

# **AIR INDIA ASSETS HOLDING LIMITED**

**2<sup>ND</sup>**

## **ANNUAL REPORT**

**FINANCIAL YEAR**

**2019-20**

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Regd. Office: Airlines House, 113 Gurudwara Rakabganj Road, New Delhi-110001  
CIN: U74999DL2018GOI328865, Tel: 2342 2093,  
Email id: [company.secretary@aiah.in](mailto:company.secretary@aiah.in)

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## **CORPORATE INFORMATION**

(as on 16-03-2021)

### **BOARD OF DIRECTORS**

1. Shri Rajiv Bansal
2. Shri Vimalendra Anand Patwardhan
3. Shri Satyendra Kumar Mishra
4. Shri Baldeo Purushartha
5. Shri Vinod Hejmadi

### **CHIEF FINANCIAL OFFICER**

Shri K.C. Anand

### **STATUTORY AUDITORS**

Ashwani Sood & Associates  
Chartered Accountants  
New Delhi

### **COMPANY SECRETARY**

Ms. Shilpi Singh

### **NCD BONDS LISTED ON**

BSE Limited

### **REGISTRAR AND SHARE TRANSFER AGENT**

1. Link Intime India Pvt. Ltd,
2. KFin Technologies Private Limited

### **BANKER**

State Bank of India, New Delhi

### **REGISTERED OFFICE & CORPORATE OFFICE**

Airlines House  
113 Gurudwara Rakabganj Road,  
New Delhi -110001  
Telephone No. 011-23422093  
Email: [company.secretary@aiahl.in](mailto:company.secretary@aiahl.in)  
[www.aiahl.in](http://www.aiahl.in)

## BOARD'S REPORT

To  
The Members,  
Air India Assets Holding Limited

The Directors of your Company have the pleasure in presenting the 2nd Annual Report together with the audited financial statements and Auditor's Report and comments of Comptroller and Auditor General of India on the accounts for the year ended 31st March, 2020.

### 1. FINANCIAL RESULTS

The summary of the Company's financial performance, for FY 2019-20 as compared to the previous FY 2018-19 is given below:

The Major Highlights of the Income statement for the year under review are as below:

S.No.	Particulars	Amount (Rs.in Cr.) FY 2019-20	Amount (Rs.in Cr.) FY 2018-19
<b>I.</b>	<b>Total Revenue</b>	<b>3824.28</b>	<b>0.09</b>
	(a) Revenue Grant for interest servicing (Finance costs and loan related expenses II.a + II.b. below)	3625.30	0.09
	(b) Identified Incomes credited by AI Rs.cr. -Revenue from Operations- Rental 142.48 AI Building Nariman Point Building - Revenue share-AIASL 54.59 (20% of 3rd party revenue shared)	197.07	-
	(c) Interest on FDRs-AIAHL	1.91	-
<b>II.</b>	<b>Total Expenses (before prov.for Income Tax)</b>	<b>3636.61</b>	<b>0.08</b>
	(a) Finance Costs (Rs.in Cr.)	3620.96	-
	i. Reimb.of Interest debited by AI for Identified debts 2857.47		-
	ii. Interest for AIAHL NCDs 763.49		
	(b) Legal expenses debited by AI for Identified Debts	4.34	-
	(c) Maintenance, Utilities and upkeep expenses debited by AI for Rental Building	6.45	-
	(d) AIAHL NCDs- bond issuance expenses	4.11	-
	(e) Other expenses	0.75	0.08
<b>III.</b>	<b>Profit before tax provision (I-II)</b>	<b>187.67</b>	<b>0.001</b>
<b>IV.</b>	Provision for Income Tax including Interest provided upto 31.12.2020 (Tax provided at lower 22% rate, effective tax Rate @25.17%)	53.65	
<b>V.</b>	<b>Profit after Tax (III-IV)</b>	<b>134.02</b>	<b>0.0003</b>

### 2. STATE OF COMPANY AFFAIRS:

- i. The Company was incorporated on 22<sup>nd</sup> day of January, 2018 vide Ministry of Civil Aviation (MOCA) order for creation of a new SPV. The Company was formed with an object to warehouse accumulated working Capital Loans not backed by any asset along with four Subsidiaries AIASL, AASL, AIESL and HCI (Air India Air Transport Services Ltd. (AIATSL), Airline Allied Services Ltd. (AASL), Air India Engineering Services Ltd. (AIESL) and Hotel Corporation of India Ltd. (HCI), non-core assets, paintings and artefacts and other non-operational assets of Air India Ltd.



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

## **2.1 ACQUISITION OF SHARES OF AIR INDIA AIRPORT SERVICES LIMITED (FORMERLY KNOWN AS AIR INDIA AIR TRANSPORT SERVICES LIMITED (AIATSL))FROM AIR INDIA**

- i. Board in its meeting held on 15.11.2018 approved the taking over of 100% shareholding of AIATSL, a wholly-owned subsidiary of Air India Ltd (AIL) from AIL as per the decision of Government of India in AISAM Meeting dt. 07.09.2018 and accordingly, a draft of SPA for taking over of AIATSL from AIL by the company was also approved. SPA was executed with AI on 03-01-2019.
- ii. On 3rd January 2019, AIAHL started the exercise to issue PIM for inviting expression of interest towards strategic sale of AIATSL by AIAHL and a draft PIM was considered and approved by the Board in its BMs dt. 09-01-2019 by the Board and by members of the company in EGM dt. 18-01-2019, which was further modified by the Board in its meeting 11-02-2019 as per the suggestion given the members of the company in its general meeting dt. 08-02-2019.
- iii. The Preliminary Information Memorandum (PIM) for inviting Expression of Interest was issued on 12th February, 2019 followed by 11 Corrigendum issued by the company between 5th March, 2019 to 27<sup>th</sup> December, 2019 respectively.
- iv. On 28<sup>th</sup> Jan 2020, the Govt. of India, Ministry of Civil Aviation advised that the Disinvestment process for the proposed strategic sale of AIATSL stands cancelled and the process of the proposed strategic sale of AIATSL, will be reinitiated in due course.

