lakhs** (Previous Year Rs. 26830.30 lakhs) with the Registrar of CompaniesU/s 77 of Companies act 2013.The company is in the process of getting the said charges satisfied by following theprocedure prescribed U/s82 ofCompanies Act 2013.

55. 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 2020, 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. lakhs

Particulars	**As at 31st March 2020**	As at 31st March 2019
Borrowings	169022.64	163335.64
Total Debt (A)	**169022.64**	163335.64
Equity Share Capital	**40225.00**	40225.00
Other Equity	(265890.35)	(239852.86)
Total Equity (B)	**(225665.35)**	(199627.87)
Debt Equity Ratio (A/B)	**(0.75)**	(0.82)

Return on Equity:

Amount in Rs. lakhs

Particulars	**For the year ended 31.03.2020**	**For the year ended 31.03.2019**
Profit /(Loss) for the year	**(20062.64)**	**(29239.54)**
Equity Share Capital	40225.00	40225.00
Other Equity	(265890.35)	(239852.87)
Equity Attributable to owners of the company	**(225665.35)**	**(199627.87)**
Return on Equity Ratio (%)	**(8.89%)**	**(14.65%)**

56. Fair value measurement and financial instruments

Financial instruments – by category and fair value hierarchy

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

i) **As on 31 March, 2020**

(Amount in Rs Lakhs)

Particulars	**Carrying Value**				**Fair value measurement using**		
	FVTPL	**FVTOCI**	**Amortized Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial Assets							
Non-Current							
Others**			8153.21	8153.21	0.00	0.00	0.00
Current							
Trade Receivables*			7875.55	7875.55	0.00	0.00	0.00

Particulars	Carrying Value				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Cash and Cash equivalents*			3077.49	3077.49	0.00	0.00	0.00
Bank balances other than (b) above*			143.56	143.56	0.00	0.00	0.00
Loans*			4439.59	4439.59	0.00	0.00	0.00
Other			1892.14	1892.14	0.00	0.00	0.00
Financial liabilities							
Non-Current							
Other							
Current							
Borrowings			169022.63	169022.63	0.00	0.00	169022.63
Trade Payables			80937.23	80937.23	0.00	0.00	0.00
Other			5039.15	5039.15	0.00	0.00	0.00

ii) As on 31 March, 2019 **(Amount in RS in Lakhs)**

Particulars	Carrying Value				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial Assets							
Non-Current							
Others			10937.74	10937.74	0.00	0.00	0.00
Current							
Trade Receivables*			9868.53	9868.53	0.00	0.00	0.00
Cash and Cash equivalents*			384.84	384.84	0.00	0.00	0.00
Bank balances other than (b) above*			2198.25	2198.25	0.00	0.00	0.00
Loans*			1753.79	1753.79	0.00	0.00	0.00
Other			1382.57	1382.57	0.00	0.00	0.00
Financial liabilities							
Non-Current							
Other							

Particulars	Carrying Value				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Current							
Borrowings			163335.64	163335.64	0.00	0.00	163335.64
Trade Payables			57155.76	57155.76	0.00	0.00	0.00
Other			26551.28	26551.28	0.00	0.00	0.00

*The Carrying amounts of trade receivable, trade payable, cash and cash equivalent, bank balance other than cash and cash equivalent and other financial assets and liabilities, approximates the fair values, due to their short-term nature.

** Other non-current Financial Asset 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.

57. 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. Interest rate risk

  b. Currency risk

The Company's principal financial liabilities comprise of loan and borrowings, trade and other payables and derivatives. 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. 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 procedure and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objective. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivative for speculative purpose may be undertaken. 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) 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 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.

The company sells majority of its passenger service against deposits made by agents (customers) and through online channels.

On adoption of Ind AS 109, the company uses 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 receivable. The provision matrix takes into account available internal credit risk factors such as the Company's historical experience for customers. Based on the business environment in which the company operates, management considers that the trade receivable (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. 7875.55lakhs** (Rs9868.53 lakhs) relating to revenue generated from passenger services.

The Companies exposure to credit risk for trade receivables is as follows:

Amount in Rs. Lakhs

Particulars	**As at 31/03/2020**		**As at 31/03/2019**	
	Gross Carrying Amount	**Loss Allowance**	**Gross Carrying Amount**	**Loss Allowance**
Debts not due				
Debts over due	7875.55	(26.46)	9868.54	(50.20)

Movement in the allowance for impairment in respect of trade receivables

(Amount in Rs. Lakhs)

Particulars	**For the year ended 31st March 2019**	**For the year ended 31st March 2019**
Balance at the beginning of the Year	502.00	27.31
Addition during the year	236.83	474.69
Write off/Adjustments made during the year	(474.23)	0.00
Balance at the end of the Year	264.61	502.00

(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, 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, and its fully available, revolving undrawn credit facility of **Rs. Nil** (31 March

2019: Rs. 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 with 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 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 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 amount are gross and undiscounted, and includes interest accrued but not due.

(Amount in Rs. Lakhs)

		Contractual Cash Flows			
As at 31st March 2020	**Carrying Amount**	**Upto 1 year**	**1-5 Year**	**More than 5 years**	**Total**
Payable to Holding Company	169022.63	169022.63			169022.63
Trade payables	80937.23	80937.23			80937.23
Other Financial Liabilities	5039.15	5039.15			5039.15
Aircraft Lease	217275.97	29433.92	117735.68	101655.21	248824.81
GMSA	1237.12	3562.34	0.00	0.00	3562.34
Totals	**473512.10**	**287995.27**	**117735.68**	**101655.21**	**507386.16**

		Contractual Cash Flows			
As at 31st March 2019	**Carrying Amount**	**Upto 1 year**	**1-5 Year**	**More than 5 years**	**Total**
Payable to Holding Company	163335.64	163335.64	0.00	0.00	163335.64
Trade payables	57155.76	57155.76	0.00	0.00	57155.76
Other Financial Liabilities	26551.28	26551.28	0.00	0.00	26551.28
GMSA	3957.58	3255.80	0.00	0.00	3255.80
Totals	**251000.26**	**250298.48**	**0.00**	**0.00**	**250298.48**

(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's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings with floating interest rates.

The exposure 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. Lakhs)

Variable-rate instruments	**As at 31st March 2020**	**As at 31st March 2019**
Payable to Holding Company	169022.64	163335.64
Total	**169022.64**	163335.64

Interest rate sensitivity analysis

A reasonably possible change of 0.50 % in interest rates at the reporting date would have affected the profit or loss by the amounts shown below. This analysis assumes that all other variables, in particulars foreign currency exchange rates, remains constant.

Particulars	**Statement of Profit and losses.**	
Increase/(decrease) in the interest on foreign currency term loans-from others and on finance lease obligation.	Increase by .50 %	Decrease by .50 %
For the year ended 31 March 2020	84.51	(84.51)
For the year ended 31 March 2019	81.67	(81.67)

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.

58. 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 rendering of services (Passenger and cargo). The following is a description of the principal activity.

Nature, timing of satisfaction of performance obligation and significant payment terms

Passenger revenue is recognized on flown basis i.e. after rendering the services, revenue recognised 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 contractually agreed credit period as per the Master Service Agreement with Air India.

Disaggregation of revenue

Revenue is disaggregated by type and nature of services of revenue recognition.

Rendering of services

Amount in Rs. Lakhs

S.No.	Particulars	31 March 2020	31 March 2019
1	Passenger	**70478.70**	69159.88
2	Excess Baggage	**766.17**	4.88
3	Mail	**21.03**	0.43
4	Cargo	**94.49**	28.22
5	Charter	**307.99**	205.83
6	Subsidy for Operation form Government	**23889.22**	12254.28
7	Handling Servicing and Incidental Revenue	**3745.27**	507.67
	Total	**99302.87**	**82161.19**

The following table provides information about the opening and closing balance of trade receivables:

Amount in Rs Lakhs

Particulars	31 March 2020	31 March 2019
Trade Receivable	**7875.55**	9868.53

As on 31st march 2020 company is operating under Regional Connectivity Scheme (RCS) in 61 no of routes, which has been awarded to the company on two rounds for validity of 3 years through bidding process. In terms of the RCS agreement, company is required to sell specified seats at agreed subsidized fare inclusive of taxes. On compliance with the terms of the agreement, company is eligible for the VGF Claim amount.

Since the RCS routes are awarded through bidding process for a period of 3 years, the route is open to all carriers after this period subject to availability of slots & other requirements.

Practical expedients applied as per Ind AS 115:

a. The company has not disclosed information about remaining performance obligations that have original expected duration of one year or less.

b. The Company does not expect to have any contracts for which revenue is recognised during the year where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company has not adjusted the transaction prices for the time value of money.

59. The figures have been rounded off to the Rupees in Lakhs except under note no. 41 in which amount in absolute terms has been taken.

60. Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

Our operations have been severely impacted due to the Covid-19 pandemic. The Government of India declared a national lockdown with effect from 24 March 2020. As a result, no scheduled passenger flights were operated between 24 March 2020 and 24 May 2020. Our revenues were materially impacted by the shutdown of air traffic during this period. During the same period, we continued to incur committed expenditure with respect to our employees, aircraft related expenditures such as lease rentals and other expenditures. This has significantly impacted our profitability.

The Company has also considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets to be recovered. The unprecedented nature of the pandemic makes the future business environment uncertain as on the reporting date, however, we will continue to carry out the impact assessment on our assets and closely monitor any material changes to future economic conditions.

61. Previous Years figures have been re-casted/re-arranged in line with IND-AS requirements.

Signatures to the Schedules forming part of the Balance Sheet and Statement of Profit and Loss and to the above notes.

For S.K Kapoor & Co.
Chartered Accountants
Firm Registration No. FRN NO.000745C

Sd/-
V. B. Singh
Partner
Membership No: 073124
UDIN: 20073124AAAADF8843

Place : New Delhi
Date : 20/10/2020

For and on behalf of the Board of Directors of Alliance Air Aviation Limited

Sd/- **(Rajiv Bansal)** Chairman DIN 00245460	Sd/- **(Vinod Hejmadi)** Director DIN : 07346490	Sd/- **(C. S. Subbiah)** CEO, AAAL
Sd/- **(Manjiree M. Vaze)** Company Secretary ACS-16028	Sd/- **(Ambar Kumar Mondal)** Chief Financial Officer	

Place : New Delhi
Date : 20/10/2020

HOTEL CORPORATION OF INDIA LIMITED

CONTENTS

BOARD OF DIRECTORS (as on 30 December 2020)

Shri Rajiv Bansal Chairman
Smt Amrita Sharan
Shri Vimalendra Patwardhan
Shri Satyendra Kumar Mishra

Chief Executive Officer

Shri Deepak Khullar

Chief Financial Officer

Smt Thrity C Dalal

Company Secretary

Kum Shyamala P Kunder

Auditors

M/s Sara & Associates

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

1st Floor, Transport Annexe Building
Air India Complex, Old Airport,
Santa Cruz (E) Mumbai-400029

CHAIRMAN'S MESSAGE

Dear Shareholders,

With pleasure I would like to present to you the 49th Annual Report of the Company for the year 2019-20.

PERFORMANCE OF THE COMPANY

The over-view of the performance of the Company for the year 2019-20 is as follows :

1. On 24 March 2020, the Indian government announced a strict 21-day lockdown which was further extended by 19 days and further extended by 17 days i.e. upto31 May 2020 across the country to contain the spread of the COVID-19. Hence the revenue for the period 21 March 2020 to 31 March 2020 is impacted to the extent of approx. Rs 150 lakhs.
2. Effective 1 April 2019, the Company adopted IND AS 116 "Leases " and applied the standard to all lease contracts existing on 1 April 2019 by electing "Prospective approach with the cumulative effect" at the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right-of-use asset at its carrying amount as if the standard had been applied since the commencement date of the lease. On transition, the adoption of the new standard resulted in recognition of "Right-of-use assets" of Rs.3330.52 lakhs and a "Lease Liability" of Rs.3584.64 lakhs. Consequent to the application of this standard, lease cost for the year was lower by Rs.275.67 lakhs, and depreciation and interest is higher by Rs.276.94 lakhs and Rs254.12 lakhs respectively.
3. 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 8 August 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 August 2008. The wage revision was implemented in the financial year 2019-20. Estimated provision for arrears of Rs.963.60 lakhs has already been made in 2018-19. Further provision if required would be made once the arrears working is completed.
4. In view of the above the summary of the financial results is as under:
   - During the year, the Total Revenue had increased to Rs.6762.53 lakhs as against Rs 6728.30 lakhs in the previous year, an increase of Rs.34.23 lakhs over 2018-19.
   - The Total Operating Expenditure was reduced to Rs.8948.39 lakhs as against Rs.9113.99 lakhs in the previous year i.e a reduction of Rs.165.60 lakhs (2%)
   - In view of the above, the Gross Operating Loss was reduced to Rs.2185.86 lakhs as against Rs.2385.68 lakhs during the previous year (a reduction of Rs.199.83 lakhs i.e. 8%).
   - Interest of Rs.2873.66 lakhs (previous year Rs.2968.76 lakhs) was charged to the P&L account, mainly on account of reimbursement of finance costs to AI on borrowings for operational requirements Rs.2607.84 lakhs (previous year Rs.2573.91 lakhs) and interest on lease liability payments Rs.254.12 lakhs.
   - Depreciation and amortization for the year was reduced to Rs. 495.29 lakhs in the current year as against Rs.1508.23 lakhs in the previous year mainly due to:
     i) reassessment of the useful life of Delhi properties for lease of land from AAI upto 31 March 2031 as against 30 November 2019 last year (current year Rs.163.57 lakhs against previous year Rs.1188.00 lakhs)

ii) in view of amortization expenses due to applicability of IND AS 116 – Leases, Amortisation for Right to Use Assets Rs.276.94 lakhs.

- The Net loss before exceptional items & Other Comprehensive Income was reduced to Rs.5554.81 lakhs as against Rs.6862.68 lakhs (i.e by Rs.1307.87 lakhs - 19% reduction over previous year).
- Other Comprehensive Income was the Remeasurement (Loss) on Defined Benefit Obligation i.e. the Actuarial valuation (Loss) on Gratuity and Post Retirement Medical Benefit Plans – Rs.999.89 lakhs (as against Rs.257.67 lakhs in previous year) mainly on account of one time impact of union category wage revision implemented in August 2019.
- In view of the above, the Net Loss was Rs.6554.70 lakhs as against Rs.7120.35 lakhs during the previous year (reduction of Rs.565.65 lakhs -8% over previous year).

HOTEL INDUSTRY SCENARIO

Introduction

The Indian tourism and hospitality industry has emerged as one of the key drivers of growth among the services sector in India. Tourism in India has significant potential considering the rich cultural and historical heritage, variety in ecology, terrains and places of natural beauty spread across the country. Tourism is also a potentially large employment generator besides being a significant source of foreign exchange for the country. As of 2019, 4.2 crore jobs were created in the tourism sector in India, which was 8.1 per cent of the total employment in the country. The number is expected to rise by two per cent annum to 52.3 million jobs by 2028.

According to WTTC, India ranked third among 185 countries in terms of travel and tourism's total contribution to GDP in 2018. India ranked 34 in the Travel and Tourism Competitiveness Report 2019 published by the World Economic Forum.

Market Size

India is the most digitally advanced traveller nation in terms of digital tools being used for planning, booking, and experiencing a journey. India's rising middle class and increasing disposable income has supported the growth of domestic and outbound tourism.

During 2019, foreign tourist arrivals (FTAs) in India stood at 10.89 million, achieving a growth rate of 3.20 per cent y-o-y. During 2019, FEEs from tourism increased 4.8 per cent y-o-y to Rs 1,94,881 crore (US$ 29.96 billion). In 2019, arrivals through e-Tourist Visa increased by 23.6 per cent y-o-y to 2.9 million.

International hotel chains are increasing their presence in the country, and it will account for around 47 per cent share in the tourism and hospitality sector of India by 2020 and 50 per cent by 2022.

Investments

India was globally the third largest in terms of investment in travel and tourism with an inflow of US$ 45.7 billion in 2018, accounting for 5.9 per cent of the total investment in the country. Hotel and Tourism sector received cumulative FDI inflow of US$ 15.28 billion between April 2000 and March 2020.

Government Initiatives

The Indian Government has realised the country's potential in the tourism industry and has taken several *steps to make India a global tourism hub. Some of the major initiatives planned by the Government of India to boost the tourism and hospitality sector of India are as follows:*

- *Ministry of Tourism launched "DekhoApnaDesh" webinar series to provide information on many destinations and sheer depth and expanse on the culture and heritage of India.*
- *Ministry of Tourism launched Audio Guide facility App called Audio Odigos for 12 sites in India (including iconic sites).*
- *Prime Minister, Shri Narendra Modi urged people to visit 15 domestic tourist destinations in India by 2022.*
- *Statue of Sardar Vallabhbhai Patel, also known as 'Statue of Unity', was inaugurated in October 2018. It is the highest standing statue in the world at a height of 182 metre. It is expected to boost the tourism sector in the country and put it on the world tourism map.*
- *Government of India is working to achieve one per cent share in world's international tourist arrivals by 2020 and 2 per cent share by 2025.*
- *Under Budget 2020-21, the Government of India has allotted Rs 1,200 crore (US$ 171.70 million) for development of tourist circuits under Swadesh Darshan for eight Northeast states.*
- *Under Budget 2020-21, the Government of India has allotted Rs 207.55 crore (US$ 29.70 million) for development of tourist circuits under PRASHAD scheme.*
- *In 2019, Government reduced GST on hotel rooms with tariffs of Rs 1,001 (US$ 14.32) to Rs 7,500 (US$ 107.31) per night to 12 per cent and those above Rs 7,501 (US$ 107.32) to 18 per cent to increase India's competitiveness as a tourism destination.*
- *In September 2019, Japan joined a band of Asian countries, including Taiwan and Korea among others, to enter India's tourism market.*

Achievements

Following are the achievements of the Government during 2019-20:

- *During 2019-20, an additional fund Rs 1,854.67 crore (US$ 269.22 million) was sanctioned for new projects under the Swadesh Darshan scheme.*
- *Ministry of Tourism sanctioned 18 projects covering all the North Eastern States for Rs 1,456 crore (US$ 211.35 million) to develop and promote tourism in the region under Swadesh Darshan and PRASHAD schemes.*
- *Statue of Sardar Vallabhbhai Patel, also known as 'State of Unity', was inaugurated in October 2018 and the total revenue generated till November 2019 stood at Rs 82.51 crore (US$ 11.81 million).*

Road Ahead

India's travel and tourism industry has huge growth potential. The industry is also looking forward to the expansion of e-Visa scheme, which is expected to double the tourist inflow in India. India's travel and tourism industry has the potential to expand by 2.5 per cent on the back of higher budgetary allocation and low-cost healthcare facility according to a joint study conducted by Assocham and Yes Bank.
*Note: *in US$ terms*

***Note:** Conversion rate used in April 2020, Rs 1 = US$ 0.013123*
***References**: Media Reports, Ministry of Tourism, Press Releases, Department for Promotion of Industry and*

Internal Trade (DPIIT), Press Information Bureau (PIB), Union Budget 2020-21.