## **2.2 FRAMEWORK AGREEMENT WITH AIR INDIA LTD (AIL) ON TAKING OVER AIL DEBTS OF RS. 29,464 CRORES**

- i. To provide for terms and conditions of the contractual understandings between Air India and AIAHL for achieving the objectives of the disinvestment processes and reflect accounting transactions during FY 2019-20, a Frame-Work agreement dated 23<sup>rd</sup> Nov 2020 has been executed.
- ii. This agreement provide for matters such relating to transfer of obligations for certain identified financial debts/loans of AI aggregating to Rs.29,464 crores to AIAHL with effect from October 1, 2018, refinancing by AIAHL by raising bonds proceeds and providing these repayment funds to AI for such identified debts, the requirement for budgetary support/grants received from Govt. of India through AIAHL for AI debts, AI to sell and provide monetize proceeds post 1st Oct 2018 for certain identified non-core properties and transfer of monetization proceeds as also identified other incomes such as Rentals from AI Nariman Point building and revenue sharing/any dividend/distributions receivable by AI of identified subsidiaries to the escrow bank account mechanism set up by AI and AIAHL with SBI bank towards servicing the debts identified for transfer to SPV to reduce the impact for budgetary support requirements for servicing the identified AI debts and transfer to investments in the identified 4 subsidiaries (AIAPS, AAASL, AIESL and HCI) and receivables of AI from subsidiaries also to be transferred to AIAHL pending these subsidiaries disposal upon disinvestment through the SPV.

### 3. RESERVES

The Profits for the period under review amounting to Rs.134.02 crores has been transferred to the Reserves and Surplus account of the Balance sheet.

### 4. DIVIDEND

The Board of Directors does not recommend any dividend for the period under review, as the company is a SPV dependent upon Government grants for funding support.

### 5. SHARE CAPITAL

#### 5.1 Authorized Share Capital

The Authorized share capital of the Company as of March 31, 2020 is Rs. 5,00,000/- comprising of 50,000 equity shares of Rs. 10/- each.

#### 5.2 Issued, Subscribed & Paid up Share Capital

The issued, subscribed and paid up share capital of the Company as on March 31, 2020 was Rs. 5,00,000/- comprising of 50,000 equity shares of Rs. 10/- each.

#### 5.3 Debentures

During the year under review the Company has issued Non-Convertible Debentures in three series as given below:

S.No.	Particulars	Series 1	Series 2	Series 3
1.	Object of the Issue	To Refinance the Debts of AIL		
2.	Allotted debentures	Rs.7000Cr	Rs.7000Cr.	Rs.7985Cr.
3.	Tenor	3years 3 month	10years	10years
4.	Instrument Description	Government of India Fully Serviced, Unsecured, Redeemable, Taxable, Non-Convertible Debentures	Government of India guaranteed, unsecured, redeemable, taxable, non-convertible debentures	
5.	Face Value per Security	Rs.10,00,000		
6.	Yield %	6.99%	7.39%	7.39%
7.	Date of Issue	16-09-19	10-10-19	17-10-19
8.	Listing on Stock Exchange	BSE	BSE	BSE
9.	Registrar and Share Transfer Agent	Link Intime India Private Limited, Mumbai	KFin Technologies Private Limited, Hyderabad	

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

## 6. COMPOSITION OF BOARD OF DIRECTORS:

### a. Composition of Board of Director:

Sr. No.	As on 31st March, 2020
1.	Shri Rajiv Bansal, CMD-AI, (DIN: 00245460)
2.	Shri Vimlendra Anand Patwardhan, AS &FA, MOCA (DIN:08701559 )
3.	Shri. Satyendra Kumar Mishra , Jt. Secretary, MOCA(DIN: 07728790)
4.	Mrs. Anuradha Thakur, Jt. Secretary, DIPAM(DIN: 07293445)
5.	Shri Vinod Shanker Hejmadi (Director-Fin- Air India) (DIN: 07346490)
As on the date of Board's Report	
	Shri Rajiv Bansal , CMD Air India, DIN: 00245460
	Shri Vimlendra Anand Patwardhan, AS &FA, MOCA,DIN : 08701559
	Shri Satyendra Kumar Mishra , Jt. Secretary, MOCA, DIN: 07728790
	Shri Baldeo Purushartha, Jt. Secretary (IPF), DIN: 07570116
	Shri Vinod Shanker Hejmadi, (Director) , DIN: 07346490

### b. Changes in board of director during F.Y.2019-20

Sr. No.	Name, Designation and DIN	Date of Appointment	Date of Cessation
1.	Shri Arun Kumar Add.Secretary- MOCA Nominee Director DIN03054493	20.12.2018	Office of Director ceased due to assumption of New position vide office memorandum no. 23(1)/E.Coordl2019 dtd. July 11,2019)
2.	Shri Arvind Shrivastava, Jt. Secretary Budget Department of Economic Affairs (DIN: 02340040)	08.01.2019	Office of Director ceased due to assumption of new position vide office order no. 36/2019-EO(SM-1)/Dtd. August 30,2019
3.	Shri Vimlendra Anand Patwardhan, Jt. Secretary &FA, MOCA DIN : 08701559	28.01.2020	N.A.
4.	Shri Ashwani Lohani CMD- Air India DIN:01023747	14.02.2019	Cessation of office of Director in the Company w.e.f 14.02.2020
5.	Shri Rajiv Bansal CMD –Air India DIN :00245460	14.02.2020	N.A.

### c. Changes in the composition of Board of Directors after the Balance Sheet date:

Sr. No.	Name, Designation and DIN	Date of Appointment	Date of Cessation
1.	Smt. Anuradha Thakur , Jt. Secretary –DIPAM, DIN:07293445	26.10.2018	Office of director ceased due to assumption of new position vide office memorandum No. F.No.9/6/2017-Admn. Dated 18 <sup>th</sup> May, 2020
2.	Shri Venudhar Reddy Jt. Secretary- DIPAM DIN: 08894436	21.08.2020	Office of director ceased due to promotion to higher grade with effect from 1 <sup>st</sup> February, 2021
3.	Shri Baldeo Purusharth Jt. Secretary – (IPF) DIN: 07570116	11.01.2021	N.A.