CHALLANGES FACED BY THE COMPANY

- During the year efforts were made to augment the revenue in all the units of the Company viz., CHDA (including CFCD), CFCM and CLVH with the limited resources it had. Out of the fund received from the Government of India by way of equity infusion in previous years, some basic cosmetic changes were made in CHDA and CLVH to improve the standard of these units. Since due to lack of fund all these properties could not be upgraded to bring them at par with others in the Industry, the market share had been falling year by year, resulting lower revenue, which in turn left lower funds or no funds for renovation.
- Over the 45000 sq. mts land parcel leased from Airports Authority of India (AAI) for the Delhi units i.e. CHDA, CFCD was required to be handed over to AAI by November 2019, as the land parcel was required for airport expansion by them. However, in December 2019 a communication was received from the Ministry intimating that "AAI/DIAL require the land for aeronautical purpose in Phase-4 development as per Master Plan submitted by DIAL in 2026 wherein the development is proposed during 2026-2034. In view of the same, Management decided to continue usage of the land on which Centaur Hotel Delhi Airport (CHDA) and Chefair Flight Catering Delhi (CFCD) as the same was not required to be handed over to the Airports Authority of India (AAI) till the expiry of existing lease period i.e. upto 31 March 2031.
- Accordingly, HCI would be exploring the possibilities of running both these Units under Operations & Maintenance (O&M) contract on "AS IS WHERE IS BASIS". The Unit would then be offered under O&M contract after taking necessary approval from the AAI to run the units on O&M contract and continue running the units till actual transaction takes place
- With regard to Centaur Hotel Lake View, Srinagar, due to insurgency in the valley, the business of the unit had been affected to a great extent, resulting into lower revenue.
- With the outbreak of Covid-19 and declaring it as Pandemic and subsequent Lockdown announced nation-wide, the business at all the Units was affected adversely.
- All the above factors had resulted in the Company being unable to take advantage of the high growth potential of the Tourism Industry and various initiatives taken by the Government and had to continue to struggle for its survival. In view of all these factors, it has been difficult to plan and maintain a long-term strategy for revival of the Company.

VISION

The Company is committed to curtail its losses by implementing consistent and stringent measures for cutting the overall expenditure, thereby lowering its losses gradually. Various initiatives are being undertaken by the management for improving the operational performance of the Company and increasing the revenues leading to improved financial performance.

Unit-wise details of Revival Plan :

Out of the total fund provided by the government by way of equity infusion i.e. Rs.27 Crore, renovation of two properties in Delhi and Srinagar, viz., Centaur Hotel Delhi Airport (CHDA), Chefair Flight Catering, Delhi (CFCD) and Centaur Lake View Hotel, Srinagar (CLVH) were carried out to upgrade these properties,

Chefair Flight Catering Mumbai and Delhi

Even with assured business from Air India of its 30% catering business to these Units, due to shortage of funds, the units could not be upgraded to enable to meet the increased demand. Inspite, with concerted effort during the year under review, number of flights catered has increased from17476 in the year 2018-19

To 18318 in the year 2019-20.

ACKNOWLEDGEMENT

I take this opportunity to thank my colleagues on the Board for their valuable guidance and employees of all the units for their efforts to continue the business with the limited available resources.

Sd/-

(Rajiv Bansal)
Chairman

Date : 24 December 2020
Place : New Delhi

DIRECTORS' REPORT

The Directors have pleasure in presenting their Forty-ninth Annual Report and the Audited Accounts for the year ended 31 March 2020.

REVIEW OF FINANCIAL PERFORMANCE :

(Rupees in Lakhs)

PARTICULARS	2019-20	2018-19	Variance
TOTAL REVENUE	**6762.53**	**6728.30**	34.23
TOTAL OPERATING EXPENDITURE	**8948.39**	**9113.99**	-165.60
GROSS OPERATING (LOSS)	**(2185.86)**	**(2385.68)**	-199.83
INTEREST	**2873.66**	**2968.76**	-95.10
CASH (LOSS)	**(5059.52)**	**(5354.45)**	-294.93
DEPRECIATION	**495.29**	**1508.23**	-1012.94
NET (LOSS) BEFORE EXCEPTIONAL ITEMS	**(5554.81)**	**(6862.68)**	-1307.87
OTHER COMPREHENSIVE INCOME	**(999.89)**	**(257.67)**	742.22
NET (LOSS) CARRIED TO BALANCE SHEET	**(6554.70)**	**(7120.35)**	-565.65

OTHER FINANCIAL INFORMATION

SHARE CAPITAL :

As on 31 March 2020, the Authorised Share Capital of the Company was Rs.150,00,00,000/- (Rupees One hundred fifty Crore) divided into 150,00,000 shares of Rs.100/- each.

As on 31 March 2020, 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 137,60,000 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 Air India 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 2019-20

The Government had not approved Annual Plan Outlay for 2019-20.

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 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.

INDUSTRIAL RELATIONS

Personnel

As on 31 March 2020 the Company had on its payroll a total of 575 employees as against 662 as on 31 March 2019, in the Head Office and various Units of the Company. The Management's relations with the employees continued to be good and cordial during the year under review.

Wage Settlement

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 8 August 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 August 2008. The wage revision was implemented during the year.

Training & Development

During the year under review, opportunities were provided to its employees at all levels to acquaint themselves with Modern Management, Technical Concept and latest innovation in the Hotel Industry through sponsoring them for various Seminars, Conferences and various short duration Refresher Courses organised by various agencies.

VIGILANCE

During the year under report, periodic surprise checks and inspections were carried out at all units of HCI. Report to various agencies have been sent based on inputs received from the administrative department. During the year, procedural advice was rendered from time to time in matters pertaining to tender/purchase procedures. Vigilance Awareness Week was observed from 29 October 2019 and 2 November 2019.

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 were 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.

SC/ST/OBC – Number of employees as on 31 March 2020.

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
575	133	23.13%	43	7.48%	62	10.78%

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

Energy conservation continues to be given a high priority by the Company. Constant efforts are being made to reduce energy consumption. Energy conservation has been made possible due to automation and better controls.

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

During the year 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)

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.

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 successfully ensured compliance with the provisions of Right to Information Act for providing information to the citizens.

Hotel Corporation of India Limited has decentralized its structure to deal with the applications/appeals received under RTI Act and has 4 Assistant Public Information Officers (APIOs), 5 Public Information Officers (PIOs) and an Appellate Authority have been appointed for speedy disposal of applications/appeals.

During 2019-20, **22** Requests/Appeals were received out of which 20 Requests/ Appeals were disposed off, and 2 were carried forward.

SEXUAL HARASSMENT :

The Company has a Cell 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. All employees (permanent, contractual, temporary, trainees) are covered under this.

During the year 2019-20 **one** complaint pertaining to sexual harassment was received and reports and findings submitted. Final action is to be taken by the Competent Authority.

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)(i), no major changes have occurred which have affected the financial position of the Company between 31 March 2020 and the date of Board's Report.

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 2019-20 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 is given below :

Sr. No.	Date of Meeting	Board Strength	No. of Directors Present
246	26 April 2019	4	3
247	23 July 2019	4	3
248	18 November 2019	4	3
249	4 March 2020	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 2020 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 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 I**.

AUDITORS :

M/s. Sara & Associates, Chartered Accountants were appointed as the sole auditors of the Company for the financial year 2019-20 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 UC Shukla & Company, Practicing Company Secretary, Mumbai, to conduct Secretarial Audit for the financial year 2019-20.

The Secretarial Audit Report for the financial year ended 31 March 2020 is enclosed at **Annexure II** .

Management's Reply on the observations contained in the Secretarial Audit Report

A) Independent Directors

(i) The Companies Act, 2013 (the Act) and the rules made thereunder subject to the following observations:

(a) *Since the Company is not required to appoint Independent Directors, being a subsidiary of a Public Limited Company (Air India Limited), the Audit Committee is constituted without Independent Directors. Thereby non-compliance of the provision of Section 177 (2) of the Act read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014, which inter alia requires an Independent Director as a member of the Audit Committee.*

(b) *The Company has not constituted Nomination & Remuneration Committee as required under Section 178 of the Act read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014.*

(ii) <u>Under the DPE Guidelines following observations</u> :

(i) *The Board of Directors of the Company is not constituted as per Clause 3.1 of the DPE Guidelines, namely there is no optimum combination of functional, nominee and independent directors and number of nominee directors; exceeds the prescribed limit of two.*

(ii) The Company had no Independent Director as required under the Clause 3.1.1.4 of the DPE Guidelines during the period 1st April,2019 to 31st March,2020.

(iii) Since the Company had no Independent Director, composition of the Audit Committee was not as per the Clause 4.1.1 and 4.1.2 of the DPE Guidelines during the audit period.

(iv) The Company has not constituted Remuneration Committee as required under Clause 5.1 of the DPE Guidelines.

Management's Comments

It is a statement of fact.

Hotel Corporation is a subsidiary of Air India Limited and an unlisted Public Limited Company. Further, as per the provisions of Article 97 of its Articles of Association, Air India Limited in consultation with the Government of India shall control the composition of the Board of Directors of the Company within the meaning of that expression as used in the Companies Act. However, there were no Independent Directors appointed on the Board of HCI and the matter was taken up with the Ministry of Civil Aviation through Air India Limited.

Since no Independent Directors were appointed by the Government of India during 2019-20, provisions of Section 177(2) and Section 178 of the Companies Act, 2013 and Clause 4.1.1 and 4.1.2 of the DPE Guidelines could not be complied with.

B) Women Directors

(i) *The Company does not have one Woman Director as required under Section 149 of the Act from 1st April, 2019 to 31st March, 2020.*

It is a statement of fact.

Hotel Corporation is a subsidiary of Air India Limited and an unlisted Public Limited Company. Further, as per the provisions of Article 97 of its Articles of Association, Air India Limited in consultation with the Government of India shall control the composition of the Board of Directors of the Company within the meaning of that expression as used in the Companies Act.

Accordingly, as per the direction of the Ministry of Civil Aviation, Air India Board in its meeting held on 11 September 2020 appointed Smt. Amrita Sharan, Director (Personnel), Air India Limited as a Nominee Director on the Board of the Company *vice* Shri Vinod Hejmadi, in order to comply the provision of nomination of Women Director on the Board of the Company.

C) Quarterly Financial Results

(i) *Minimum information as prescribed in Annexure IV to the DPE Guidelines are generally placed before the Board as required under clause 3.3 of the guidelines except quarterly financial results and foreign exchange exposure and steps taken to limit the risk.*

Management's Comments

The Board is kept informed of the quarterly financial results in its Board meetings which is held quarterly, however no separate Agenda item is placed. Management will take necessary action to comply the same in future. With regard to foreign exchange exposure, Company does not deal with foreign exchange and the same is reflected in the Directors' Report of the Company which is placed before the Board.

Regarding observations on the compliance management system viz.

a) To designate a senior employee as Compliance Officer;

b) To establish and maintain effective co-ordination of functional units with compliance officer;

c) Present quarterly compliance report to the Board.

d) Maintain a compliance check list and establish mechanism to detect the non-compliance.

e) Maintain a register of complaints/show cause notices received from various authorities.

f) Place before the Board details of legal cases filed by and against the Company and its status.

Management's Comments

On Point a) to e) above, efforts will be made by the Management to fulfil the above requirements.

On point f) the details of legal cases are reflected the Accounts of the Company under the head "Contingent Liability" including employee related cases, which cannot be quantified and the Accounts are placed before the Board for approval.

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 were 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.

RISK MANAGEMENT

Since the revenue of HCI is tied up through its parent company Air India and the parent company is having adequate risk management policy in case of sales through Agents, credit cards, etc. by establishing a Capping monitoring policy, Bank Guarantee policy, Risk monitoring through Risk engine attached to web portal, HCI being its subsidiary is not prone to high business risk.

Therefore the Company does not have any Risk Management Policy yet as the element of risk threatening the Company's existence is very minimal.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules 2014, extract of Annual Return in form MGT 9 is uploaded on the website of the Company, i.e. www.centaurhotels.com.

Details of Key Managerial Personnel of the Company:

Sr. No	Name	Designation	Date of appointment
1	Shri Pankaj Kumar	Managing Director Till 30 April 2019 Appointed as CEO w.e.f. 1 May 2019 and resigned as CEO on 17 Jul 2020	9 February 2015
2	Shri Ajay Prakash	Chief Executive Officer	21 July 2020
3	Smt. Thrity C Dalal	Chief Financial Officer	9 February 2015
4	Kum Shyamala P Kunder	Company Secretary	9 February 2015

DECLARATION OF INDEPENDENCE

HCI is a Subsidiary of Air India 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 fourteen all of whom shall be appointed by Air India Limited, who in turn can do so subject to the directions of the Government of India.

Air India has requested the Ministry of Civil Aviation to nominate Independent Directors on the Board of HCI and appointments are awaited.

In view of the exemption granted vide Notification dated 5 June 2015 of the Ministry of Corporate Affairs information on the following points has not been given:

i. Performance Evaluation of Board, its Committees and individuals

ii. Policy for selection and appointment of Directors and their remuneration

iii. Remuneration Policy - Remuneration to Executive Directors and Non Executive Directors

iv. Related Party Transactions

Even though vide the above notification exemption has been granted to Government Companies from 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 Air India Limited for the year 2018-19 and also blanket approval was obtained for such transactions to be entered between 2019-20 to the tune of Rs.50 Crores.

COMMENTS OF THE 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 2020 are enclosed to the report.

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 Air India 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/-
(RAJIV BANSAL)
CHAIRMAN

Date : 24 December 2020
Place : New Delhi.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ANALYSIS OF THE FINANCIAL/PHYSICAL PERFORMANCE :

UNIT WISE PERFORMANCE:

CENTAUR HOTEL DELHI AIRPORT

- The Unit earned Total Revenue of Rs. 1932.31 lakhs as compared to Rs.2450.96 lakhs in the previous year, a decrease of Rs.519 lakhs (21%) over the previous year mainly on account of the proposed closure of the hotel in November 2019 which was later cancelled as per the direction of the Ministry dated 20 December 2019. Accordingly the HCI would continue to use the land/ structure upto the expiry of its existing lease period i.e. on 31 March 2031 and vacate the land positively upon the expiry of lease period.
- The Total Expenditure was Rs.2886.99 lakhs, as against Rs.3084.72 lakhs in the previous year- a reduction of 6% over previous year.
- As a result, the Unit made an Operating Loss of Rs.954.68 lakhs as compared to Rs.633.76 lakhs in the previous year.
- After providing for all interest and depreciation of Rs.1170.65 lakhs (previous year Rs 1987.99 lakhs), the Unit made a Net Loss of Rs.2128.21 lakhs as compared to Rs.2621.75 lakhs in the previous year.
- After considering Other Comprehensive Income, the unit has incurred a Net Loss of Rs.2547.56 lakhs as against Rs.2732.61 lakhs in the previous year.

CENTAUR LAKE VIEW HOTEL, SRINAGAR:

- The Unit earned Total Revenue of Rs.805.58 lakhs as compared to Rs.774.82 lakhs in the previous year, i.e. increase of 4% over the previous year.
- The Total Expenditure was Rs.1687.98 lakhs as against Rs.1494.73 lakhs in the previous year.
- As a result, the Unit made an Operating Loss of Rs.882.40 lakhs as against Rs.719.91 lakhs in the previous year.
- After providing for interest and depreciation, the Unit incurred a Net Loss of Rs.1644.55 lakhs as compared to Rs.1417.22 lakhs in the previous year.
- After considering Other Comprehensive Income, the unit has incurred a Net Loss of Rs.1905.20 lakhs as against Rs.1468.677 lakhs in the previous year.

CHEFAIR FLIGHT CATERING, MUMBAI

- The Unit earned Total Revenue of Rs.1358.03 lakhs as compared to Rs.1562.72 lakhs in the previous year, i.e. a decrease of 13% over the previous year.
- The Total Expenditure was Rs.2331.55 lakhs as against Rs.2389.22 lakhs in the previous year.
- As a result, the Unit made an Operating Loss of Rs.973.52 lakhs as against Rs.826.50 lakhs in the previous year.
- After providing for interest and depreciation, the Unit incurred a Net Loss of Rs.1871.39 lakhs as compared to Rs.1585.13 lakhs. in the previous year.

- After considering Other Comprehensive Income, the unit has incurred a Net Loss of Rs.2041.70 lakhs as against Rs.1637.72 lakhs in the previous year.