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

The details of the 5 Board meetings held during FY 2019-20 at company's registered office at Delhi during the period under review:-

Board Meeting Number	Date of Board Meeting
12	22.05.2019
13	18.07.2019
14	20.09.2019
15	14.11.2019
16	02.03.2020

## 8. SUBSIDIARY / JOINT VENTURES/ ASSOCIATES

During the year under review, there are no subsidiary, joint ventures and associates of the Company.

## 9. SECRETARIAL AUDITORS

The Board has appointed Shivam Tyagi & Associates, Practising Company Secretary, New Delhi to conduct the Secretarial audit for the financial year 2019-20. The Secretarial Audit Report for the financial year ended 31st March, 2020 is annexed to this Report at **Annexure No.1**.

## 10. DEPOSITS

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

## 11. EXTRACTS OF ANNUAL RETURN

The extract of the Annual Return of the Company for the financial period ended March 31, 2020 in Form MGT-9 is annexed herewith as an **Annexure-2** and form part of this Report.

## 12. COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee of the Company was constituted on 20<sup>th</sup> March, 2019 by the Board as per Section 177 of the Companies Act, 2013, Rule 6 of Companies (Meetings of Board and its Powers) Rules, 2014. Composition of the Committee as on 31<sup>st</sup> March, 2020 is provided herein below:

Sh. S.K. Mishra	Jt. Secretary, MOCA	Member & Chairman
Smt. Anuradha Thakur	Jt. Secretary, DIPAM	Member

The Committee was reconstituted by passing a Resolution by Circulation on 20<sup>th</sup> July, 2020, comprising of following members:

Sh. Vimlendra Anand Patwardhan	JS& FA, MOCA	Member & Chairman
Sh. S.K. Mishra	Jt. Secretary, MOCA	Member
Sh. Vinod Hejmadi	Director-Fin. Air India	Member

## 13. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, the Company has not given any loans, guarantees under Section 186 of the Companies Act, 2013.

The Company has not taken any loans from Banks and Financial Institution except that for the NCDs issued during the year, accounted as borrowings, wherein some banks and FIs are the bondholders.

The Company has not taken any loans from Banks and Financial Institution except that for the NCDs issued during the year, accounted as borrowings, wherein some banks and FIs are the bondholders.

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

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

#### **15. RELATED PARTY TRANSACTIONS:**

- i. During the year under review, the Company entered into transaction with Air India Ltd., which is disclosed in the Note No. 29 of the Notes to the Annual Accounts FY 2019-20.
- ii. There are no materially significant related party transactions made by the Company with its Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.
- iii. 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.
- iv. The Company has placed the key transactions details made with Air India Ltd. during FY 2019-20, before its Audit Committee Meeting and the Board Meeting for their perusal and approvals.

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

During the year under review, there was only one employee. Hence, the applicability of setting up Internal Complaint Committee doesn't arise. Therefore, there is no ICC in place presently.

Though in the Meeting held on 18<sup>th</sup> July, 2019, an approval of the Board of Directors was sought to form an ICC, which will be place for prevention of sexual harassment of women at workplace.

#### **17. AUDIT, STATUTORY AUDITORS AND AUDITORS' REPORT**

The Company was formed as a Special Purpose Vehicle by the Government of India and was subjected to audit by C & AG. Accordingly, as per the order of the C & AG offices, the Company was mandated to engage the service of M/s Ashwani Sood and Associates, Chartered Accountants, New Delhi to be appointed as its 2<sup>nd</sup> Auditors for a period beginning from 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March 2020.

The Financial Statement for the period ended on 31st March, 2020 were approved by the Board of Directors in its 18<sup>th</sup> Board meeting held on 21<sup>st</sup> December, 2020.

#### **18. AUDITORS' REPORT**

There is no qualification, reservation, adverse remark or disclaimer made by the Statutory Auditors of the Company in their report for the financial year ended March 31, 2020. Hence, they do not call for any further explanation or comment u/s 134 (3) (f) of the Companies Act, 2013.

#### **19. COMMENTS FROM THE COMPTROLLER AND AUDITOR GENERAL OF INDIA**

The Company received "Nil Comments" from 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<sup>st</sup> March, 2020. The CAG Comments dated 4<sup>th</sup> March 2021 annexed to this report as **Annexure-3**.

#### **20. DIRECTOR'S RESPONSIBILITY STATEMENT**

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

- a. in the preparation of the annual accounts for the financial period ended March 31, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. such accounting policies as mentioned in the Notes to the Financial Statements have been selected and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit and loss of the Company for the financial period ended March 31, 2020;
- c. proper and sufficient care has been taken by them for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the annual accounts for the financial period ended March 31, 2020 have been prepared by them on a going concern basis;
- e. proper Internal financial controls have been followed by the company and that such internal financial controls are adequate and were operating effectively; and
- f. Proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **21. ACKNOWLEDGEMENT**

Your Directors express their gratitude to Air India, banks, FIs, and various other agencies for the co-operation extended to the Company.

The Directors also take this opportunity to thank the shareholders and other stakeholders for the confidence reposed by them in the Company.

The employees of the Company contributed significantly in achieving the results.

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

**For and on behalf of the Board of  
Air India Assets Holding Limited**

**Rajiv Bansal  
Director  
DIN: 00245460**

**Satyendra Kumar Mishra  
Director  
DIN: 07728790**

Place: New Delhi  
Date: 16.03.2021

## Form No. MR-3

## SECRETARIAL AUDIT REPORT

[FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> 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,  
**AIR INDIA ASSETS HOLDING LIMITED**  
 Indian Airlines Bldg, 113, Gurudwara Rakabganj Road,  
 New Delhi-110001.

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, (and due to country wide lockdown on account of COVID-19 pandemic and restrictions on physical distance imposed by the Central Government and /or State Governments, such verifications is carried out through electronic means viz emails, pen drives and Photostat copies of books, papers, minute books, forms and returns filed and other records maintained by the Company provided by the Company), We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31<sup>st</sup> 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 Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **[Not applicable as the Company has not received any Foreign Direct Investment or made any Foreign 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 (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; presently, (Prohibition of Insider Trading) Regulations, 2015
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; and The Securities and Exchange Board of India (Shared Based Employees Benefits) Regulations, 2014 notified on 28th October, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with the Stock Exchange(s) pursuant to SEBI (Listing Obligations and Disclosure Requirements), 2015

During the period under review and based on the assurances, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

1. *Company became a listed company on 30.09.2019 in terms of section 2(52) of Companies Act, 2013 due to listing of its debentures with BSE and thereafter, it was required to comply the various provisions relating to appointment of Independent Directors on the Board of the Company under section 149 , appointment of Internal Auditors under section 138 , Constitution of Nomination & Remuneration Committee under section 178, establishment of a vigil mechanism for directors and employees to report genuine concerns or grievances under section 177(9) of Companies Act, 2013 . And further some of the E-forms have been filed delayed with ROC but the same have been regularised on payment of additional fee.*

**We further report that:**

- The Board of Directors of the Company, at the end of the financial year stands constituted with Executive Directors, Non-Executive Directors subject to above observations. 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, agenda and detailed notes on agenda were sent at least seven days in advance except in some cases where Board meetings were held at a short notice to transact urgent business and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All decisions at Board meetings and Committee meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with other applicable laws on the operation of the Company and the rules made thereunder.

**We further report that** during the audit period following events/actions have taken place:

Company has issued and allotted following Debentures during the period under report:



- **Issue of Debentures (GOI fully serviced unsecured, redeemable, taxable NCD):**

<b>No. of Debentures</b>	<b>Face value</b>	<b>Total amount (in Rs.)</b>	<b>Date of allotment</b>
70000	Rs. 1000000 /-	70,000,000,000 /-	September 18, 2019
70,000	Rs. 1000000/-	70,000,000,000/-	October 14, 2019
79,850	Rs. 1000000 /-	79,850,000,000 /-	October 22, 2019

**For Shivam Tyagi & Associates  
Company Secretaries**

**Place:** New Delhi  
**Date:** 29-12-2020  
**UDIN-A050636B001716619**

**Shivam Tyagi  
Proprietor  
ACS No.: 50636  
CP No.: 18738**

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

The Members,  
**AIR INDIA ASSETS HOLDING LIMITED**  
Indian Airlines Bldg, 113, Gurudwara Rakabganj Road,  
New Delhi-11000.

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 processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. 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 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 the management. My examination was limited to the verification of procedures 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 Shivam Tyagi & Associates**  
**Company Secretaries**

**Place:** New Delhi  
**Date:** 29-12-2020

**Shivam Tyagi**  
**Proprietor**  
**ACS No.: 50636**  
**CP No.: 18738**

**MANAGEMENT REPLIES TO THE OBSERVATION IN SECRETARIAL AUDITOR'S REPORT**

Sr. No.	Secretarial Auditor's Report Observation dated 29 <sup>th</sup> December, 2020	Management Reply dated 16 <sup>th</sup> March, 2021
1.	Company became a listed company on 30.09.2019 in terms of section 2(52) of Companies Act, 2013 due to listing of its debentures with BSE and thereafter, it was required to comply the various provisions relating to:-	
	a) Appointment of Independent Directors on the board of the company under section 149 of companies act, 2013	The entire Board of Directors of the Company consist of Govt. nominated Directors. Hence, for the appointment of Independent Directors, the Company has taken up the matter with the Government.
	b) Appointment of Internal Auditors under section 138 of companies act, 2013	The accounting team consist of 3 employees centrally working from the Company Headquarters (the only office) with assistance of a professional accounting firm. The Company has issued a tender for appointment of Internal Auditor for the FY 2020-21 and 2021-22.
	c) Constitution of Nomination & Remuneration Committee under section 178 of companies act, 2013.	The Board took note of the same in its Meeting held on 18 <sup>th</sup> July, 2019.
	d) Establishment of a Vigil Mechanism for directors and employees to report genuine concerns or grievances under section 177(9) of companies act, 2013	The Board took note of the same in its Meeting held on 18 <sup>th</sup> July, 2019. During the year under review i.e., FY 2019-20, the Company had only two employees in the Company, out of which only one Employee was on the payroll of the Company and other was on deputation from Air India. As such there were no multiple levels of Company Management requiring such mechanism, during the year under review.
	e) Some of the e-forms have been filed delayed with roc but the same have been regularised on payment of additional fee.	The delay in filing of ROC form is in respect of form ADT-1 for appointment of Statutory Auditor mainly due to delay in receipt of CAG letter for appointment of Auditor. The form was regularized as observed in the report.

FORM NO. MGT 9										ANNEXURE-2
EXTRACT OF ANNUAL RETURN										
As on financial year ended on 31.03.2020										
<b>I. REGISTRATION &amp; OTHER DETAILS:</b>										
1	CIN	U74999DL2018GOI328865								
2	Registration Date (date of Incorporation)	22-01-18								
3	Name of the Company	AIR INDIA ASSETS HOLDING LIMITED								
4	Category/Sub-category of the Company	Union Govt company Limited by Shares								
5	Address of the Registered office & contact details	INDIAN AIRLINES BLDG, 113, GURUDWARA RAKABGANJ ROAD, NEW DELHI North East DL 110001 IN								
6	Whether listed company	No								
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	NA								
<b>II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY</b>										
(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)										
S. No.	Name and Description of main products / services		NIC Code of the Product/service		% to total turnover of the company					
1	Real estate activities with own or leased property		6810		100.00					
<b>III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES</b>										
SN	Name and address of the Company		CIN/GLN		Holding/ Subsidiary/ Associate		% of shares held		Applicable Section	
1	NA									