CHEFAIR FLIGHT CATERING, DELHI:

- The Unit earned Total Revenue of Rs.986.28 lakhs as compared to Rs.880.33 lakhs in the previous year i.e an increase of 12%.
- The Total Expenditure was Rs.1428.50 lakhs as against Rs.1528.41 lakhs in the previous year.
- As a result, the Unit made an Operating Loss of Rs.442.22 lakhs as against Rs.648.08 lakhs in the previous year.
- After providing for interest and depreciation, the Unit incurred a Net Loss of Rs.974.86 lakhs as against Rs.1537.38 lakhs in the previous year.
- After considering Other Comprehensive Income, the unit incurred a Net Loss of Rs.1085.97 lakhs as against Rs.1572.48 lakhs in the previous year

T3 LOUNGE, DELHI:

- The Unit earned Total Revenue of Rs.808.91 lakhs as compared to Rs.835.40 lakhs in the previous year.
- The Total Expenditure was Rs.363.98 lakhs as against Rs.378.26 lakhs in the previous year.
- As a result, the Unit made an Operating Profit of Rs.444.94 lakhs as against Rs.457.01 lakhs in the previous year.
- After providing for depreciation, the Unit made Net Profit of Rs.443.29 lakhs as against Rs.314.49 lakhs in the previous year.

GOING CONCERN

The Company faces significant uncertainties due to COVID-19 which have impacted the operations of the Company adversely starting from the month of March 2020. Management has assessed the impact of existing and anticipated effects of COVID -19 Inspite of the negative Net Worth of the Company as at the balance sheet date, considering the continuous support of the Holding Company and the Government, the Company is and will continue to be able to meet its financial obligations as they fall due. 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:

i) Due to the renovation of 80 guest rooms and other allied works at Centaur Delhi in view of the equity infusion of Rs.2700 lakhs by Government of India, the revenue of the Company increased from Rs.5513 lakhs in 2017-18 to Rs.6576.93 lakhs during the year 2019-20. This was due to increased business from Air India and its subsidiaries.

ii) The Holding Company,Air India Limited (AIL) and Government of India is continuously supporting the Company by way of financial assistance in the form of equity infusion and providing financial assistance as and when required by HCI and are also committed to provide such assistance in future also.During earlier years, there was an Equity infusion of Rs.2700 lakhs by Government of India and conversion of loan to equity totaling to Rs.7000 lakhs by AIL. Out of the total Share Capital of the Company of Rs.13760 lakhs, the total share capital of AIL is Rs.11060 lakhs as on 31March 2020. Operational shortfall for staff salary payments is being funded by AIL through the Current Account. The Current Account also includes other debits / credits and interest being debited by AIL. This support will continue in the future when required by the Company.

iii) AIL has been continuously supporting the Company by giving business which contributes to the operational revenue of the Company - nearly 80% of the revenue earned by the Company is from AIL and this would continue in the future also.

iv) Presently the Company is in the process of calling for consultants to assist the Company to hand over Delhi properties on Management Contract upto 31 March 2031 i.e. upto the lease period of land leased from AAI. This would result in savings of fixed and variable costs at Delhi units and also the Company would earn management contract fees . Any surplus after paying off its liabilities would be transferred to Air India towards loan repayment.

v) Also in the process of disinvestment of AIL, HCI is one of the subsidiaries of AIL which would not be divested and would be transferred to the Special Purpose Vehicle, Air India Asset Holding Company (AIAHL), a 100% subsidiary of Government of India. Accordingly upon disinvestment of AIL, the Company would be administered by Air India Asset Holding Company (AIAHL).

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 MSP & Company as Internal auditors for the year 2019-20 to carry out various internal audit assignments such as Risk assessment & mitigation, Strengthening Internal control process, etc.
- For Tax compliance M/s DJ Shukla & Co., have been appointed as Tax consultant for the year 2019-20 and 2020-21.

Annexure-I

CORPORATE GOVERNANCE

Meetings of Board of Directors

As per the Articles of Association of the Company, the number of Directors shall not be less than three and not more than fourteen.

During the year 2019-20, four Board Meetings were held and the Board consisted of the following members:

1.	Shri Ashwani Lohani Chairman & Managing Director-AIL (ceased w.e.f. 14 February 2020)	- Part-time Chairman
	Shri Rajiv Bansal Chairman & Managing Director-AIL (appointed w.e.f. 14 February 2020)	- Part-time Chairman
2.	Shri Arun Kumar Addl. Secretary & Financial Advisor, Ministry of Civil Aviation (ceased w.e.f. 10 July 2019)	- Director
	Shri Praveen Garg Addl. Secretary & Financial Advisor, Ministry of Civil Aviation (appointed w.e.f. 21 August 2019 and ceased w.e.f. 18 February 2020)	- Director
	Shri Vimalendra Anand Patwardhan Joint Secretary & Financial Advisor Ministry of Civil Aviation (appointed w.e.f 20 March 2020)	- Director
3.	Shri Satyendra Kumar Mishra Joint Secretary Ministry of Civil Aviation	- Director
4.	Shri Vinod Hejmadi, Director - Finance Air India Limited	- Director
5.	Shri Pankaj Kumar, Executive Director-Sales & Marketing, Air India Limited (ceased as MD-HCI w.e.f. 30 April 2019 and redesignated as Chief Executive Officer (CEO) w.e.f.1 May 2019 and subsequently resigned as CEO-HCI on 17 July 2020)	- Managing Director

During the year, Shri Ashwani Lohani ceased to be Chairman effective 14 February 2020 and Shri Rajiv Bansal was appointed as the Chairman. Further, Shri Arun Kumar, ASFA, Ministry of Civil Aviation and Shri Praveen Garg, ASFA, Ministry of Civil Aviation ceased to be on the Board w.e.f. 10 July 2019 and 18 February 2020 respectively.

The Board places on record its appreciation of the valuable services rendered by Shri Ashwani Lohani as Chairman and Shri Praveen Garg as Director on the Board of the Company and Shri Pankaj Kumar as MD-

HCI and then as CEO-HCI till his resignation on 17 July 2020.

During the year, all meetings of the Board were chaired by the Chairman and the Annual General Meeting was chaired by the Director-Finance-Air India Limited, being the representative of Air India Limited.

After the closure of financial year 2019-20, Shri Pankaj Kumar, Chief Executive Officer-HCI had submitted his resignation on 17 July 2020, which was accepted. Subsequently, Shri Ajay Prakash, GM- Personnel, Air India Limited, was appointed as the Chief Executive Officer (CEO) of the Company, who took charge as CEO-HCI effective 20 July 2020.

Board Procedure

The meetings of the Board of Directors are generally held at Air India's Headquarters in New Delhi. 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 MD & 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:

Four Board Meetings were held during the financial year on the following dates:

246th Board Meeting	26 April 2019
247th Board Meeting	23 July 2019
248th Board Meeting	18 November 2019
249th Board Meeting	4 March 2020

Particulars of Directors including their attendance at the Board/Shareholders' Meetings during the financial year 2019-20

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 Ashwani Lohani CMD-Air India Limited (ceased w.e.f. 14 February 2020)	Mechanical Engineer and Fellow of Chartered Institute of Logistic and Transport	3	Chairman & MD- Air India Limited, Part-time Chairman Air India Express Ltd., AI Airport Services Ltd., AI Engineering Services Ltd.,	**In Air IndiaLtd.,**

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
			Alliance Air Aviation Ltd., Hotel Corporation of India Ltd., Air India Assets Holding Ltd. Director Air India SATS Airport Services Pvt.Ltd., Air Mauritius Limited Air Mauritius Holding Ltd.	Permanent Invitee Audit Committee Member Nomination & Remuneration Committee **In AIASL** Chairman Corporate Social Responsibility Committee Member Audit Committee **In Hotel Corp. of India Ltd.,** Member- Audit Committee
Shri Rajiv Bansal CMD-Air India Limited (appointed w.e.f. 14 February 2020)	Civil Engineer from IIT Delhi, Diploma in Finance, ICFAI, Hyderabad Exe Masters in International Business, IIFT, Delhi	1	Chairman & MD- Air India Limited, Part-time Chairman Air India Express Ltd., Ai Airport Services Ltd., AI Engineering Services Ltd., Alliance Air Aviation Ltd., Hotel Corporation of India Ltd., Air India Assets Holding Ltd. Director Air India SATS Airport Services Pvt.Ltd., Air Mauritius Limited Air Mauritius Holding Ltd.	**In Air IndiaLtd.,** Permanent Invitee Audit Committee Member Nomination & Remuneration Committee **In AIASL** Chairman Corporate Social Responsibility Committee Member Audit Committee **In Hotel Corp. of India Ltd.,** 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 Pankaj Kumar (ceased as MD-HCI w.e.f. 30 April 2019 and designated as CEO-HCI w.e.f. 1 May 2019 and resigned w.e.f. 17 July 2020)	MBA	1	Chief Executive Officer	
Shri Ajay Prakash (Appointed as CEO-HCI w.e.f.20 July 2020)	MBA	NIL	Chief Executive Officer	
Shri Vinod Hejmadi Director (Finance)- Air India Limited	B.Com, FCA	4	Director Air India Limited, Air India Express Ltd., AI Airport Services Ltd., AI Engineering Services Ltd., Alliance Air Aviation Ltd., Hotel Corporation of India Ltd., AISATS Airport Services Pvt Ltd Air India Assets Holding Ltd.	In Air India Ltd., Member HR Committee Corporate Social Responsibility (CSR) & Sustainability Development Committee Share Allotment Committee Selection Committee Flight Safety Committee Special Invitee Audit Committee; In Hotel Corp. of India Ltd., Member Audit Committee In Air India Express Ltd., Chairmain CSR 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
				Member Audit-cum- Finance Committee HR cum Nomination & Remuneration Committee **In AIASL** Member Corporate Social Responsibility Committee Audit Committee In AIESL Member Audit Committee **In AAAL** Chairman HR Committee Member Audit Committee Flight Safety Committee AISATS Chairman CSR Committee
Government Directors				
Shri Arun Kumar Addl. Secretary & Financial Advisor, Ministry of Civil Aviation (ceased w.e.f. 10 July 2019)	B.A. (Hons), IAS	1	Director Air India Ltd., Hotel Corporation of India Ltd., AI Airport Services Ltd., AI Engineering Services Ltd Pawan Hans Ltd. Airports Authority of India Indian Renewable Energy Development Ltd. Solar Energy Corporation of India Ltd.	**In Air India Ltd.,** Member Audit Committee; Share Allotment Committee **In Hotel Corp. of India Ltd.,** Chairman 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 Praveen Garg Addl. Secretary & Financial Advisor, Ministry of Civil Aviation (Appointed wef 21 August 2019 and ceased w.e.f. 18 February 2020)	Chartered Accountant, IAS	2	Director Air India Ltd., Hotel Corporation of India Ltd., AI Airport Services Ltd., AI Engineering Services Ltd	**In Air India Ltd.,** Member Audit Committee; Share Allotment Committee **In Hotel Corp. of India Ltd.,** Chairman Audit Committee
Shri Vimalendra Anand Patwardhan Joint Secretary & Financial Advisor, Ministry of Civil Aviation (appointed w.e.f. 20 March 2020)	B.Com IAS	NIL	Director Air India Ltd., Hotel Corporation of India Ltd., AI Airport Services Ltd., AI Engineering Services Ltd Air India Assets Holding Lt.d Pawan Hans Ltd. Indian Renewable Energy Development Ltd. Solar Energy Corporation of India Ltd. Airports Authority of India	In Air India Ltd., Chairman Share Allotment Committee Member Audit Committee; **In Hotel Corp. of India Ltd.,** Chairman Audit Committee **In AIASL** Chairman Audit Committee Member CSR Committee **In AIESL** Chairman 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	M.Tech (applied Geology) MA (in Public Policy)	4	Director Air India Ltd., Hotel Corporation of India Ltd., AI Airport Services Ltd., AI Engineering Services Ltd	**In Air India Ltd.,** Member HR Committee Nomination & Remuneration Committee Flight Safety Committee Audit Committee **In Hotel Corp. of India Ltd.,** Memeber Corporate Social Responsiblity Committee; Audit Committee **In AIESL** Member Audit Commitee

BOARD COMMITTEES

Audit Committee:

During the year 2019-20, the constitution of the Audit Committee was as follows:

1. Addl/Jt. Secretary& Financial Advisor, MOCA - Chair Person
2. Chairman & Managing Director-AIL - Member
3. Joint Secretary , MOCA - Member
4. Director Finance-Air India Ltd., - Member
5. Managing Director-HCI - Member
6. Ms. Shyamala P Kunder - Secretary

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 meeting of the audit committee was 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 ;

The Audit Committee met FOUR 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 Meeting	26 April 2019
30th Meeting	23 July 2019
31st Meeting	18 November 2019
32nd Meeting	4 March 2020

Attendance at the Audit Committee Meetings

Name of the Member	No. of Meetings Attended
Shri Ashwani Lohani	3
Shri Praveen Garg, Chairman	2
Shri Satyendra Kumar Mishra	4
Shri Vinod Hejmadi	4
Shri Pankaj Kumar*	1
*Ceased to be MD w.e.f. 1.05.2019 and hence was not on the Board and Audit Committee	

Annual General Meetings during the last three years

The details of these meetings are given below :

No. of meeting	**Date and time of the Meeting**	**Venue**
Extra Ordinary General Meeting	10 June 2020 at 1500 hrs	1st flr, Transport Annexe Building, Air India Complex, Old Airport, Santa Cruz(E), Mumbai-400 029
48th Annual General Meeting	30th September 2019 at 1230 hrs	
47th Adjourned Annual General Meeting	22nd January 2019 at 1130 hrs	
47th Annual General Meeting	27 December 2018 at 1230 hrs	
Extra Ordinary General Meeting	20 April 2018 at 1130 hrs	
46th Annual General Meeting	27 December 2017 at 1230 hrs	

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 31 March 2020.

Sd/-
(Rajiv Bansal)
Chairman
Hotel Corporation of India Limited

Place : Delhi

Date : 24 November 2020

Annexure II

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and rule no.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Hotel Corporation of India Limited

I 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 [CIN: U55101MH1971GOI015217]** (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 my 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 and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on 31st March, 2020 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records made available to me and maintained by the Hotel Corporation of India Limited for the financial year ended on 31st March, 2020 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder subject to the following observations:

   (a) *Since the Company is not required to appoint Independent Directors, being a subsidiary of a Public Limited Company (Air India Limited), the Audit Committee is constituted without Independent Directors. Thereby non-compliance of the provision of Section 177 (2) of the Act read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014, which inter alia requires an Independent Director as a member of the Audit Committee.*

   (b) *The Company has not constituted Nomination & Remuneration Committee as required under Section 178 of the Act read with Rule 6 of the Companies (Meetings of the Board and its Powers) Rules, 2014.*

   (c) *The Company does not have one Woman Director as required under Section 149 of the Act from 1st April, 2019 to 31st March, 2020.*

(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 borrowing **(Not Applicable** as confirmed by the Management, the Company does not have Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowing);

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

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not applicable to the Company);**

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2011 **(Not applicable to the Company);**

c) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the client **(Not applicable to the Company);**

d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable to the Company);**

e) The Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not applicable to the Company);**

f) The Securities and Exchange Board of India (Issue and Listing of Debts Securities) Regulations, 2008 **(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 (Buy-back of Securities) Regulations, 1998 **(Not applicable to the Company)**.

(vi) Following are the Acts / Guidelines specifically applicable to the Company:

- The Prevention of Food Adulteration Act, 1954
- Food Safety and Standards Act, 2006
- The Water (Prevention and Control of Pollution) Act, 1974
- The Air (Prevention and Control of Pollution) Act, 1981
- The Legal Metrology Act, 2009
- Hotel Insurance Policy

I further report that based on the information, explanation and representation made by the management, the Company is generally regular in compliance of the aforesaid laws and the compliance by the Company of such laws being the subject of review by various statutory authorities and other designated professionals, I have not reviewed the same in this audit.

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

a) Secretarial Standards with regard to Meeting of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of the Company Secretaries of India.

b) Guideline on Corporate Governance for Central Public Sector Enterprises, 2010 as issued by the Ministry of Heavy Industries and Public Enterprises, Government of India.

I report the following observations based on the aforesaid Guidelines on Corporate Governance:

(i) *The Board of Directors of the Company is not constituted as per Clause 3.1 of the DPE Guidelines, namely there is no optimum combination of functional, nominee and independent directors; and number of nominee directors exceeds the prescribed limit of two.*

(ii) *The Company had no Independent Director as required under the Clause 3.1.1.4 of the DPE Guidelines during the period 1st April,2019 to 31st March,2020.*

(iii) *Minimum information as prescribed in Annexure IV to the DPE Guidelines are generally placed before the Board as required under clause 3.3 of the guidelines except quarterly financial results and foreign exchange exposure and steps taken to limit the risk.*

(iv) *Since the Company had no Independent Director, composition of the Audit Committee was not as per* *the Clause 4.1.1 and 4.1.2 of the DPE Guidelines during the audit period.*

(v) *The Company has not constituted Remuneration Committee as required under Clause 5.1 of the DPE Guidelines.*

I report that during the year under review, as per the explanation and clarifications given to me and representation made by the management, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards mentioned above subject to the observations made thereunder.

I further report that –

- The Board of Directors of the Company is not duly constituted as stated hereinabove. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed proposal on agenda were sent in advance duly complying with the time limits specified and a system exits for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- As per the minutes of the meeting duly recorded and signed by the Chairman and representation by the management, the decisions of the Board were unanimous.

I further report that based on the information provided by the Company, explanation given and representation made by the management, in my opinion adequate systems and processes and control mechanism exists in the Company commensurate with the size and operation of the Company to monitor and ensure compliance with applicable general laws, rules, regulations and guidelines. However, compliance management system needs further strengthening by taking the following actions:

a) To designate a senior employee as Compliance Officer;

b) To establish and maintain effective co-ordination of functional units with compliance officer;

c) Present quarterly compliance report to the Board.

d) Maintain a compliance check list and establish mechanism to detect the non-compliance.

e) Maintain a register of complaints/show cause notices received from various authorities.

f) Place before the Board details of legal cases filed by and against the Company and its status.

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 has been subject to review by statutory financial audit and other designated professionals.

I further report that during the audit period, there was no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, guidelines, etc. referred to above.

Sd/-

(U.C. SHUKLA)
COMPANY SECRETARY
UDIN FCS: 2727/CP: 1654

Place : Mumbai

Date : 17 November 2020

Note: 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.