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)									
(i) Category-wise Share Holding									
Category of Shareholders	No. of Shares held at the time of Incorporation)				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF	-								
b) Central Govt/POI		50,000	50,000	100.00%		50,000	50,000	100.00%	
c) State Govt(s)									
d) Bodies Corp.									
e) Banks / FI									
f) Any other									
<b>Sub Total (A) (1)</b>	-	50,000	50,000	100.00%	-	50,000	50,000	100.00%	
(2) Foreign									
a) NRI Individuals									
b) Other Individuals									
c) Bodies Corp.									
d) Any other									
<b>Sub Total (A) (2)</b>	-								
<b>TOTAL (A)</b>	-								
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									



ADRS									
Grand Total (A+B+C)		-	50,000	50,000	100.00%	-	50,000	50,000	100.00%
(ii) Shareholding of Promoter									
SN	Shareholder's Name	Shareholding at the time of			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	President of INDIA and its Nominees	50,000	50,000		50,000	100.00%	0		
	total	50,000	50,000		50,000	100.00%	0		
(iii) Change in Promoters' Shareholding (please specify, if there is no change)									
SN	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year			
				No. of shares	% of total shares	No. of shares	% of total shares		
	At the beginning of the period			NO CHANGE					
	Changes during the year								
	At the end of the year								
(iv) Shareholding Pattern of top ten Shareholders									
(Other than Directors, Promoters and Holders of GDRs and ADRs):									
SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year			
				No. of shares	% of total shares	No. of shares	% of total shares		
1									

	At the beginning of the			NA			
	Changes during the year						
	At the end of the year						
2							
	At the beginning of the			NA			
	Changes during the year						
	At the end of the year						
<b>(v) Shareholding of Directors and Key Managerial Personnel:</b>							
SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year			
				No. of shares	% of total shares	No. of shares	% of total shares
	At the beginning of the			NIL			
	Changes during the year						
	At the end of the year						



V. INDEBTEDNESS						
Indebtedness of the Company including interest outstanding/accrued but not due for payment						
Particulars		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness (Amt. Rs. In cr.)	
Indebtedness at the beginning of the financial year						
i)	Principal Amount	-	21,985.00	-	-	
ii)	Interest due but not paid	-	-	-	-	
iii)	Interest accrued but not due	-	520.18	-	520.18	
Total (i+ii+iii)		-	22,505.18	-	520.18	
Change in Indebtedness during the financial year						
*	Addition	-	21,985.00		21,985.00	
*	Reduction	-	-	-	-	
Net Change		-	21,985.00	-	21,985.00	
Indebtedness at the end of the financial year						
i)	Principal Amount	-	21,985.00	-	21,985.00	
ii)	Interest due but not paid	-	-	-	-	
iii)	Interest accrued but not due	-	520.18		520.18	
Total (i+ii+iii)		-	22,505.18	-	22,505.18	
VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL						
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:						
SN.	Particulars of Remuneration		Name	Name of MD/WTD/ Manager		Total Amount (Rs)
1	Gross salary		Designation			
	(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, please specify					-
	Total (A)			-		-
	Ceiling as per the Act					

B. Remuneration to other Directors				NIL		
SN.	Particulars of Remuneration			Name of Directors		Total Amount (Rs)
1	Independent Directors					
	Fee for attending board committee					-
	Commission					-
	Others, please specify					-
	Total (1)		-		-	-
2	Other Non-Executive Directors					-
	Fee for attending board committee					-
	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						
SN.	Particulars of Remuneration	Name	Name of Key Managerial Personnel			Total Amount (Rs)
			Shri Vijay Jadhav	Ms. Shilpi Singh		
			(w.e.f 25.07.2019)	(w.e.f. 03.06.2019)		
		Designation	CFO*	CS		
1	Gross salary		-	-		-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		1,355,000.00	546,334.00		1,901,334.00
	(b) Value of perquisites u/s 17(2) Income-					-
	(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, please specify					-
	Total		1,355,000.00	546,334.00		1,901,334.00
*CFO Salary paid by AI as CFO on deputation						

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:						Appeal made, if any (give Details)	
Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]			
<b>A. COMPANY</b>							
Penalty							
Punishment							
Compounding							
<b>B. DIRECTORS</b>							
Penalty							
Punishment							
Compounding							
<b>C. OTHER OFFICERS IN DEFAULT</b>							
Penalty							
Punishment							
Compounding							
		There is no penalty /punishment on the company					
<b>For AIR INDIA ASSETS HOLDING LIMITED</b>							
<div style="display: flex; justify-content: space-between;"> <div> <b>Rajiv Bansal</b>  Director  DIN:00245460  Date: 16-03-21  Place: New Delhi </div> <div> <b>Satyendra Kumar Mishra</b>  Director  DIN:07728790 </div> </div>							

**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 ASSETS HOLDING LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

*(Comments received vide the Indian Audit & Accounts Department, Office of the Principal Director of Audit (Infrastructure), Delhi letter No.GAP/AI/HQ/AIAHL/AirAudit/4-165/2020-21/272 dated 4<sup>th</sup> March 2021)*

The preparation of financial statements of **AIR INDIA ASSETS HOLDING 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 21 December 2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **AIR INDIA ASSETS HOLDING 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 inquires 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**

Place :- **New Delhi**  
Dated:**04 March 2021**

**(Rina Akoijam)**  
**Principal Director of Audit (Infrastructure)**  
**New Delhi**

## ***Independent Auditor's Report***

To the Members of Air India Assets Holding Limited  
(CIN: U74999DL2018GO1328865)

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

#### **1. Opinion**

We have audited the accompanying Standalone Ind AS financial statements of Air India Assets Holding Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2020, the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended on that date 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, Standalone Ind AS financial statements give the information required by the Companies Act 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, its profit, changes in equity and its cash flows for the year ended on that date.