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 2020

The preparation of financial statements of **Hotel Corporation of India Limited** for the year ended 31 March 2020 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 Revised Audit Report dated 08.12.2020 which supersedes their earlier Audit Report dated 27.l 0.2020.

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 2020 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.

In view of the revisions made in the statutory auditor's report, to give effect to some of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the statutory auditors' report under section 143(6)(b) of the Act.

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

Tanuja Mittal
Principal Director of Commercial Audit,
Mumbai

Place : Mumbai
Date : 23 December 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Hotel Corporation of India Limited

REVISED Report on the Audit of the Financial Statements

Opinion

1. Being a government company, the office of the Comptroller and Auditor General of India has carried out supplementary audit of the Company pursuant to the provisions of section 143 (6) of the Companies Act, 2013. The office of the Comptroller and Auditor General of India has issued provisional comments on the Independent Auditors Report on the standalone financial statements considering which we here revise our original report dated 27th October 2020

2. We have audited the financial statements of The Hotel Corporation of India Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), (statement of changes in equity) and statement of Cash Flow Statement 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).

3. In our opinion and to the best of our information and according to the explanation given to us, the aforesaid Financial Statement give the information (other than certain information mentioned in Emphasis of Matters) required by the Companies Act, 2013 ("the 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 31st March 2020, its loss (including other comprehensive income), the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We concluded our audit 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 together with ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI"s Code of Ethics. We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

The Company has incurred a net loss of Rs. 6554.70lakhs during the year ended March 31, 2020 and, as of that date, the Company's current liabilities excess its total assets by Rs. 34093.35 lakhs and it has accumulated losses of Rs. 57059.05 lakhs which has resulted in complete erosion of the net worth of the company. In spite of these events or conditions which may cast a significant doubt on the ability of the company to continue as a going concern, the management is of the opinion that going concern basis of accounting is appropriate in view of the continued support of the Holding Company, Government of India and having regards to other facts mentioned in Note 53.

Our opinion is not modified in respect of this matter

Emphasis of Matter

We draw attention to

1. The Company is in the process of obtaining confirmation of balances from other Trade Receivables, Trade Payables, Loan and Advances, Deposits and Other liabilities. Loans and Advances and Other advances receivable are considered good for recovery though the same are in the process of being reconciled, referred to in Note Nos. 37.
2. Other receivable under Other Financial Assets include Rs.47.96 lakhs due from AAI since 2009-10. The Company is of the view that the above sum is good for recovery and hence no provision is required in respect thereof. (Refer note no. 31).
3. Amount receivable from J & K government in respect of cost sharing arrangements with SKICC is Rs.1197.92 lakhs are very old. These balances are subject to reconciliation and confirmation. (Refer note no. 32 (a)).
4. The amount payable to J & K government on account of joint construction is Rs. 451.85 lakhs and amount receivable on account of joint construction is Rs. 417.76 lakhs are very old. These balances are subject to reconciliation and confirmation. (Refer note no. 32 (b)).
5. The Company is showing capital work in progress for Hi-lift TATA Chassis of Rs. 24.36lakhs since 31st March, 2009. The above work is not completed from last 10 years, the company is of the view that there is no impairment of assets and the work will be completed earliest. (Refer note no. 34)
6. The Company has not complied with certain provision of the Act. As a consequence thereof:
   a. The Company has not appointed Independent Directors as required under the provisions of Section 149(4) of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and hence, no meeting of the Independent Directors could be held during the Audit Period.
   b. Since the Company has not appointed Independent Directors, the Company has not complied with the provisions of Section 177(2) and Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 as regards the composition of the Audit Committee and the Nomination and Remuneration Committee of the Board
7. The Company has internal control system which need strengthening for followings:
   a) Strengthening the internal audit process so as to ensure adequate coverage of all the areas and ensure effective internal controls at all units of the Company.
   b) Laying down Standard Operating Procedures with regard to timely accounting of all transactions to ensure that proper books of accounts are maintained. (Refer note no. 49 and 50)
8. Fair value of the financial assets and financial liabilities is arrived based upon best information available or provided by the management. We have relied upon the management information for fair valuation on the absence of other required information.

Our opinion is not modified in respect of above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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 matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report:

Key Audit Matters	Principal audit procedure performed
Going Concern The company is in loss, net worth is fully eroded, going concern needs to be examined	We have verified financial statement of Holding Company, the management projection and clarification suggest that though the company in a loss but continuous support of holding company as well as the Government will ensure the company runs its business as going concern. There is no bank loan; no creditors went for insolvency etc. suggests support from holding company will enable going concern on continuous basis. Based upon the above facts and data we have performed our audit procedure and make opinion accordingly
Fixed Assets/ Leased Assets The new Accounting Standard suggest capitalisation of lease asset and creating lease liability. Expenses need to be charged as depreciation and finance cost instead of rental expenses.	We have obtained the working of lease assets including amortisation schedule and ensured that the same is in line with Accounting Standards and accurately disclosed in the financial statements

Responsibility of Management for 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 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 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; 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 operation, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("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 A**nnexure A**, a statement on the matters Specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As per requirement of Section 143(5) of the Act, we are enclosing our report in Annexure B.
3. 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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with provisions of Companies (Indian Accounting Standards) Rules 2015 as amended;
   e. The Company being a Government Company as defined in Section 2(45) of the Companies Act, 2013, is exempted from applicability of section 164(2) of the Companies Act, 2013 vide circular no. 1/2/2014 –CL.-V dated 5th June, 2015 issued by 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 C".
      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. (Refer Note No. 27)
      ii. The company does not have any long-term contracts including derivatives contracts and hence there are no material foreseeable losses.
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S A R A & Associates
Chartered Accountants
(Firm Registration No.120927W)

Sd/-
(Manoj Agarwal)
Partner
Membership No. 119509
UDIN:20119509AAAANP8534

Place : Mumbai
Date : 08.12.2020

ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT

As referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31st March 2020, we report that :

i) (a) The Company is maintaining records of fixed assets including quantitative details and location; however the same is not proper and in the process of updating the same and correcting physical verification deficiency with books of accounts.

(b) The Company is in the process of conducting physical verification of its Fixed Assets in a phased manner. *During the year some of the fixed assets has been physically verified but not reconciled with books of accounts, and in the absence of un-reconciled records of Fixed Assets referred to in (a) above, the extent of the discrepancies if any, cannot be ascertained and hence, the resultant impact of the same on the accounts will be dealt with in the year in which finality is reached. (Refer Note No. 46).*

(c) According to the information, explanations and records provided to us the title deeds of immovable properties are held in the name of the Company except relating to 4 flats in Sher–e-Punjab Society conveyance deed in respect thereof are pending to be execution.

ii As explained to us, inventories have been physically verified time to time by Management and Internal Auditor. In our opinion, the frequency of verification by the management is reasonable and discrepancies which were noticed on physical verification which were material have been properly dealt with in the books of accounts.

iii The Company has not granted any loans to any party, covered in the register maintained under section 189 of the Act and hence clause 3(iii) of the Order is not applicable

iv According to the information and explanations provided to us the Company has not made any loans, investments, guarantees and securities, within the meaning of section 185 and 186 of the Act, and hence clause 3(iv) of the Order is not applicable.

v According to the information and explanations provided to us, the Company has not accepted deposits within the meaning of section 73 to 76 or any other relevant provision of the Companies Act, 2013, and hence clause 3(v) of the Order is not applicable.

vi In our opinion and based on the information & explanation given by the management, maintenance of cost records has not been prescribed by the Central Government under sub-section (1) of section 148 of the Act in respect of the Company's products.

vii (a) According to the information and explanations given to us and on the basis of our examination of the records, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees" State Insurance, Income Tax, Goods and Service Tax, Cess and other material statutory dues applicable to the Company with the appropriate authorities. No undisputed amounts in respect of the aforesaid statutory dues were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.

(b) Statutory dues which have not been deposited on account of dispute and the forum where dispute is pending are as under:

Name of the Statute	Nature of Dues	Amt in dispute	Period to which the amount relates	Forum where dispute is pending
Luxury Tax	Tax	21.75	2000- 01	Addl. Commissioner Sales Tax Appeal
	Interest	08.78		
	Penalty	12.97		
Luxury Tax	Less: Paid	65,05	2000-01	Addl. Commissioner Sales Tax Appeal
	Total	93.32		
	Penalty	0.08		
	Less: Paid	25.31		
	Total	133.14		
Luxury Tax	Tax	19.84	2002-03	Commissioner of Sales Tax Appeal
	Interest	20.76		
	Penalty	1.00		
	Less: Paid	30.32		
	Total	11.28		
Luxury Tax	Tax	06.97	2002-03	Commissioner of Sales Tax Appeal
	Penalty	0.14		
	Less: Paid	6.30		
	Total	0.81		
Service Tax	Tax	27.57	July 2012-March 2013	Commissioner of Central Excise Appellate – II
Service Tax	Tax	51.08	2013-14	Commissioner of Central Excise Appellate – II
Service Tax	Tax	60.70	2014-15	Commissioner of Central Excise Appellate – II
Service Tax	Tax	78.30	2015-16	Commissioner of Central Excise Appellate – II
Service Tax	Tax	78.60	2016-17	Commissioner of Central Excise Appellate – II

viii Based on our audit procedures and the information and explanations provided to us, the Company did not have any borrowings from financial institution, bank, government and debenture holders. Hence, clause 3(viii) of the Order is not applicable.

ix According to the information and explanations given to us, the Company has not raised any moneys by way of Initial Public Offer or Further Public Offer (including debt instrument) and term loans. Hence, clause 3(ix) of the Order is not applicable.

x To the best of our knowledge and belief, and according to the information and explanations given to us, and considering the size and nature of the Company's operations, no fraud of material significance on or by the Company has been noticed or reported during the year and, nor have we been informed of such case by the management.

xi According to the information and explanations given to us and based on our audit procedures, company being a Government Company, in terms of MCA notification G.S.R.463(E) dated 5th June 2015, the provisions of section 197 of Companies Act, 2013 relating to Managerial remuneration are not applicable to company hence clause 3 (xi) of the Order is not applicable.

xii According to the information and explanations given to us, the Company is not a Nidhi Company and hence clause 3(xii) of the Order is not applicable.

xiii *According to the information and explanations obtained by us:*

(i) *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.*

(ii) *The Company has not 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 According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv According to the information and explanations obtained by us, the Company has not entered into any non-cash transactions with directors or persons connected with him and hence clause 3(xv) of the Order is not applicable.

xvi According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For S A R A & Associates
Chartered Accountants
Firm Registration No.120927W)

Sd/-
(Manoj Agarwal)
Partner
Membership No. 119509
UDIN:20119509AAAANP8534

Place : Mumbai
Date : 08.12.2020

ANNEXURE "B" CHANGED TO THE INDEPENDENT AUDITORS REPORT

As referred to in our Independent Auditors' Report to the members of the Company on the financial statement for the year ended 31st March 2020, we report that

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 2020.

1.	Whether the Company has system in place to process all the accounting transaction through IT systems? If yes, the implications of processing of accounting transaction outside IT system on the integrity of the accounts alongwith the financial implications, if any, may be stated	According to the information, explanations and records provided to us, the Company has all accounting transaction is processed through IT system. Based on our audit procedures, on test basis, wherever the accounting transactions are based on working outside IT system, no instances of lack of integrity of accounts and not financial implications has been noted/reported.
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 the amount involved.	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 fund received/receivable for specific schemes from central/state agencies were properly accounted for/utilized as per its terms and conditions? List the case of deviation.	To the best of our information, checks applied by us during the course of our audit, we are of the opinion that there is no fund received during the year for any specific scheme and hence the said clause is not applicable.

For S A R A & Associates
Chartered Accountants
(Firm Registration No.120927W)

Sd/-
(Manoj Agarwal)
Partner
Membership No. 119509
UDIN:20119509AAAANP8534

Place : Mumbai
Date : 08.12.2020

ANNEXURE - C TO THE INDEPENDENT AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of **Hotel Corporation of India Limited ("the Company")** as of 31st March 2020 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 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.

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 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 ICAI. 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 expenditure 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

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.

Disclaimer of Opinion

According to the information and explanation given to us, the Company has not established its internal financial controls over financial reporting on criteria based on or considering the essential 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. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at 31st March, 2020.

We have considered the disclaimer reported above in determining the nature, timing and extent of audit tests applied in our audit of the financial statements of the Company and our disclaimer does not affect our opinion on the financial statements of the Company.

For S A R A & Associates
Chartered Accountants
(Firm Registration No.120927W)

Sd/-
(Manoj Agarwal)
Partner
Membership No. 119509
UDIN:20119509AAAANP8534

Place : Mumbai
Date : 08.12.2020

MANAGEMENT REPLIES TO THE REVISED INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENT OF HOTEL CORPORATION OF INDIA LIMITED FOR THE FINANCIAL YEAR 2019-20

AUDITORS' REPORT FOR THE FINANCIAL YEAR 2019-20	MANAGEMENT COMMENTS
INDEPENDENT AUDITOR'S REPORT **To the Members of Hotel Corporation of India Limited** **REVISED Report on the Audit of the Financial Statements** **Opinion**	
1. Being a government company, the office of the Comptroller and Auditor General of India has carried out supplementary audit of the Company pursuant to the provisions of section 143 (6) of the Companies Act, 2013. The office of the Comptroller and Auditor General of India has issued provisional comments on the Independent Auditors Report on the standalone financial statements considering which we here revise our original report dated 27th October 2020.	This is a statement of fact
2. We have audited the financial statements of The Hotel Corporation of India Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), (statement of changes in equity) and statement of Cash Flow Statement 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).	
3. In our opinion and to the best of our information and according to the explanation given to us, the aforesaid Financial Statement give the information (other than certain information mentioned in Emphasis of Matters) required by the Companies Act, 2013 ("the 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 31st March 2020, its loss (including other comprehensive income), the changes in equity and its cash flows for the year ended on that date.	This is a statement of fact
Basis for Opinion We concluded our audit 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 together with ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI"s Code of Ethics. We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.	
Material Uncertainty Related to Going Concern	
The Company has incurred a net loss of Rs. 6554.70lakhs during the year ended March 31, 2020 and, as of that date, the Company's current liabilities excess its total assets by Rs. 34093.35 lakhs and it has accumulated losses of Rs. 57059.05 lakhs which has resulted in complete erosion of the net worth of the company. In spite of these events or conditions which may cast a significant doubt on the ability of the company to continue as a going concern, the management is of the opinion that going concern basis of accounting is appropriate in view of the continued support of the Holding Company, Government of India and having regards to other facts mentioned in Note 53. Our opinion is not modified in respect of this matter.	The Company has already disclosed in note no. 53 that in the opinion of the Management, the Company continues to be a going concern.
Emphasis of Matter We draw attention to:	
1. The Company is in the process of obtaining confirmation of balances from other Trade Receivables, Trade Payables, Loan and Advances, Deposits and Other liabilities. Loans and Advances and Other advances receivable are considered good for recovery though the same are in the process of being reconciled, referred to in Note Nos. 37.	In respect of Receivables/ Payables, the holding Company and its subsidiaries which form the major parties are completely reconciled. These companies in fact constitute a major portion of the total Receivables and Payables of the company .The confirmation process for the remaining parties is estimated to be completed by 31.3.2021
2. Other receivable under Other Financial Assets include Rs.47.96 lakhs due from AAI since 2009-10. The Company is of the view that the above sum is good for recovery and hence no provision is required in respect thereof. (Refer note no. 31).	The Company has to settle the dispute between Airports Authority of India(AAI) and the Company relating to lease rentals and turnover levy payable by it to AAI. As and when this matter is discussed, the matter regarding receivable from AAI would also be discussed.
3. Amount receivable from J & K government in respect of cost sharing arrangements with SKICC is Rs.1197.92 lakhs are very old. These balances are subject to reconciliation and confirmation. (Refer note no. 32 (a)).	The matter is being pursued with the SKICC and J&K government.

4. The amount payable to J & K government on account of joint construction is Rs. 451.85 lakhs and amount receivable on account of joint construction is Rs. 417.76 lakhs are very old. These balances are subject to reconciliation and confirmation. (Refer note no. 32 (b)).	The matter is being pursued with the J&K government.
5. The Company is showing capital work in progress for Hi-lift TATA Chassis of Rs. 24.36lakhs since 31st March, 2009. The above work is not completed from last 10 years, the company is of the view that there is no impairment of assets and the work will be completed earliest. (Refer note no. 34)	In view of the financial crunch in earlier years, the hilift could not be completed. However the work of the Hilift is presently almost complete. In view of Covid 19 situation, the workshop was totally closed and non functional) from March to August 2020. The factory is now functioning and the hilift work has been almost completed except for the fitment of stabilizer which being a specialised job is pending as the person concerned is at present under treatment for covid 19. Taking into consideration the maximum time of treatment and the time required for fitting and testing the stabilizer, it is expected that the hilift delivery would be latest by November 2020
6. The Company has not complied with certain provision of the Act. As a consequence thereof:	
a. The Company has not appointed Independent Directors as required under the provisions of Section 149(4) of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and hence, no meeting of the Independent Directors could be held during the Audit Period	Hotel Corporation of India Limited (HCI) is a subsidiary of Air India Limited (AIL),a Government Company. As per Article 22 of the Articles of Association of the Company, all the Directors of the Company are appointed by AIL in consultation with Government of India.
b. Since the Company has not appointed Independent Directors, the Company has not complied with the provisions of Section 177(2) and Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 as regards the composition of the Audit Committee and the Nomination and Remuneration Committee of the Board.	HCI had requested Government of India to nominate at least two Independent Directors on its Board and the reply is awaited. As per the provisions of Section 177(2) the Audit Committee shall consist of a minimum of three Directors with Independent Directors forming a majority.

<table>
<tr><td></td><td>As required under section 178, the Nomination and Remuneration Committee should consist of 3 or more Non Executive Directors out of which not less than one half should be Independent Directors.

Presently there is no Independent Director on the Board of HCI and the matter has been taken up with AIL.</td></tr>
<tr><td>7. The Company has internal control system which need strengthening for followings:

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

b. Laying down Standard Operating Procedures with regard to timely accounting of all transactions to ensure that proper books of accounts are maintained.