#### **2. Basis for Opinion**

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

#### **3. Information other than the financial statements and auditors' report thereon**

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

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

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

When we read 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.

#### 4. Emphasis of matter:

**Impact of COVID 19:-** Covid 19 has not impaired the creditworthiness of the company for serving the interest on Bonds issued by the company during the year under audit as these bonds are assured for service of interest through the periodic budgetary support/grant received from the Government of India.

#### 5. Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit report of the Standalone Ind AS financial statements for the financial year ended 31<sup>st</sup> March, 2020. These matters were addressed in the context of our audit of the Standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Key Audit Matters	How Our Audit addressed the key audit matters
a) Grant in aid of Rs.3,625.30 crores towards serving of interest on the Identified Debts/loans of Air India Limited and 3 nos of NCD series issued by the company as described in note no 25 of the financial statements.	
i. Transfer of Identified debts from Air India Limited to company: ii. GOI Grant in aid of Rs.3,625.30 crores towards serving of interest on the identified debts of Rs.29,464 crores and treatment of receipts of grant and its utilization in the financial statements.	The note no 25 of the notes to financial statements of the company describe the purpose of formation of the company as "SPV" for transfer of identified debts of Air India Limited to "SPV" duly approved by the Government of India and Board of Directors of both the companies. The Budgetary support / grant received during the year is accounted as "other income" aggregating to Rs.3,625.30 crores to the extent of the equivalent amount expensed off during the year as the Debt servicing expenses and other expenses (including Interest expenses and legal expenses for the servicing of the Identified debts).
b) Finance costs towards reimbursement of interest of the Identified debts of Air India limited	A sum of Rs.2,857.47 crores is incurred as Finance cost towards serving interest cost of Identified debts, which are noted as the obligation of the Company for repayment and debt servicing effective 1 <sup>st</sup> Oct 2018.  Such Identified Debts amount to Rs.29,464 crore outstanding as on 1 <sup>st</sup> Oct 2018 in the books of Air India limited, not accounted for in the books of the company due to non-transferability of Govt. Guarantees and issues related with transfer of mortgage of assets owned by Air India Limited.

	Another sum of Rs.763.49 crores is charged as Finance cost during the year towards interest paid and accrued for the 3 Series NCDs (Bonds) aggregating to Rs.21,985 crores issued by the Company towards refinancing Repayment funds for the Identified debts of Air India limited
<b>c) <u>Transition from Indian GAAP to Ind AS</u></b> <i>(refer note no 21 to the Ind AS financial statements)</i>	
<p>Compliance with requirements of Ind AS-101- first time adoption of Indian Accounting standards from Indian GAAP as prescribed u/s 133 of The Companies Act 2013.</p> <p>The Company has adopted Ind AS from 1<sup>st</sup> April, 2019 with an effective date of 1<sup>st</sup> April 2019 for such transition. For the period up to and including the year 31<sup>st</sup> March, 2019, the company had prepared and presented its financial statements in accordance with erstwhile generally accepted accounting principles in India (Indian GAAP). To give effect of the transition to Ind AS, these financial statements for the year ended 31<sup>st</sup> March 2020, together with comparative financial information for the previous year ended 31<sup>st</sup> March, 2019 have been prepared under Ind AS.</p>	Our audit procedures included our focus on understanding for compliance of Ind AS 101- First time adaption of Indian Accounting Standards and the implementation of various requirements of the said standard.
<b>d) <u>Utilization of grant from GOI</u></b> <i>(refer note no 25 to the Ind AS financial statements)</i>	
Out of the total grant of Rs.3,868.05 crores received from Ministry of Civil Aviation, Gol during the years 2018-19 and 2019-20, grant utilized as on 31.3.2020 stands at Rs. 3,625.39 crores towards service of debt and other expenses, which are expensed out and equivalent amount accounted as other income leaving behind the unutilized grant of Rs. 242.66 crores disclosed as Current Liabilities, pending utilization.	Obtained an understanding for the purpose of formation of company by Government of India for disinvestment of Air India Limited and discharge of its Identified debts outstanding as on 1 <sup>st</sup> Oct 2018 in the books of Air India Limited for Rs.29,464 crores and servicing of such debts from the funds received through Gol budgetary receipts/grants, and funds received in Company's Escrow bank account from Air India Limited towards monetization of non-core assets and other Identified Incomes.
<b>e) <u>Recognition of revenue and expenditure</u></b> <i>(refer note no 25 to the Ind AS financial statements)</i>	
Operating income of a sum of Rs.142.48 crores has been accounted towards Rent of Air India	We have wholly relied on the debit/credit notes received from Air India Limited w.r.t to such income and expenses as the necessary

<p>Nariman Point Building, the ownership of such property remains vested with Air India.</p> <p>Other Income includes an income of Rs.54.59 crores credited by Air India Limited towards revenue share of a subsidiary company.</p> <p>Expenses towards Reimbursement of interest costs includes penal interest, legal and maintenance expenses, salaries etc amounting to Rs.2,861.81 crores have also been transferred by Air India Limited to the company.</p>	<p>evidences in the form of supporting bills and the vouchers are not in the possession of the company. Thereby, company had relied on the transactional details provided w.r.t said transactions by Air India Limited and accordingly accounted for in the books of accounts of the Company.</p> <p>The compliance of the statutory provisions for above transaction under various statutes such as withholding of tax/ TDS under Income Tax Act, 1961 and discharge of liabilities under Goods &amp; Service Tax lies with Air India Limited, as such we are not able to comment on such statutory compliances.</p> <p>Air India Limited has charged a sum of Rs.101.18 crores as penal interest for non funding of debt timely due to delay in receipts of Bond proceeds from the Company, on the basis of details provided by Air India Limited with the debit note.</p>
<p><b>f) Novation of Rs.7,400 crores NCD's from Air India Limited</b> (refer Note 23 to the Ind AS financial statements)</p>	
<p>Novation of Rs.7,400 crores NCD's from Air India Limited</p>	<p>Novation of Rs.7,400 crores NCD's from Air India Limited could not take place during the year as the company is awaiting approval of one bondholder - EPFO which holds Rs.4,000 crores NCD's, though the amount have been duly disclosed as capital commitment.</p>
<p><b>g) Corporate Social Responsibility (CSR)</b> (refer Note 30 to the Ind AS financial statements)</p>	
<p>Expenditure on Corporate Social Responsibility</p>	<p>The company had qualified this year for Corporate Social Responsibility expenditure in terms of Section 135(1) of the Companies Act, 2013. As the year under audit is second year since the date of its incorporation and no substantial profit is earned by the company in its first year of incorporation, hence no provision for CSR expenses is made.</p> <p>However, to comply with the provisions of Section 135(1) of the Companies Act, 2013 company is required to constitute a CSR committee.</p>
<p><b>h) Independent Director under Companies Act, 2013</b></p>	
<p>Appointment of independent Directors as the company being as listed one on Bombay Stock Exchange</p>	<p>In terms of section 149 of the Companies Act, 2013, read with Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is required to appoint at least 2 independent directors on their Board of Directors. The Company does not have any independent director since the date of its listing of debt on stock exchange.</p>