(Refer note no. 49 and 50)</td><td>External Internal Auditors are appointed to strengthen and enhance the scope of Internal audit in several areas of the company's business. With the assistance of these auditors the company intends to strengthen the scope and coverage of internal audit commensurate with the size and nature of the company's business.

Efforts would be made to comply with the observations of auditors</td></tr>
<tr><td>8. Fair value of the financial assets and financial liabilities is arrived based upon best information available or provided by the management. We have relied upon the management information for fair valuation on the absence of other required information.

Our opinion is not modified in respect of above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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 matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report:</td><td>This is a Statement of fact

This is a statement of fact</td></tr>
</table>

<table>
<tr><td>Key Audit Matters</td><td>Principal audit procedure performed</td><td></td></tr>
<tr><td>Going Concern

The company is in loss, net worth is fully eroded, going concern needs to be examined</td><td>We have verified financial statement of Holding Company, the management projection and clarification suggest that though the company in a loss but continuous support of holding company as well as the Government will ensure the company runs its business as going concern. There is no bank loan; no creditors went for insolvency etc. suggests support from holding company will enable going concern on continuous basis. Based upon the above facts and data we have performed our audit procedure and make opinion accordingly.</td><td></td></tr>
<tr><td>Fixed Assets/ Leased Assets

The new Accounting Standard suggest capitalisation of lease asset and creating lease liability. Expenses need to be charged as depreciation and finance cost instead of rental expenses.</td><td>We have obtained the working of lease assets including amortisation schedule and ensured that the same is in line with Accounting Standards and accurately disclosed in the financial statements.</td><td></td></tr>
<tr><td colspan="2">Responsibility of Management for 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 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 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; 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</td><td>This is a statement of fact</td></tr>
</table>

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 operation, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the company's financial reporting process.	
Auditor's Responsibilities for the Audit of the Financial Statements Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.	This is a statement of fact.
Report on Other Legal and Regulatory Requirements 1. As required by the Companies (Auditor's Report) Order, 2016 ("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 per requirement of Section 143(5) of the Act, we are enclosing our report in Annexure B. 3. 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 purpose 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, Statement of Profit and Loss, and Cash	This is a statement of fact

Flow Statement dealt with by this Report are in agreement with the books of account; d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with provisions of Companies (Indian Accounting Standards) Rules 2015 as amended; e) The Company being a Government Company as defined in Section 2(45) of the Companies Act, 2013, is exempted from applicability of section 164(2) of the Companies Act, 2013 vide circular no. 1/2/2014 –CL.-V dated 5th June, 2015 issued by 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 C". g) 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 statements. (Refer Note No. 27) ii. The company does not have any long-term contracts including derivatives contracts and hence there are no material foreseeable losses. iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company. **Annexure-A to the Independent Auditors' Report** As referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31st March 2020, we report that :	This is a statement of fact
i(a) The Company is maintaining records of fixed assets including quantitative details and location; however the same is not proper and in the process of updating the same and correcting physical verification deficiency with books of accounts.	This process is being checked with the physical verification of the assets. It is expected to be completed in the current year.
(b) The Company is in the process of conducting physical verification of its Fixed Assets in a phased manner. During the year some of the fixed assets has been physically verified but not reconciled with books of accounts, and in the absence of un-reconciled records of Fixed Assets referred to in (a) above, the extent of the discrepancies if any, cannot be ascertained	The company is in the process of reconciling the fixed assets physically verified with the Fixed Assets Register. No major discrepancies are expected.

and hence, the resultant impact of the same on the accounts will be dealt with in the year in which finality is reached. (Refer Note No. 46).	
(c)According to the information, explanations and records provided to us the title deeds of immovable properties are held in the name of the Company except relating to 4 flats in Sher–e-Punjab Society conveyance deed in respect thereof are pending to be execution.	The matter is being pursued with the Cooperative society
ii. As explained to us, inventories have been physically verified time to time by Management and Internal Auditor. In our opinion, the frequency of verification by the management is reasonable and discrepancies which were noticed on physical verification which were material have been properly dealt within the books of accounts.	This is a statement of fact
iii. The Company has not granted any loans to any party, covered in the register maintained under section 189 of the Act and hence clause 3(iii) of the Order is not applicable.	This is a statement of fact
iv. According to the information and explanations provided to us the Company has not made any loans, investments, guarantees and securities, within the meaning of section 185 and 186 of the Act, and hence clause 3(iv) of the Order is not applicable.	This is a statement of fact
v. According to the information and explanations provided to us, the Company has not accepted deposits within the meaning of section 73 to 76 or any other relevant provision of the Companies Act, 2013, and hence clause 3(v) of the Order is not applicable.	This is a statement of fact
vi. In our opinion and based on the information & explanation given by the management, maintenance of cost records has not been prescribed by the Central Government under sub-section (1) of section 148 of the Act in respect of the Company's products.	This is a statement of fact
vii (a) According to the information and explanations given to us and on the basis of our examination of the records, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees" State Insurance, Income Tax, Goods and Service Tax, Cess and other material statutory dues applicable to the Company with the appropriate authorities. No undisputed amounts in respect of the aforesaid statutory dues were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable. (b) Statutory dues which have not been deposited on account of dispute and the forum where dispute is pending are as under:	This is a statement of fact

Amount in Lakh

Name of the Statute	Nature of Dues	Amt in dispute	Period to which the amount relates	Forum where dispute is pending
Luxury Tax	Tax Less Paid Total	21.75 08.78 12.97	2000 – 01	Addl. Commissioner Sales Tax Appeal
Luxury Tax	Tax Interest Penalty Less Paid Total	65.05 93.32 0.08 25.31 133.14	2000 – 01	Addl. Commissioner Sales Tax Appeal
Luxury Tax	Tax Interest Penalty Less Paid Total	19.84 20.76 1.00 30.32 11.28	2002-03	Commissioner of Sales Tax Appeal
Luxury Tax	Tax Penalty Less Paid Total	06.97 0.14 6.30 0.81	2002-03	Commissioner of Sales Tax Appeal
Service Tax	Tax	27.57	July 2012- March 2013	Commossioner of Central Excise Appellate II
Service Tax	Tax	51.08	2013-14	Commossioner of Central Excise Appellate II
Service Tax	Tax	60.70	2014-15	Commossioner of Central Excise Appellate II
Service Tax	Tax	78.30	2015-16	Commossioner of Central Excise Appellate II
Service Tax	Tax	78.60	2016-17	Commossioner of Central Excise Appellate II

This is a statement of fact

viii Based on our audit procedures and the information and explanations provided to us, the Company did not have any borrowings from financial institution, bank, government and debenture holders. Hence, clause 3(viii) of the Order is not applicable.

This is a statement of fact

ix. According to the information and explanations given to us, the Company has not raised any moneys by way of Initial Public Offer or Further Public Offer (including debt instrument) and term loans. Hence, clause 3(ix) of the Order is not applicable.

This is a statement of fact

x. To the best of our knowledge and belief, and according to the information and explanations given to us, and considering the size and nature of the Company's operations, no fraud of material significance on or by the Company has been noticed or reported during the year and, nor have we been informed of such case by the management.

This is a statement of fact

xi. According to the information and explanations given to us and based on our audit procedures, company being a Government Company, in terms of MCA notification G.S.R.463(E) dated 5th June 2015, the provisions of section 197 of Companies Act,

This is a statement of fact

2013 relating to Managerial remuneration are not applicable to company hence clause 3 (xi) of the Order is not applicable.	
xii. According to the information and explanation given to us, the Company is not a Nidhi Company and hence clause 3(xii) of the Order is not appoicable xiii. According to the information and explanations obtained by us:	This is a statement of fact
(i) 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.	As per the provisions of Section 177(2) the Audit Committee shall consist of a minimum of three Directors with Independent Directors forming a majority. As required under section 178, the Nomination and Remuneration Committee should consist of 3 or more Non Executive Directors out of which not less than one half should be Independent Directors.
(ii) The Company has not 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.	Presently there is no Independent Director on the Board of HCI and the matter has been taken up with AIL. First Proviso to Section 188 states that no contract or arrangement shall be entered into except with the prior approval of the Company in a general meeting. Although, vide Notification dated 5 June 2015 issued by the Ministry of Corporate Affairs, exemption has been granted to Government Companies from 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 Audit Committee / Board is required to be obtained for the same and the same is complied with.
xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.	This is a statement of fact
xv. According to the information and explanations obtained by us, the Company has not entered into any non-cash transactions with directors or persons connected with him and hence clause 3(xv) of the Order is not applicable.	This is a statement of fact

<table>
<tr><td>xvi. According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.</td><td>This is a statement of fact</td></tr>
<tr><td>Format of Annexure “B” changed to the Independent Auditors Report

As referred to in our Independent Auditors’ Report to the members of the Company on the financial statement for the year ended 31st March 2020, we report that:

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 2020.

<table>
<tr><td>1</td><td>Whether the Company has system in place to process all the accounting transaction through IT systems? If yes, the implications of processing of accounting transaction outside IT system on the integrity of the accounts alongwith the financial implications, if any, may be stated</td><td>According to the information, explanations and records provided to us, the Company has all accounting transaction is processed through IT system.

Based on our audit procedures, on test basis, wherever the accounting transactions are based on working outside IT system, no instances of lack of integrity of accounts and not financial implications has been noted/reported.</td></tr>
<tr><td>2</td><td>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 the amount involved.</td><td>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.</td></tr>
<tr><td>3</td><td>Whether fund received/ receivable for specific schemes from central/state agencies were properly accounted for/utilized as per its terms and conditions? List the case of deviation.</td><td>To the best of our information, checks applied by us during the course of our audit, we are of the opinion that there is no fund received during the year for any specific scheme and hence the said clause is not applicable.</td></tr>
</table>
</td><td>This is a statement of fact</td></tr>
</table>

Annexure - C to the Independent Auditors' Report	
Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")	
We have audited the internal financial controls over financial reporting of **Hotel Corporation of India Limited ("the Company")** as of 31st March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.	This is a statement of fact
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" maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company"s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.	This is a statement of fact
Auditors' Responsibility	
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the 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 ICAI. 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.	This is a statement of fact

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.	This is a statement of fact
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 expenditure 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.	This is a statement of fact
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. **Disclaimer of Opinion** According to the information and explanation given to us, the Company has not established its internal financial controls over financial reporting on criteria based on or considering the essential 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. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at 31st March, 2020. We have considered the disclaimer reported above in determining the nature, timing and extent of audit tests applied in our audit of the financial statements of the Company and our disclaimer does not affect our opinion on the financial statements of the Company.	

BALANCE SHEET AS AT 31st MARCH, 2020

(Rs. In lakhs)

	Particulars	Note	Year ending 31st March 2020		Year ending 31st March 2019	
	ASSETS :					
1	**Non-current Assets**					
	(i) Property, Plant & Equipment	3A	**2,064.10**		2,279.70	
	(ii) Intangible Assets	3B	-		-	
	(iii) Capital Work-in-Progress	3C	**24.37**		24.37	
	(iv) Right to Use an Asset	4	**3,053.58**		-	
	(v) Financial assets:					
	a) Trade Receivables					
	b) Loans	5	**99.31**		98.00	
	c) Other Financial Assets	6	-		-	
	(vi) Income Tax Assets (Net)	7	-		-	
	(vii) Other Non-Current Assets	8	**77.42**	**5,318.78**	77.42	2,479.49
2	**Current Assets**					
	(i) Inventories	9	**141.94**		201.37	
	(ii) Financial assets:					
	a) Trade Receivables	10	**4,517.56**		3,277.03	
	b) Cash and Cash equivalents	11	**628.21**		1,155.89	
	c) Bank balances other than (b) above	12	**635.62**		600.68	
	d) Loans	5	-		-	
	e) Other Financial Assets	6	**2,015.30**		1,952.27	
	(iii) Income Tax Assets (Net)	7	**1,379.16**		1,801.58	
	(iv) Other Current Assets	8	**883.20**	**10,200.99**	753.85	9,742.67
	Total Assets			**15,519.76**		12,222.16
	EQUITY AND LIABILITIES :					
1	**Equity**					
	a) Equity Share Capital	13	**13,760.00**		13,760.00	
	b) Other Equity	14	**(57,059.05)**	**(43,299.05)**	(50,504.35)	(36,744.35)
2	**Liabilities :**					
	(i) **Non-current Liabilities**					
	a) Finacial Liabilities					
	i) Borrowings	15	-		-	
	ii) Long Term Lease Liability	16	**3,584.64**		-	
	iii) Other Financial Liabilities	17	-		-	
	b) Provisions	18	**5,621.05**		4,714.24	
	c) Other Non-current Liabilities	19	-	**9,205.69**	-	4,714.24
	(ii) **Current Liabilities**					
	a) Finacial Liabilities					
	i) Borrowings	15	**37,964.36**		32,990.51	
	ii) Short Term Lease Liability	16	-		-	
	ii) Trade Payables					
	a) MSME	20	**66.14**		81.95	
	b) Other Trade Payables	20	**429.99**		436.40	
	iii) Other Financial Liabilities	17	**8,391.49**		8,183.10	
	b) Provisions	18	**981.61**		907.29	
	c) Other Current Liabilities	19	**1,779.53**	**49,613.12**	1,653.02	44,252.27
	Total Equity & Liabilities			**15,519.76**		12,222.16

The accompanying notes are an integral part of the Financial Statements

As per our report of even date

For S A R A & ASSOCIATES
Chartered Accountants
Firm Registration No. 0120927W

Sd/-
(Manoj Agarwal)
Partner
Membership No: 119509

Place : Mumbai
Date : 27-10-2020

For and on behalf of the Board of Directors

Sd/-
(Rajiv Bansal)
Chairman
DIN 01023747

Sd/-
(Satyendra Kumar Mishra)
Director
DIN 07728790

Sd/-
(Thrity C Dalal)
Chief Financial Officer
FCA 034616

Sd/-
(Shyamala P Kunder)
Company Secretary
ACS 8203

Place : New Delhi
Date : 21-10-2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 30TH MARCH 2020

(Rs. In lakhs)

Particulars	Notes	31-Mar-20 (Rs.)	31-Mar-19 (Rs.)
Continuing operations			
INCOME			
Revenue from operations	**21**	**5,956.64**	5,974.93
Revenue from operations		**5,956.64**	5,974.93
Other income	**22**	**805.89**	753.37
		805.89	753.37
Total revenue		**6,762.53**	6,728.30
EXPENSES			
Cost of raw material consumed	**23**	**1,382.10**	1,363.14
Employee Benefits	**24**	**5,731.76**	5,499.63
Finance Cost	**25**	**2,873.66**	2,968.76
Depreciation / Amortisation Expenses	**3 & 4**	**495.29**	1,508.23
Other Expenses	**26**	**1,834.53**	2,251.22
Total Expenses		**12,317.34**	13,590.98
Loss before Tax		**(5,554.81)**	(6,862.68)
Tax Expense			
Current Tax		**-**	-
Deferred Tax		**-**	-
Add (Less)- Short (Excess) Provision of Earlier Years		**-**	-
Profit/(Loss) for the year		**(5,554.81)**	(6,862.68)
Other Comprehensive Income			
a. Items that will not be classified to Profit & Loss			
i.Remeasurement Gain / (Loss) on Defined Benefit Obligation	**27**	**(999.89)**	(257.67)
Total Comprehensive Income for the year		**(6,554.70)**	(7,120.35)
Earning per Equity Share			
Basic		**(47.64)**	(51.75)
Diluted		**(47.64)**	(51.75)
Significant accounting policies	**2**		

The accompanying notes are an integral part of the Financial Statements
As per our report of even date

For S A R A & ASSOCIATES
Chartered Accountants
Firm Registration No. 0120927W

Sd/-
(Manoj Agarwal)
Partner
Membership No: 119509

Place : Mumbai
Date : 27-10-2020

For and on behalf of the Board of Directors

Sd/-
(Rajiv Bansal)
Chairman
DIN 01023747

Sd/-
(Satyendra Kumar Mishra)
Director
DIN 07728790

Sd/-
(Thrity C Dalal)
Chief Financial Officer
FCA 034616

Sd/-
(Shyamala P Kunder)
Company Secretary
ACS 8203

Place : New Delhi
Date : 21-10-2020

STATEMENT OF CHANGES IN EQUITY

(A) Equity Share Capital

(Rs. in Lakhs)

	No. of shares	
As at 1st April, 2017	13,760,000	13,760.00
Change in equity share capital during the year		-
As at 1st April, 2018	13,760,000	13,760.00
Change in equity share capital during the year		-
As at 31st March, 2019	13,760,000	13,760.00
Change in equity share capital during the year		-
As at 31st March, 2020	13,760,000	13,760.00

(B) Other Equity

(Rs. in Lakhs)

Particulars	General Reserve	General Reserve Amalgamation	Retained Earnings	Total
Balance as at 1 April 2018	-	-	(43,384.00)	(43,384.00)
Profit for the year	-	-	(6,862.68)	(6,862.68)
Other Comprehensive Income (net of tax)	-	-	(257.67)	(257.67)
Balance as at 31 March 2019	-	-	**(50,504.35)**	**(50,504.35)**

(Rs. in Lakhs)

Particulars	General Reserve	General Reserve Amalgamation	Retained Earnings	Total
Balance as at 1 April 2019	-	-	(50,504.35)	(50,504.35)
Profit for the year	-	-	(5,554.81)	(5,554.81)
Other Comprehensive Income (net of tax)	-	-	(999.89)	(999.89)
Balance as at 31st March, 2020	-	-	**(57,059.05)**	**(57,059.05)**

As per our report of even date

For S A R A & ASSOCIATES
Chartered Accountants
Firm Registration No. 0120927W

Sd/-
(Manoj Agarwal)
Partner
Membership No: 119509

Place : Mumbai
Date : 27-10-2020

For and on behalf of the Board of Directors

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Sd/-
(Thrity C Dalal)
Chief Financial Officer
FCA 034616

Sd/-
(Shyamala P Kunder)
Company Secretary
ACS 8203

Place : New Delhi
Date : 21-10-2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2020

(Rs. In lakhs)

Particulars	31-Mar-20	31-Mar-19
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the Year	**(5,554.81)**	(6,862.68)
Adjustment for		
Depreciation (Net)	**495.29**	1,508.23
Finance Cost	**2,873.66**	2,968.76
Loss/(Profit) on Sale of Fixed Assets	**-**	-
Exceptional Items (Excess Depreciation Written Back)	**-**	-
Prior Period Items	**-**	-
Provision for Doubtful Debts	**-**	-
Interest Income	**(433.33)**	(90.45)
Operating loss before working capital changes	**(2,619.19)**	(2,476.14)
Movement in working capital:		
(Increase)/Decrease in Trade and Other Receivables	**(1,469.17)**	420.44
(Increase)/Decrease in Inventories	**59.43**	40.73
Increase/(Decrease) in Trade and Other Payables	**5,267.77**	6,036.48
Cash generated from operations	**1,238.84**	4,021.51
Less : Taxes paid / (Refunded)	**422.43**	268.57
Net cash generated/(used in) from operating activities - (A)	**1,661.28**	3,752.95
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Additions)/ Sale of Fixed Assets / CWIP	**(2.75)**	(41.22)
Additions (Right to Use an Asset)	**(3,330.52)**	-
Sale of Fixed Assets	**-**	-
Interest Received	**433.33**	90.45
Net cash generated/(used in) from investing activities - (B)	**(2,899.94)**	49.23
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Shares	**-**	-
Interest Paid	**(2,873.66)**	(2,968.76)
Increase/(Decrease) in Short Term Lease Liability	**-**	-
Increase/(Decrease) in Long Term Lease Liability	**3,584.64**	-
Net cash from financing activities - (C)	**710.98**	(2,968.76)
Net increase/ (decrease) in cash or cash equivalents - (A+B+C)	**(527.68)**	833.42
Cash and bank balance as at beginning of the year	**1,155.90**	322.48
Cash and bank balance at the end of the year	**628.21**	1,155.90
Earmarked balances with banks	**1.23**	0.78
Cash and cash equivalents as at the end of the year	**626.98**	1,155.12
	628.21	1,155.90

The Cash flow Statement has been prepared under the "Indirect Method" as set out in Ind AS 7- 'Cash Flow Statement' issued by the Institute of Chartered Accountants of India and presents cash flows from operating, investing and financing activities.

As per our report of even date

For S A R A & ASSOCIATES
Chartered Accountants
Firm Registration No. 0120927W

Sd/-
(Manoj Agarwal)
Partner
Membership No: 119509

Place : Mumbai
Date : 27-10-2020

For and on behalf of the Board of Directors

Sd/-
(Rajiv Bansal)
Chairman
DIN 01023747

Sd/-
(Satyendra Kumar Mishra)
Director
DIN 07728790

Sd/-
(Thrity C Dalal)
Chief Financial Officer
FCA 034616

Sd/-
(Shyamala P Kunder)
Company Secretary
ACS 8203

Place : New Delhi
Date : 21-10-2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Rupees in lakhs 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 "Air India Limited" (AIL). The registered office of the Company is situated at Transport Annexe Building, Old Airport, Air India Complex, Kalina, Santacruz East, Mumbai 400029.

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 2020 is also prepared on the same basis.

ii. Basis of measurement:

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

iii. 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 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 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:

On March 11, 2020, the World Health Organisation declared COVID-19 outbreak as a pandemic. Responding to the potentially serious threat that this pandemic has to public health, the Indian Government has taken a series of measures to contain the outbreak, which included imposing multiple ‘lock-downs’ across the country, from March 22, 2020, and extended up to July 31, 2020. The lockdowns and restrictions imposed on various activities due to COVID – 19 pandemic have posed challenges to the business of the Company. Lockdown guidelines issued by Central/State governments mandated closure of hotel operations and cessation of air traffic and other forms of public transport. This has resulted in low occupancies / shutdowns of our hotels AT Delhi and Srinagar and flight kitchens at Mumbai and Delhi. The Delhi hotel was shut down temporarily during the lockdown phase as the Company was not part of Government denominated essential services. With the lifting of the partial lockdown restrictions, the Company has re-opened the hotels in the non-containment zones, after establishing thorough and well-rehearsed safety protocols. The Company expects the hotels to become fully operational after the lockdown is lifted completely and the confidence of travelers is restored. The Company expects the demand for its services to pick up albeit at a slower pace once lockdown is lifted. The Company has assessed the potential impact of COVID-19 on its capital and financial resources, profitability, liquidity position, and demand for its services.

Various steps have been initiated by the Company. The Company does not foresee any disruption in raw material supplies. The Company has also assessed the potential impact of COVID-19 on the carrying value of property, plant & equipment, right-of-use assets, intangible assets, trade receivables, inventories, and other current assets appearing in the financial statements of the Company. In developing the assumptions and estimates relating to the future uncertainties in the economic conditions because of this pandemic, the Company as at the date of approval of these Financial statements has used internal and external sources of information and based on current estimates, expects to recover the carrying amounts of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

vi. Significant Accounting Policies:

A. <u>Inventories(IND AS – 2)</u>

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.

Inventories are valued at lower of cost and Net Realisable Value (NRV)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. <u>Cash Flow Statement (IND AS–7)</u>

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. <u>Taxation (IND AS - 12)</u>

Current Income Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date. Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

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 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. <u>Property, Plant and Equipment: (PPE) (IND AS - 16)</u>

i. <u>Property, Plant and Equipment</u>

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. <u>Capital work in progress</u>

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. <u>Depreciation / Amortization:</u>

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. <u>Employee Retirement Benefits (IND AS - 19)</u>

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. The Company has created separate Trusts to administer

Provident Fund contributions to which contributions are made regularly. 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 yearend 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 :**

Short Term Employee Benefits are accounted for in the period during which the services have been rendered.

F. Foreign Currency Transactions (IND AS - 21)

The management has determined the currency of the primary economic environment in which the company operates i.e. functional currency, to be Indian Rupees (Rs). The financial statements are presented in Indian Rupees, which is company’s functional and presentation currency.

Foreign Currency Monetary Items:

i) Foreign currency Revenue and Expenditure transactions relating to Foreign Stations are recorded at established monthly rates (based on published IATA rates). Interline settlement with Airlines for transportation is carried out at the exchange rate published by IATA for respective month.

ii) Foreign currency monetary items are translated using the exchange rate circulated by Foreign Exchange Dealers Association of India (FEDAI). Gains/ (losses) arising on account of realization/settlement of foreign exchange transactions and on translation of monetary foreign currency assets and liabilities are recognized in the Statement of Profit and Loss.

iii) In respect of long term foreign currency monetary items originating before 1st April, 2016, the effect of exchange differences arising on settlement or reporting of long term monetary items at the rates different from those at which they were initially recorded during the period, or reported in previous financial statements, is accounted as addition or deduction to the cost of the assets so far as it relates to acquisition of depreciable capital assets and is depreciated over the balance useful life of the concerned asset and in other cases such difference is accumulated by transfer to “Foreign Currency Monetary Items Translation Difference Account” to be amortized over the balance period of such long term Assets or Liability.

Exchange variation is not considered at the year-end in respect of Debts and Loans & Advances for which doubtful provision exists since they are not expected to be realized.

G. Borrowing Cost: (IND AS - 23)

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

H. Earnings Per Share (IND AS - 33)

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.

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 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.

K. Non- Current Assets Held For Sale (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. 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. The useful lives of intangible assets is assessed for five years. Specialized systems software acquired outright and license fee paid for such patented software are capitalized.

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. 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:**

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. <u>Fair Value Measurement (IND AS - 113)</u>

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 services 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 IND As 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. Recent Accounting Pronouncements

a. New and amended standards adopted by the Company:

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2019:

- Ind AS 116 - Leases
- Accounting for income tax when there is uncertainty over income tax treatment of an item by tax authorities (Ind AS 12 – Income Taxes (amendments relating to uncertainty over income tax treatments));
- Accounting for plan amendment, curtailment or settlement occurring in between the reporting periods in case of long-term employee benefit plans (Ind AS 19 – Plan Amendment, Curtailment or Settlement);

The Company has changed its accounting policies as a result of adopting Ind AS 116. The company elected to adopt the new standard prospectively with effect from April 1, 2019. This is disclosed in Note 39.

The other amendments listed above did not have any material impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

b. New Standards or other amendments issued but not yet effective:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

NOTE 3A & 3B : PROPERTY PLANT AND EQUIPMENT

(Rs. In lakhs)

	Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
			As at April 01, 2019	Additions	Deductions / Adjustments	As at 31-Mar-20	As at April 01, 2019	For the year	Deductions / Adjustments	Total Upto 31-Mar-20	As at 31-Mar-20	As at 31-Mar-19
A		**TANGIBLE ASSETS :**										
	1	LAND (LEASEHOLD)	16.75	-	-	16.75	0.83	0.27	-	1.10	15.65	15.92
	2	BUILDING & OWNERSHIP FLATS	3,248.69	-	-	3,248.69	1,510.90	120.38	-	1,631.28	1,617.41	1,737.79
	3	PLANT & MACHINERY	551.74	2.38	-	554.12	266.12	45.35	-	311.47	242.65	285.62
	4	FURNITURE & FIXTURES	38.86	0.27	-	39.13	25.60	1.86	-	27.46	11.67	13.26
	5	OFFICE EQUIP, ELECTL INSTALLATIONS ETC.	332.71	0.10	-	332.81	208.53	34.24	-	242.77	90.04	124.18
	6	VEHICLES	141.20	-	-	141.20	40.18	15.42	-	55.60	85.60	101.02
	7	OBJECT D`ART.	0.00	-	-	0.00	-	-	-	-	0.00	0.00
	8	COMPUTERS	7.20	-	-	7.20	5.29	0.83	-	6.12	1.08	1.91
	TOTAL FOR TANGIBLE ASSETS		**4,337.15**	**2.75**	**-**	**4,339.90**	**2,057.45**	**218.35**	**-**	**2,275.80**	**2,064.10**	2,279.70
B	**INTANGIBLE ASSETS :**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	TOTAL FOR INTANGIBLE ASSETS		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	TOTAL ASSETS		**4,337.15**	**2.75**	**-**	**4,339.90**	**2,057.45**	**218.35**	**-**	**2,275.80**	**2,064.10**	2,279.70
		Previous Year	4,307.31	29.84	-	4,337.15	549.21	1,508.23	-	2,057.45	2,279.70	3,758.09
C	**NOTE 3C: CAPITAL WORK IN PROGRESS**											
	Capital Work-in-Progress										**24.37**	24.37
	GRAND TOTAL		**4,337.15**	**2.75**	**-**	**4,339.90**	**2,057.45**	**218.35**	**-**	**2,275.80**	**2,088.47**	

NOTE 4 - RIGHT TO USE AN ASSET

(Rs. In lakhs)

Particulars	**Leasehold Land**	**Total**
Cost		
Balance as at April 1st, 2018	-	-
- Other Acquisitions	-	-
Balance as at March 31st, 2019	-	-
- Other Acquisitions	3330.52	3330.52
Balance as at March 31st, 2020	3,330.52	3,330.52
Amortisation and Impairment		
Balance as at April 1st, 2018	-	-
- Amortisation charge for the year	-	-
Balance as at March 31st, 2019	-	-
- Amortisation charge for the year	276.94	276.94
Transaction Impact of IND 116	0.00	0.00
Balance as at March 31st, 2020	276.94	276.94
Carrying Value		
At March 31, 2019	-	-
At March 31, 2020	**3,053.58**	3,053.58

NOTE 5 - LOANS

(Rs. In lakhs)

Particulars	Non-current		Current	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Deposits with Public Bodies and with Miscellaneous Parties	**99.31**	98.00		
TOTAL	**99.31**	**98.00**	**-**	**-**

NOTE 6 - OTHER FINANCIAL ASSETS

(Rs. In lakhs)

Particulars	Non-current		Current	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Advances Recoverable from Parties				
Unsecured Considered Good			**1,750.27**	1,675.91
Unsecured Considered Doubtful				
Less : Allowance for Doubtful Advances				
Advances Recoverable from Employees				
Unsecured Advances Considered Good			**47.13**	24.20
Unsecured Considered Doubtful				
Less : Allowance for Doubtful Advances				
Deposit-Others (having maturity of more than 12 months)			**47.88**	75.53
Less : Allowance for Doubtful Deposits				
Interest Accrued on Fixed Deposits			**45.05**	79.89
Other Non-Trade Receivables				
Unsecured Considered Good			**124.97**	96.74
Unsecured Considered Doubtful				
Less : Allowance for Doubtful Receivables				
TOTAL	-	-	**2,015.30**	1,952.27

NOTE 7 - INCOME TAX ASSETS

(Rs. In lakhs)

Particulars	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Advance Payment of Income Tax and TDS			**1,379.16**	1,801.58
TOTAL	-	-	**1,379.16**	1,801.58

NOTE 8 - OTHER NON FINANCIAL ASSETS (Considered Good)

(Rs. In lakhs)

Particulars	Non-current		Current	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Capital Advance	-	-		
Advances other than Capital Advances			18.35	43.85
Prepaid Expenses			28.70	20.17
Balance with Govt. Authorities	77.42	77.42		
Due from Holding Company				
Other advances			836.15	689.83
Control Accounts				
Total	77.42	77.42	883.20	753.85

NOTE 9 - INVENTORIES

(Rs. In lakhs)

Particulars	31-Mar-20	31-Mar-19
Raw Material/ Food and Beverages	25.29	28.50
Stores	76.19	119.43
Operating Supplies	40.46	53.44
TOTAL	141.94	201.37

NOTE 10 - TRADE RECEIVABLES

(Rs. In lakhs)

Particulars	31-Mar-20	31-Mar-19
Secured - Considered Good	-	-
Unsecured - Considered Good	4,517.56	3,277.03
Unsecured - Considered Doubtful	88.24	88.24
Trade Receivables having significant increase in credit risk	-	-
Trade Receivables - Credit Impaired	-	-
	4,605.80	3,365.27
Less : Allowance for Doubtful Debts	(88.24)	(88.24)
TOTAL	4,517.56	3,277.03

NOTE 11 - CASH AND CASH EQUIVALENTS

(Rs. In lakhs)

Particulars	31-Mar-20	31-Mar-19
Balances with Banks:		
in Current Accounts	416.47	848.80
in Deposit Accounts (Maturity less than 3 months)	210.51	306.32
Cheques on Hand / in Transit	0.09	0.61
Cash on Hand (As Certified)	1.14	0.16
TOTAL	628.21	1,155.89

NOTE 12 - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(Rs. In lakhs)

Particulars	31-Mar-20	31-Mar-19
Other Bank Balances		
Margin money deposits	**4.42**	4.42
Deposits - Others (More than 3 months but Less than 12 Months)	**631.20**	596.26
TOTAL	**635.62**	600.68

NOTE 13 - SHARE CAPITAL

(Rs. In lakhs)

	31-Mar-20	31-Mar-19
Authorised Share Capital		
150,00,000 (P.Y. - 150,00,000) Equity Shares of Rs 100/- each	**15,000.00**	15,000.00
	15,000.00	15,000.00
Issued, subscribed and fully paid-up shares		
1,37,60,000 (P.Y. - 137,60,000) Equity Shares of Rs 100/- each	**13,760.00**	13,760.00

13.a. Reconciliation of the shares outstanding at the beginning and at the end of the year

(Rs. In lakhs)

Equity Shares	31-Mar-20		31-Mar-19	
	Nos	Amount	Nos	Amount
At the beginning of the Year	**13,760,000**	**13,760.00**	13,760,000	13,760.00
Issued during the Year	-	-	-	-
As at the end of the Year	**13,760,000**	**13,760.00**	13,760,000	13,760.00

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-20	31-Mar-19
President of India	**2,700,000.00**	2,700,000.00
Air India Limited (Holding Company) and its nominees	**11,060,000.00**	11,060,000.00

13.c. Details of shareholders holding more than 5% shares in the company

Particulars	31-Mar-20		31-Mar-19	
	Nos	%	Nos	%
President of India	**2,700,000**	**19.62%**	2,700,000	19.62%
Air India Limited (Holding Company) and its nominees	**11,060,000**	**80.38%**	11,060,000	80.38%
TOTAL	**13,760,000**	**100.00%**	13,760,000	100.00%

NOTE 14 - OTHER EQUITY

(Rs. In lakhs)

Particulars	31-Mar-20	31-Mar-19
a) Retained Earnings		
Balance as per last financial statements	**(50,246.68)**	(43,384.00)
Loss for the year	**(5,554.81)**	(6,862.68)
Add/Less: Prior Period Adjustments	**-**	-
Closing Balance	**(55,801.49)**	(50,246.68)
b) Other Comprehensive Income		
Balance as per last financial statements	**(257.67)**	-
Add/Less: Remeasurement of Defined Benefit Obligation	**(999.89)**	(257.67)
Closing Balance	**(1,257.56)**	(257.67)
Balance as at the end of the year	**(57,059.05)**	(50,504.35)

NOTE 15 - BORROWINGS

(Rs. In lakhs)

Particulars	Non-current		Current	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Amount due to Holding Company			**37,964.36**	32,990.51
TOTAL	-	-	**37,964.36**	32,990.51

NOTE 16 - LEASE LIABILITY

(Rs. In lakhs)

Particulars	Non-current		Current	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Lease Liability	3,584.64	-	-	-
TOTAL	3,584.64	-	-	-

NOTE 17 - OTHER FINANCIALS LIABILITIES

(Rs. In lakhs)

Particulars	Non-current		Current	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Interest Accrued & due				
Lease Rent Payable			**6,008.63**	5,861.14
Retention Money			**2.00**	2.00
Earnest Money			**57.76**	68.08
Security Deposits			**13.49**	20.54
Shop & Other Deposits			**319.49**	319.49
Payable to Employees			**1,704.23**	1,679.57
Other Accounts Payable			**285.89**	232.28
TOTAL	-	-	**8,391.49**	8,183.10