## **6. Management's Responsibility for the Standalone Ind AS Financial Statements**

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

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

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

## **7. Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the 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.

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.

## **8. 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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.
  - g) With respect to the matter to be included in the Auditor's Report under section 197(16), In our opinion and according to the information and explanations given to us, the said provision is not applicable to the company as no remuneration is paid to the Directors.

- 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 does not have any pending litigations as on 31<sup>st</sup> March 2020.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- i) 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 Ashwani Sood & Associates**  
**Chartered Accountants**  
**ICAI Firm Registration No. 005036N**

**(Ashwani Sood)**  
**Partner**  
**M. No. 084242**  
**UDIN:20084242AAAABB1790**

**Place: New Delhi**  
**Date : 21<sup>st</sup> Dec 2020**

## **Annexure 'A' to the Independent Auditor's Report:**

**Referred to in paragraph 8 (1) of the Independent Auditors' Report of the even date to the members of Air India Assets Holding Limited for the year ending 31<sup>st</sup> March, 2020**

We report that:

- i. Based on the examination of books and records of the Company, the said clause related with maintenance of fixed assets records is not applicable to the company as company owns no fixed assets.
- ii. Based on the examination of books and records of the Company, there is no inventories with the Company, hence this clause is not applicable to the Company.
- iii. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties listed in the register maintained under Section 189 of the Companies Act, 2013. Consequently, the provisions of clauses iii (a), (b) and (c) of the order are not applicable to the Company.
- iv. According to the information and explanation given to us, the Company has not given any loan to any person or other body corporate, any guarantee or provided security in connection with a loan to any other body corporate or person and the company has not acquired by way of subscription, purchase or otherwise, the securities of any body corporate. Therefore, the provisions of Section 185 and Section 186 are not applicable.
- v. According to the information and explanation given to us, the company has not accepted any deposits from the public. Therefore, the provision of the Clause (v) of paragraph 3 of the order are not applicable.
- vi. As per information & explanation given by the management, maintenance of cost records has not been specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.
- vii. According to the information and explanations given to us and on the basis of our examination of the books of account of the company, undisputed statutory dues including "Goods and Service Tax" (GST), TDS and any other statutory dues to the extent applicable, have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31<sup>st</sup> of March, 2020 for a period of more than six months from the date they became payable.
- viii. In our opinion and according to the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank, Government or debenture holders, as applicable to the company.
- ix. Based on our audit procedures and according to the information given by the management, the money raised by way of initial public offer or further public offer (including debt instruments) have been applied for the purpose for which they were obtained.
- x. Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the management, we report that no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

- xi. According to the information and explanations given to us, and according to the audit procedures performed, we report that no managerial remuneration has been paid in accordance with the mandated provisions of Section 197 read with Schedule V to the Companies Act, though as informed, the provisions of Section 197 of the 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.
- xii. The company is not a Nidhi Company. Therefore, clause (xii) of the order is not applicable to the company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc. as required by the applicable accounting standards.
- 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 under review.
- 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 directors or persons connected with him. Accordingly, clause 3 (xv) of the Companies (Auditor's Report) Order 2013 is not applicable.
- xvi. The company is not a Non-Banking Financial Company, Hence Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

**(Ashwani Sood)**  
**Partner**  
**M. No. 084242**  
**UDIN: 20084242AAAABB1790**

**Place: New Delhi**  
**Date : 21<sup>st</sup> Dec 2020**

## **Annexure 'B' to the Independent Auditor's Report**

Referred to in Paragraph 8 under "Report on Other Legal and Regulatory Requirements" section of our report of even date.

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

We have audited the Internal Financial Controls over financial reporting of Air India Assets Holding Limited ("the Company") as of 31<sup>st</sup> March 2020 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

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

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

#### **2. Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's Internal Financial Controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by 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 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 is sufficient and appropriate to provide a basis for our audit opinion on the Company's Internal Financial Controls system over financial reporting.

#### **3. Meaning of Internal Financial Controls over financial reporting**

A company's Internal Financial Control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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 unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **4. Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

#### **5. Opinion**

In our opinion, to the best of our information and according to the explanations given to us the Company, has in all material respects, an adequate Internal Financial Controls system over financial reporting and such Internal Financial Controls over financial reporting were operating effectively as at 31<sup>st</sup> 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.