NOTE 18 - PROVISIONS

(Rs. In lakhs)

Particulars	Non-current		Current	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Gratuity	**2,576.56**	2,076.83	**646.48**	579.17
Leave Encashment	**989.12**	760.99	**262.82**	254.33
Provison for Post Retirement Medical	**1,951.17**	1,786.37	**72.31**	73.79
Post Retirement Benefit Scheme Contribution	**104.20**	90.05	**-**	-
TOTAL	**5,621.05**	4,714.24	**981.61**	907.29

NOTE 19 - OTHER LIABILITIES

(Rs. In lakhs)

Particulars	Non-current		Current	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Statutory Dues			**446.30**	456.77
Credit balance in Sundry Debtors / Advances			**16.73**	15.49
Outstanding Libilities			**20.22**	36.82
Provision towards Interim Relief			**843.61**	696.92
Others			**452.67**	447.02
TOTAL	-	-	**1,779.53**	1,653.02

NOTE 20 - TRADE PAYABLES

(Rs. In lakhs)

Particulars	31-Mar-20	31-Mar-19
Total outstanding dues of Micro Enterprises and Small Enterprises	**66.14**	81.95
Total outstanding dues of other than Micro Enterprises and Small Enterprises	**429.99**	436.40
TOTAL	**496.13**	518.35

DUES TO MICRO AND SMALL ENTERPRISES

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). The disclosures pursuant to the said MSMED Act are as follows:

	31-Mar-20	31-Mar-19
a) The principal amount remaining unpaid to any supplier at the end of the year	66.14	81.95
b) Interest due remaining unpaid at the end of the year	-	-

NOTE 21 - REVENUE FROM OPERATIONS

(Rs. In lakhs)

Particulars	31-Mar-20	31-Mar-19
Revenue from Hotels and Flight Kitchen		
Rooms - Guest Accommodation	**1,968.60**	2,139.67
Food, Cigars and Cigarettes	**2,913.09**	2,799.15
Other Services	**730.73**	783.91
License fees for Shops and Offices	**344.22**	252.18
Beverages (Wine and Liquor)	**-**	0.02
TOTAL	**5,956.64**	5,974.93

NOTE 22 - OTHER INCOME

(Rs. In lakhs)

Particulars	31-Mar-20	31-Mar-19
Interest Income	**433.33**	90.45
Profit on sale of asset	**-**	-
Excess provision written back	**11.96**	427.37
Sundry balances written back (Net)	**2.27**	216.34
Others	**358.33**	19.21
TOTAL	**805.89**	753.37

NOTE 23 - COST OF RAW MATERIALS CONSUMED

(Rs. In lakhs)

Particulars	31-Mar-20	31-Mar-19
Food Consumed (Including Cigars and Cigarettes)		
Opening stock	**28.51**	35.88
Add: Purchases	**1,224.69**	1,229.55
Less: Closing stock	**(25.29)**	(28.51)
	1,227.89	1,236.92
Beverages (Wine and Liquor)		
Opening Stock	**-**	-
Add: Purchases	**0.09**	-
Less: Closing stock	**-**	-
	0.09	-
Consumption of Stores and Supplies		
Opening Stock	**119.43**	128.66
Add: Purchases	**110.88**	116.99
Less: Closing Stock	**(76.19)**	(119.43)
	154.12	126.22
Cost of Raw material consumed	**1,382.10**	1,363.14

NOTE 24 - EMPLOYEE BENEFITS

(Rs. In lakhs)

Particulars	31-Mar-20	31-Mar-19
Salaries, Wages , Bonus	**4,312.57**	4,365.91
Gratuity	**267.43**	284.97
Leave Encashment	**481.08**	176.01
Post Retirement Medical Benefit	**159.90**	141.56
Contribution to Provident Fund and Other Fund	**402.31**	386.97
Staff Welfare Expenses	**108.47**	144.21
TOTAL	**5,731.76**	5,499.63

NOTE 25 - FINANCE COST

(Rs. In lakhs)

Particulars	31-Mar-20	31-Mar-19
Interest on borrowings from Holding Company	**2,607.84**	2,573.91
Interest on Statutory Dues	**9.63**	377.98
Interest on Lease Liability	**254.12**	-
Interest - Others	**2.07**	16.87
TOTAL	**2,873.66**	2,968.76

NOTE 26 - OTHER EXPENSES

(Rs. In lakhs)

Particulars	31-Mar-20	31-Mar-19
Power & Fuel	**976.09**	1,087.24
Lease Rent	**199.01**	485.90
Security Charges	**145.81**	137.72
Repairs & Maintenance:		
Building	**33.40**	50.30
Plant and Machinery	**40.05**	45.05
Others	**62.18**	76.29
Miscellaneous Expenses	**43.90**	39.82
Travelling & Conveyance:		
Travelling	**5.36**	9.47
Conveyance	**5.82**	5.69
Hire charges	**0.22**	0.14
Vehicle Expenses	**19.30**	17.68
Soft Furnishing	**39.12**	51.37
Rates and Taxes	**32.48**	33.15
Printing and Stationery	**23.83**	20.68
Legal and Professional Charges	**146.89**	137.02
Communication costs	**14.85**	12.86
Insurance	**19.07**	19.99

Particulars	31-Mar-20	31-Mar-19
Advertisement and Publicity	**0.95**	0.84
Commission	**1.11**	0.56
Payment to Auditor (Refer note below)	**2.25**	2.43
Guest Transportation	**22.84**	17.02
TOTAL	**1,834.53**	2,251.22

Note : Payment to Auditor	31-Mar-20	31-Mar-19
For Audit Fees	**2.25**	2.25
For Reimbursement of expenses	**-**	0.18
	2.25	2.43

NOTE 27 - OTHER COMPREHENSIVE INCOME

(Rs. In lakhs)

Particulars	31-Mar-20	31-Mar-19
Gratuity	**917.89**	103.67
PRMS	**82.00**	154.00
TOTAL	**999.89**	257.67

Notes forming part of the financial statements for the year ended 31 March 2020 (Rupees in lakhs except if otherwise stated)

28 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 402.31 lakhs (Previous Year Rs.386.97 lakhs)

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 upto a maximum of 300 days.

D. 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

E. Disclosure as per Ind AS – 19

Sr. No.	Particulars	Gratuity	
		As at 31.03.20	As at 31.03.19
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	**1-Apr-19**	1-Apr-18
	Date of Reporting	**31-Mar-20**	31-Mar-19
	Period of Reporting	**12 Months**	12 Months
b)	**Assumptions (Previous Period)**		
	Expected Return on Plan Assets	**N.A.**	N.A.
	Rate of Discounting	**7.22%**	7.65%
	Rate of Salary Increase	**5.00%**	5.00%
	Rate of Employee Turnover	**2.00%**	2.00%
	Mortality Rate During Employment	**Indian Assured Lives Mortality (2006-08) Ult**	Indian Assured Lives Mortality (2006-08) Ult
	Mortality Rate After Employment		
c)	**Assumptions (Current Period)**		
	Expected Return on Plan Assets		
	Rate of Discounting	**6.43%**	7.22%
	Rate of Salary Increase	**5.00%**	5.00%
	Rate of Employee Turnover	**2.00%**	2.00%
	Mortality Rate During Employment	**Indian Assured Lives Mortality (2006-08) Ult**	Indian Assured Lives Mortality (2006-08) Ult

	Mortality Rate After Employment		
d)	**Table Showing Change in the Present Value of Projected Benefit Obligation**		
	Present Value of Benefit Obligation at the Beginning of the Period	**2,656.00**	2,767.04
	Interest Cost	**191.76**	211.68
	Current Service Cost	**75.66**	80.07
	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)	**(618.27)**	(499.68)
	(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	**89.70**	39.09
	Actuarial (Gains)/Losses on Obligations - Due to Experience	**828.19**	57.80
	Present Value of Benefit Obligation at the End of the Period	**3,223.04**	2,656.00
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)	**(3,223.04)**	(2,656.00)
	Fair Value of Plan Assets at the end of the Period	**-**	-
	Funded Status (Surplus/ (Deficit))	**(3,223.04)**	(2,656.00)
	Net (Liability)/Asset Recognized in the Balance Sheet	**(3,223.04)**	(2,656.00)
g)	**Net Interest Cost for Current Period**		
	Present Value of Benefit Obligation at the Beginning of the Period	**2,656.00**	2,767.04
	(Fair Value of Plan Assets at the Beginning of the Period)	**-**	-
	Net Liability/(Asset) at the Beginning	**2,656.00**	2,767.04
	Interest Cost	**191.76**	211.68
	(Interest Income)	**-**	-
	Net Interest Cost for Current Period	**191.76**	211.68
h)	**Expenses Recognized in the Statement of Profit or Loss for Current Period**		
	Current Service Cost	**75.66**	80.07
	Net Interest Cost	**191.76**	211.68
	Past Service Cost	**-**	-
	(Expected Contributions by the Employees)	**-**	-
	(Gains)/Losses on Curtailments And Settlements	**-**	-
	Net Effect of Changes in Foreign Exchange Rates	**-**	-
	Expenses Recognized	**267.43**	291.75
i)	**Expenses Recognized in the Other Comprehensive Income (OCI) for Current Period**		
	Actuarial (Gains)/Losses on Obligation For the Period	**917.89**	96.89
	Return on Plan Assets, Excluding Interest Income	**-**	-
	Change in Asset Ceiling	**-**	-

	Net (Income)/Expense For the Period Recognized in OCI	**917.89**	96.89
j)	**Balance Sheet Reconciliation**		
	Opening Net Liability	**2,656.00**	2,767.04
	Expenses Recognized in Statement of Profit or Loss	**267.43**	291.75
	Expenses Recognized in OCI	**917.89**	96.89
	Net Liability/(Asset) Transfer In	**-**	-
	Net (Liability)/Asset Transfer Out	**-**	-
	(Benefit Paid Directly by the Employer)	**(618.27)**	(499.68)
	(Employer's Contribution)	**-**	-
	Net Liability/(Asset) Recognized in the Balance Sheet	**3,223.04**	2,656.00
k)	**Other Details**		
	No of Active Members	**613**	696
	Per Month Salary For Active Members	**211.14**	177.52
	Weighted Average Duration of the Projected Benefit Obligation	**5**	5
	Average Expected Future Service	**6**	6
	Projected Benefit Obligation	**3,223.04**	2,656.00
	Prescribed Contribution For Next Year (12 Months)	**-**	-
l)	**Net Interest Cost for Next Year**		
	Present Value of Benefit Obligation at the End of the Period	**3,223.04**	2,656.00
	(Fair Value of Plan Assets at the End of the Period)	**-**	-
	Net Liability/(Asset) at the End of the Period	**3,223.04**	2,656.00
	Interest Cost	**207.24**	191.76
	(Interest Income)	**-**	-
	Net Interest Cost for Next Year	**207.24**	191.76
m)	**Expenses Recognized in the Statement of Profit or Loss for Next Year**		
	Current Service Cost	**95.13**	75.66
	Net Interest Cost	**207.24**	191.76
	(Expected Contributions by the Employees)	**-**	-
	Expenses Recognized	**302.37**	267.43
n)	**Maturity Analysis of the Benefit Payments: From the Fund**		

	Projected Benefits Payable in Future Years From the Date of Reporting		
	1st Following Year	**-**	-
	2nd Following Year	**-**	-
	3rd Following Year	**-**	-
	4th Following Year	**-**	-
	5th Following Year	**-**	-
	Sum of Years 6 To 10	**-**	-
	Sum of Years 11 and above	**-**	-
o)	**Maturity Analysis of the Benefit Payments: From the Employer**		
	Projected Benefits Payable in Future Years From the Date of Reporting		
	1st Following Year	**646.48**	579.17
	2nd Following Year	**290.38**	255.67
	3rd Following Year	**606.80**	424.90
	4th Following Year	**440.88**	458.49
	5th Following Year	**420.44**	311.80
	Sum of Years 6 To 10	**1,165.80**	991.15
	Sum of Years 11 and above	**643.47**	545.56
p)	**Sensitivity Analysis**		
	Projected Benefit Obligation on Current Assumptions	**3,223.04**	2,656.00
	Delta Effect of +1% Change in Rate of Discounting	**(112.65)**	(88.98)
	Delta Effect of -1% Change in Rate of Discounting	**121.71**	96.06
	Delta Effect of +1% Change in Rate of Salary Increase	**122.22**	97.20
	Delta Effect of -1% Change in Rate of Salary Increase	**(115.18)**	(91.63)
	Delta Effect of +1% Change in Rate of Employee Turnover	**7.23**	9.10
	Delta Effect of -1% Change in Rate of Employee Turnover	**(7.64)**	(9.61)

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 31.03.20	As at 31.03.19
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	**1-Apr-19**	1-Apr-18
	Date of Reporting	**31-Mar-20**	31-Mar-19
	Period of Reporting	**12 Months**	12 Months
b)	**Assumptions (Previous Period)**		
	Expected Return on Plan Assets	**N.A.**	N.A.
	Rate of Discounting	**7.79%**	7.76%
	Medical Cost Inflation	**4.00%**	4.00%
	Rate of Employee Turnover	**2.00%**	2.00%
	Mortality Rate During Employment	**Indian Assured Lives Mortality(2006-08)**	Indian Assured Lives Mortality(2006-08)
	Mortality Rate After Employment	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)
c)	**Assumptions (Current Period)**		
	Expected Return on Plan Assets	**N.A.**	N.A.
	Rate of Discounting	**6.83%**	7.79%
	Medical Cost Inflation	**4.00%**	4.00%
	Rate of Employee Turnover	**2.00%**	2.00%
	Mortality Rate During Employment	**Indian Assured Lives Mortality(2006-08)**	Indian Assured Lives Mortality(2006-08)
	Mortality Rate After Employment	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)
d)	**Table Showing Change in the Present Value of Projected Benefit Obligation**		
	Present Value of Benefit Obligation at the Beginning of the Period	**1,950.20**	1,708.64
	Interest Cost	**152.00**	133.00
	Current Service Cost	**22.00**	20.00
	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)	**(78.37)**	(65.44)
	(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	**222.00**	(7.00)
	Actuarial (Gains)/Losses on Obligations - Due to Experience	**(140.00)**	161.00
	Present Value of Benefit Obligation at the End of the Period	**2,127.83**	1,950.20
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)	**(2,128.83)**	(1,950.20)
	Fair Value of Plan Assets at the end of the Period	**-**	-
	Funded Status (Surplus/ (Deficit))	**(2,128.83)**	(1,950.20)
	Net (Liability)/Asset Recognized in the Balance Sheet	**(2,128.83)**	(1,950.20)

g)	**Net Interest Cost for Current Period**		
	Present Value of Benefit Obligation at the Beginning of the Period	**1,950.20**	1,708.64
	(Fair Value of Plan Assets at the Beginning of the Period)	**-**	-
	Net Liability/(Asset) at the Beginning	**1,950.20**	1,708.64
	Interest Cost	**152.00**	133.00
	(Interest Income)	**-**	-
	Net Interest Cost for Current Period	**152.00**	133.00
h)	**Expenses Recognized in the Statement of Profit or Loss for Current Period**		
	Current Service Cost	**22.00**	20.00
	Net Interest Cost	**152.00**	133.00
	Past Service Cost	**-**	-
	(Expected Contributions by the Employees)	**-**	-
	(Gains)/Losses on Curtailments And Settlements	**-**	-
	Net Effect of Changes in Foreign Exchange Rates	**-**	-
	Expenses Recognized	**174.00**	153.00
i)	**Expenses Recognized in the Other Comprehensive Income (OCI) for Current Period**		
	Actuarial (Gains)/Losses on Obligation For the Period	**82.00**	154.00
	Return on Plan Assets, Excluding Interest Income	**-**	
	Change in Asset Ceiling	**-**	
	Net (Income)/Expense For the Period Recognized in OCI	**82.00**	154.00
j)	**Balance Sheet Reconciliation**		
	Opening Net Liability	**1,950.20**	1,708.64
	Expenses Recognized in Statement of Profit or Loss	**174.00**	153.00
	Expenses Recognized in OCI	**82.00**	154.00
	Net Liability/(Asset) Transfer In	**-**	-
	Net (Liability)/Asset Transfer Out	**-**	-
	(Benefit Paid Directly by the Employer)	**(78.37)**	(65.80)
	(Employer's Contribution)	**-**	
	Net Liability/(Asset) Recognized in the Balance Sheet	**2,127.83**	1,950.20

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	**577**	696
	Per Month Salary For Active Members	**2.07**	1.78
	Weighted Average Duration of the Projected Benefit Obligation	**30**	30
	Average Future Term	**30**	30
	Projected Benefit Obligation (PBO)	**2,127.83**	1,950.20
	Prescribed Contribution For Next Year (12 Months)	**-**	
m)	**Net Interest Cost for Next Year**		
	Present Value of Benefit Obligation at the End of the Period	**2,127.83**	1,950.20
	(Fair Value of Plan Assets at the End of the Period)	**-**	
	Net Liability/(Asset) at the End of the Period	**2,127.83**	1,950.20
	Interest Cost	**145.00**	152.00
	(Interest Income)	**-**	-
	Net Interest Cost for Next Year	**145.00**	152.00
n)	**Expenses Recognized in the Statement of Profit or Loss for Next Year**		
	Current Service Cost	**20.00**	22.00
	Net Interest Cost	**145.00**	152.00
	(Expected Contributions by the Employees)	**-**	-
	Expenses Recognized	**165.00**	174.00
o)	**Maturity Analysis of the Benefit Payments: From the Fund**		
	Projected Benefits Payable in Future Years From the Date of Reporting		

	1st Following Year	**-**	-
	2nd Following Year	**-**	-
	3rd Following Year	**-**	-
	4th Following Year	**-**	-
	5th Following Year	**-**	-
	Sum of Years 6 To 10	**-**	-
	Sum of Years 11 and above	**-**	-
p)	**Maturity Analysis of the Benefit Payments: From the Employer**		
	Projected Benefits Payable in Future Years From the Date of Reporting		
	1st Following Year	**72.00**	62.00
	2nd Following Year	**84.00**	77.00
	3rd Following Year	**99.00**	90.00
	4th Following Year	**113.00**	103.00
	5th Following Year	**126.00**	120.00
	Sum of Years 6 To 10	**631.00**	628.00
q)	**Sensitivity Analysis**		
	Projected Benefit Obligation on Current Assumptions	**2,127.83**	1,950.20
	Delta Effect of +1% Change in Rate of Discounting	**(226.00)**	(201.00)
	Delta Effect of -1% Change in Rate of Discounting	**277.00**	245.00
	Delta Effect of +1% Change in Medical Cost Inflation	**282.00**	252.00
	Delta Effect of -1% Change in Medical Cost Inflation	**(234.00)**	(209.00)

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

29. 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.

30. Contingent Liabilities and Contingent Assets:

A. Contingent Liabilities

In compliance of Ind AS 37 on "Provisions, Contingent Liabilities and Contingent Assets", the required information is as under:

No.	Description	Opening Balance as on 1st April 2019	Additions during the year 2019-20	Utilisation during the year 2019-20	Reversals during the year 2019-20	Closing Balance as on 31st March 2020
i)	Sales Tax / VAT	19.24	-	-	(19.24)	-
ii)	Luxury Tax	228.91	-	-	-	**228.91**
iii)	Excise Duty	197.28	-	-	(197.28)	-
iv)	Service Tax	296.25		-		**296.25**
v)	Counter claim of Sahara Hospitality Ltd	235.67	-	-	-	**235.67**
vi)	Arbitration Award for B D & P Hotels challenged in Court	54.00	-	-	-	**54.00**
vii)	Arbitration proceedings against N S Associates	787.79	-	-	-	**787.79**
viii)	Premium payable on fore shore land of erstwhile Centaur Hotel Juhu Beach to Government of Maharashtra	448.00	-	-	-	**448.00**
ix)	Guarantees given to Customs Department for the flight kitchen operations	3.00	-	-	-	**3.00**
x)	Others	506.21	-	-	-	**506.21**
xi)	Awards that have gone against the Company and preferred an appeal	10.62	-	-	-	**10.62**
xii)	Interest on dues payable to AAI	8,553.80	909.52	-	(2,617.61)	**6,845.70**
	Total	**11,340.77**	**909.52**	**-**	**(2,834.14)**	**9,416.15**

Claims against the Company not acknowledged as debts

i) Disputed Sales Tax Liability for which the Company had preferred an appeal with Additional Commissioner of Sales Tax in relation with demand of Sales Tax for 2000-01 has been completed during the year and a refund order received

ii) 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.70.71 lakhs (previous year Rs. 70.71 lakhs) under protest.

iii) Claim of excise duty for which the Company had preferred an appeal has been dismissed in favour of the Company during the year

iv) Claim of Service Tax for which the Company has preferred an appeal

v) Counter Claim of Rs. 236 lakhs 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 188 lakhs and interest thereon along with legal costs of Rs 40 lakhs. 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.

vi) 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.1000 lakhs and proportionate Minimum Guaranteed Amount of Rs 108 lakhs 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 34100 lakhs 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 54 lakhs, 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, which came up for hearing on 2 January 2020 and again on 3 March 2020. The options available to the Company are being explored with the guidance of the Senior Counsel in the matter.

vii) 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. 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 788 lakhs and interest thereon @ 15%. Arbitration award was published by the Learned Arbitral Tribunal on 19.10.2019 by holding that theCompany has to pay Rs. 88.43 lakhs along with litigation costs of Rs.5.00 lakhs to the party. The Company has 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

viii) Subsequent to the sale of Centaur Hotel Juhu Beach in 2002, Govt. of Maharashtra claimed an amount of Rs 448 lakhs from M/s V. Hotels 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. The Order of the State Government dated 1.6.2014 has directed M/s V. Hotels to make payment of the said premium which has been challenged by them in the Bombay High Court.

ix) Guarantees given to Customs Authorities

x) Others

xi) Awards that have gone against the Company for which appeals are preferred and pending disposal.

xii) Interest on account of outstanding dues payable to Airports Authority of India

xiii) Claims made by employees - 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 Centaur Hotel Mumbai Airport had to pay an amount of Rs 188 lakhs and interest thereon along with legal costs of Rs 40 lakhs. 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 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 v) above)

31. Other Receivables under Other Financial Assets (Note 6) - Rs.124.97 lakhs (previous year Rs 96.74 lakhs) - includes Rs. 38.42 lakhs due from AAI for the period from 1986-87 to 2005-06 and Rs. 9.54 lakhs for the period from 2006-07 to 2009-10 .

The Company is of the view that the above sum is good for recovery and hence no provision is required in respect thereof.

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.

a) Amount receivable from J & K government in respect of cost sharing arrangements with SKICC is Rs .1197.92 lakhs - (previous year Rs 1123.56 lakhs)- (Note 6)

b) The amount payable to J & K government on account of joint construction is Rs. 451.85 lakhs and amount receivable on account of joint construction is Rs. 417.76 lakhs. (Note 19)

These balances are subject to reconciliation and confirmation. Adjustment, if any will be accounted in the year in which finality is reached.

33. 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 wage revision was made in the books of accounts in 2018-19 totalling to Rs 963.60 lakhs . 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 which is still pending. However, in view of the financial position of the Company the wage revision has been deferred.

The Management had announced an adhoc of Rs 5,000/- per month per employee for officers effective 1.1.2017 which continues and has been accounted for upto 31st March 2020.

34. Chefair Delhi acquired one Hi - lift TATA Chassis at a cost of Rs 10.14 lakhs during the financial year 2007-08. Based on operational considerations it was transferred to Chefair Mumbai on 21st March, 2009 for customisation to meet local requirements. The Company is in the process of getting the balance work done from the contractor. Rs 24.36 lakhs is reflected as Capital Work –in –Progress as on 31st March, 2020.

35. Renovation of Hotels :

The Company received a sum of Rs 500 lakhs 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. However, the same is not actively pursued in view of the situation in the Valley and uncertainty regarding 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 2020	As at 31st March 2019
hilift	**4.54**	2.84
Total	**4.54**	2.84

37. Confirmations of Balances

i) The Company has reconciled the balances in respect of Trade Receivables, Trade Payables, Loans and Advances, Deposits in respect of the Holding Company and its subsidiaries as on 31st March 2020

ii) The Company is in the process of obtaining confirmation of balances in respect of other Trade Receivables, Trade Payables, Loans and Advances, Deposits and Other Liabilities as on 31st March, 2020. 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

Effective April 1,2019, the Company adopted Ind As 116 “Leases “ and applied the standard to all lease contracts existing on April 1, 2019 by electing ‘prospective approach with the cumulative effect at the date of initial application. Consequently, the Company recorded the lease liabilty at the present value of the lease payments discounted at the incremental borrowing rate and the right -of-use asset at its carrying amount as if the standard had been applied since the commencement date of the lease. Comparatives as at the year ended March 31,2019 have not been retrospectively adjusted and there fore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31,2019.

On transition, the adoption of the new standard resulted in recognition of ‘Right-of-use assets’ of Rs 3330.52 lakhs and a “lease liability” of Rs.3584.64 lakhs. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payment. Consequent to the application of this standard, lease cost for the year was lower by Rs. 275.67 lakhs, depreciation and interest is higher by Rs. 531.06 lakhs to Right-of-Use assets

The following is the summary of practical expendients elected on initial application:

Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date

Applied the exemption not to recogise right -of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application

Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

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 weighted average incremental borrowing rate applied to lease liabilities as at April 1,2019 is 7.63%.

The Company has taken land on lease which are long term in nature with varying terms, escalation clauses and renewal rights . On renewal, the terms of the leases would be renegotiated.

a) Total lease liabilities are analysed as under:

Particulars	**31.3.2020**	
Current	**-**	
Non-current	**3,584.64**	
Total	**3,584.64**	

39. Earnings Per Share:

Particulars	**As at 31.03.2020**	As at 31.03.2019
Profit/(Loss) After Tax & Extra-Ordinary Items	**(6554.70)**	(7,120.35)
Less: Extra-Ordinary Items	**-**	-
Profit/(Loss) After Tax & Before Extra-Ordinary Items	**(6554.70))**	(7,120.35)
Weighted Average No. of Equity Shares	**137.60**	137.60
EPS		
a) Basic	**(47.64)**	(51.75)
b) Diluted	**(47.64)**	(51.75)

40. Remuneration to Auditors:

The details of the audit fees and expenses of the Auditors:-

Particulars	**2019-20**	2018-19
Audit fees- For the year	**2.25**	2.25
Out of Pocket Expenses of previous auditors	**-**	0.18
Total	**2.25**	2.43

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 2018-19 and 2019-20 are given below:

Related Perty Relationships

i) Holding Company

Air India Limited

ii) Person having significant influence

President of India (through his representative)

A Key Management Personnel & Relatives :

Pankaj Kumar - Chief Executive Officer

T.C.Dalal - Chief Financial Officer

Shyamala Kunder - Company Secretary

Transactions with Key Managerial Personnel:

i) There are no transactions with key managerial personnel or their relatives

ii) Key Managerial Remuneration

S.No	Particulars	as at 31.3.2020	as at 31.3.2019
1	Pankaj Kumar - Chief Executive Officer	**9.74**	-
2	T.C.Dalal - Chief Financial Officer	**9.00**	7.80

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) :

S. No.	Name of the Entities and Nature of transactions	2019-20	2018-19
1	**AIR INDIA LIMITED**		
	Sales during the year	**5,125.48**	4,376.91
	Finance Cost for the year	**(2,607.84)**	(2,573.91)
	SAP Maintenance cost for the year	**-**	(3.43)
	Travelling Expenses	**(0.53)**	-
	Miscellaneous expenses	**(3.11)**	
	Loan received during the year	**(2,775.00)**	(4,800.00)
	Closing Balance 31.3.2020		
	Trade Receivable from Air India	**3,609.22**	2,450.88
	Due to Air India	**(37,964.36)**	(32,990.51)
	Other Receivables	**28.17**	22.35
	Other Payables	**(11.12)**	(3.66)
2	**AIR INDIA SUBSIDIARIES**		
	Sales during the year		
	AI Airport Services Limited (AASL) (formerly AIATSL)	**11.27**	9.32
	AI Engineering Services Limited (AIESL)	**181.97**	381.30

S. No.	Name of the Entities and Nature of transactions	2019-20	2018-19
	Air India Express Limited (AIXL)	**39.77**	8.55
	Alliance Air Aviation Limited (AAAL)(formerly known as Airlines Allied Services Ltd. (AASL))	**53.08**	26.75
	Trade Receivables on 31.3.2020		
	AI Airport Services Limited (AASL) (formerly AIATSL)	**10.34**	9.46
	AI Engineering Services Limited (AIESL)	**361.94**	532.73
	Air India Express Limited (AIXL)	**23.62**	13.17
	Alliance Air Aviation Limited (AAAL)(formerly known as Airlines Allied Services Ltd. (AASL))	**42.59**	16.25

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 2020 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.

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 31.3.2031 . 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 4.011.2019 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 31.03.2031 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.

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 bee identified during th year. The payments to such undertakings covered under Micro Small and Medium Enterprises are being made within the prescribed credit period agreed upon with the supplier and hence no interest is payable on delayed payments.

46. The Company has conducted physical verification of each group of fixed assets in 2019-20. The extent of discrepancies if any, are being ascertained. The resultant impact of the same on the accounts will be dealt with in the year in which finality is reached.

47. There is no impairment of assets as envisaged under Indian Accounting Standards (Ind AS 36) ‘Impairment of Assets’.

48. Depreciation:

In the absence of actual installation date of some of the Fixed Assets prior to 1st Aril, 2014 the Company has assumed 1st April of the financial year as the date of installation for such Fixed Assets during the relevant financial years.

The Company has ascertained the impact on the charge for depreciation for the year based on the opening balance of Fixed Assets and consequently, the provision for depreciation is suitably calculated to comply with Schedule II, Part C of the Companies Act, 2013 .

As per Note No.44 above, the useful life of Centaur Delhi has been reworked upto 31.3.2031 instead of 31.12.2019. Accordingly, depreciation has been reworked prospectively during the year. The depreciation for the building of Centaur Delhi charged to Statement of Profit and Loss is Rs.89.70 lakhs against Rs.1213.40 lakhs during 2018-19

49. 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.

50. 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.

51. 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. Impact of COVID 19

The SARS–CoV-2 virus responsible for COVID-19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and significant decrease in global and local economic activities. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organisation. Numerous government and companies, including the Company, have introduced a variety of measures to contain the spread of the virus. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended by 19 days and further extended by 17 days i.e. upto May 31, 2020 across the country to contain the spread of the virus.

The Company faces significant uncertainties due to COVID-19 which have impacted the operations adversely starting from the month of March 2020 onwards.During the quarter ended March 31, 2020, such impact was limited only to the later part of March 2020. However, with the continuance of such lockdown during the first quarter of the financial year 2021, all segments of the Company’s operations remained adversely impacted.

The Company continues to closely monitor the situation and take appropriate action, as necessary to scale up operations, in due compliance with the applicable regulations. As per the Company's current assessment no significant impact on carrying amounts of property, plant and equipment, right of use-assets, trade receivables and other financial assets is expected and it continues to monitor changes in future economic conditions. The eventual outcome of the impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements.

Also refer note 2 (v) Estimation uncertainty due to COVID-19. Based on aforesaid assessment, management believes that as per estimates made conservatively, the group 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, 2020.

53. Going Concern:

The Company faces significant uncertainties due to COVID-19 which have impacted the operations of the Company adversely starting from the month of March 2020. Management has assessed the impact of existing and anticipated effects of COVID -19

Inspite of the negative Net Worth of the Company as at the balance sheet date, considering the continuous support of the Holding Company and the Government, the Company is and will continue to be able to meet its financial obligations as they fall due. 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:

i) Due to the renovation of 80 guest rooms and other allied works at Centaur Delhi in view of the equity infusion of Rs 2700 lakhs by Government of India, the revenue of the Company increased from Rs. 5513 lakhs in 2017-18 to Rs 6762.53 lakhs during the year 2019-20. This was due to increased business from Air India and its subsidiaries

ii) The Holding Company,Air India Limited (AIL)and Government of India is continuously supporting the Company by way of financial assistance in the form of equity infusion and providing financial assistance as and when required by HCI and are also committed to provide such assistance in future also.During earlier years, there has been Equity infusion of Rs 2700 lakhs by Government of India and conversion of loan to equity totaling to Rs 7000 lakhs by AIL. Out of the total Share Capital of the Company of Rs 13760 lakhs, the total share capital of AIL is Rs 11060 lakhs as on 31.3.2020. Operational shortfall for staff salary payments is being funded by AIL through the Current Account. The Current Account also includes other debits / credits and interest being debited by AIL. This support will continue in the future when required by the Company.

iii) AIL has been continuously supporting the Company by giving business which contributes to the operational revenue of the Company - nearly 80% of the revenue earned by the Company is from AIL and this would continue in the future also.

iv) Presently the Company is in the process of calling for consultants to assist the Company to hand over Delhi properties on Management Contract upto 31.3.2031 i.e. upto the lease period of land leased from AAI. This would result in savings of fixed and variable costs at Delhi units and also the Company would earn management contract fees . Any surplus after paying off its liabilities would be transferred to Air India towards loan repayment.

v) Also in the process of disinvestment of AIL, HCI is one of the subsidiaries of AIL which would not be divested and would be transferred to the Special Purpose Vehicle, Air India Asset Holding Company, a 100% subsidiary of Government of India. Accordingly upon disinvenstment of AIL, the Company would be administered by Air India Asset Holding Company.

54. Previous Years figures have been re-cast/re-arranged in line with IND-AS requirements wherever required.

55. The financial statements were authorised for issue by the Board of Directors on 21 October, 2020.

The accompanying notes are an integral part of the Financial Statements

As per our report of even date

For S A R A & ASSOCIATES
Chartered Accountants
Firm Registration No. 0120927W

Sd/-
(Manoj Agarwal)
Partner
Membership No: 119509

Place : Mumbai
Date : 27-10-2020

For and on behalf of the Board of Directors

Sd/-
(Rajiv Bansal)
Chairman
DIN 01023747

Sd/-
(Satyendra Kumar Mishra)
Director
DIN 07728790

Sd/-
(Thrity C Dalal)
Chief Financial Officer
FCA 034616

Sd/-
(Shyamala P Kunder)
Company Secretary
ACS 8203

Place : New Delhi
Date : 21-10-2020

ANNEXURE I

Segmentwise Reporting for the year 2019-20

A. PRIMARY BUSINESS SEGMENT :

(Rs. In lakhs)

Particulars	Hotels	Flight Kitchens	Others	Total
1. SEGMENT REVENUE	**2,737.89**	**3,442.20**	**582.44**	**6,762.53**
	(3,225.78)	(3,424.16)	(78.36)	(6,728.30)
2. SEGMENT RESULT LOSS				
Loss after Interest, Exceptional and Extraordinary Items	**(4,452.76)**	**(2,684.38)**	**582.44**	**(6,554.70)**
	(4,201.29)	(2,997.43)	78.36	(7,120.35)
3. SEGMENT ASSETS	**7,952.02**	**5,273.56**	**2,294.19**	**15,519.77**
	(6,231.86)	(3,267.06)	(2,645.49)	(12,144.41)
4. SEGMENT LIABILITIES	**11,718.86**	**9,057.18**	**36,279.78**	**57,055.82**
	(9,243.31)	(6,604.72)	(32,690.08)	(48,538.11)
5. CAPITAL EMPLOYED	**(3,766.84)**	**(3,783.62)**	**(33,985.59)**	**(41,536.05)**
	(3,011.45)	(3,337.66)	(30,044.59)	(36,393.70)
6. TOTAL CAPITAL EXPENDITURE	**0.23**	**2.52**	**-**	**2.75**
	(0.23)	(29.61)	-	(29.84)

Figures in brackets relate to previous year. 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.