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

**(Ashwani Sood)**  
**Partner**  
**M. No. 084242**  
**UDIN: 20084242AAAABB1790**

**Place: New Delhi**  
**Date : 21<sup>st</sup> Dec 2020**

**Annexure – C to the Independent Auditor's Report**

<b>Sl. No.</b>	<b>Directions under Section 143(5) of the Companies Act, 2013</b>	<b>Auditor's Comments</b>
<b>1.</b>	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transaction outside IT system on the integrity of the accounts along with the financial implications, if any may be stated.	The Company is maintaining the Books of Accounts on Tally Accounting Software and all accounting transactions are processed through the said accounting software., the job of which is outsourced to a professional firm, however, all transactions so entered in Tally are cross checked by the staff of company
<b>2.</b>	Whether there is any restructuring of any existing loan or cases of waiver/ write off of debts/loans/interest etc. made by lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated.	There is no case of restructuring of an existing loan or cases of waiver/ write off of debts/loans/interest etc. made by the lender to the Company due to the Company's inability to repay the loan.
<b>3.</b>	Whether funds 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.	Yes, funds received/ receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as intended by the company

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

**(Ashwani Sood)**  
**Partner**  
**M. No. 084242**  
**UDIN: 20084242AAAABB1790**

**Place: New Delhi**  
**Date : 21<sup>st</sup> Dec 2020**



**MANAGEMENT REPLIES TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF AIR INDIA ASSETS HOLDING LTD (AIAHL) FOR THE FINANCIAL YEAR 2019-20**

STATUTORY OBSERVATIONS	AUDITOR'S	STATUTORY AUDITOR'S OBSERVATIONS	MANAGEMENT COMMENTS
<p><b>Report on the Audit of the Standalone Ind AS Financial Statements</b></p> <p><b><u>1.Opinion</u></b></p> <p>We have audited the accompanying Standalone Ind AS financial statements of Air India Assets Holding Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2020, the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended on that date and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.</p> <p>In our opinion and to the best of our information and according to the explanations given to us, Standalone Ind AS financial statements give the information required by the Companies Act 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2020, its profit, changes in equity and its cash flows for the year ended on that date.</p> <p><b><u>2.Basis for Opinion</u></b></p> <p>We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Ind AS financial statements under the provisions of the Companies Act, 2013</p>			

<p>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.</p> <p><b><u>3.Information other than the financial statements and auditors' report thereon</u></b></p> <p>The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report but does not include the standalone Ind AS financial statements and our auditor's report thereon. These reports are expected to be made available to us after the date of this auditor's report.</p> <p>Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.</p> <p>In connection with our audit of the standalone Ind AS 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 Ind AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.</p> <p>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.</p>		
<p><b><u>4.Emphasis of matter:</u></b></p>		
<p><b>Impact of COVID 19:-</b>Covid 19 has not impaired the creditworthiness of the company for serving the interest on Bonds issued by the company during the year under audit as these bonds are assured for service of interest through the periodic budgetary support/grant received from the Government of India.</p>		<p>This is statement of fact, reference disclosure at para 2.v) of the Note no. 20 &amp; 25 (c ) (4) &amp;(5).</p>

<b><u>5.Key Audit Matters</u></b>	<b>How Our Audit addressed the key audit matters</b>	
<p>Key audit matters are those matters that, in our professional judgement, were of most significance in our audit report of the Standalone Ind AS financial statements for the financial year ended 31<sup>st</sup> March, 2020. These matters were addressed in the context of our audit of the Standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.</p>		
<p>a) Grant in aid of Rs.3,625.30 crores towards servicing of interest on the Identified Debts/loans of Air India Limited and 3 nos of NCD series issued by the company as described in Note no 25 of the financial statements.</p>		
<p>i.Transfer of Identified debts from Air India Limited to company:</p> <p>ii.GOI Grant in aid of Rs.3,625.30 crores towards servicing of interest on the identified debts of Rs.29,464 crores and treatment of receipts of grant and its utilization in the financial statements.</p>	<p>The Note no 25 of the notes to financial statements of the company describe the purpose of formation of the company as “SPV” for transfer of identified debts of Air India Limited to “SPV” duly approved by the Government of India and Board of Directors of both the companies.</p> <p>The Budgetary support / grant received during the year is accounted as “other income” aggregating to Rs.3,625.30 crores to the extent of the equivalent amount expensed off during the year as the Debt servicing expenses and other expenses (including Interest expenses and legal expenses for the servicing of the Identified debts).</p>	<p>i.Reference is invited to Note 25 (b) for the details of the transactions relating to the Identified debts of AI effective 1<sup>st</sup> Oct 2018 as the obligation of the company and the refinancing for these by the Company through the funds raised from market as NCDs.</p> <p>ii.Reference is invited to Note 25 (c) for the details of the Budgetary support/Revenue grant received from the GOI and the expensing out of such grants during the year in terms of the accounting policy no. 3.III.(b) of the Note 20.</p>
<p>b) Finance costs towards reimbursement of interest of the Identified debts of Air India limited</p>	<p>A sum of Rs.2,857.47 crores is incurred as Finance cost towards serving interest cost of Identified debts, which are noted as the obligation of the Company for repayment and debt servicing effective 1<sup>st</sup> Oct 2018.</p> <p>Such Identified Debts amount to Rs.29,464 crore outstanding as on 1<sup>st</sup> Oct</p>	<p>b) Reference is invited to Note 25(c) 2 containing details of these obligations.</p> <p>Reference is invited to Note 25(b) containing details of these</p>

	<p>2018 in the books of Air India limited, not accounted for in the books of the company due to non-transferability of Govt. Guarantees and issues related with transfer of mortgage of assets owned by Air India Limited.</p> <p>Another sum of Rs.763.49 crores is charged as Finance cost during the year towards interest paid and accrued for the 3 Series NCDs (Bonds) aggregating to Rs.21,985 crores issued by the Company towards refinancing Repayment funds for the Identified debts of Air India limited</p>	<p>obligations as also indicated in the AI-AIAHL FrameWork Agreement and the confirmation of the repayments by Air India during the year.</p> <p>Reference is invited to Note 18 and Note 26 for the details of the Interest expense accounted for AIAHL NCDs</p>
<b>c) Transition from Indian GAAP to Ind AS</b> <i>(refer note no 21 to the Ind AS financial statements)</i>		
<p>Compliance with requirements of Ind AS-101- first time adoption of Indian Accounting standards from Indian GAAP as prescribed u/s 133 of The Companies Act 2013.</p> <p>The Company has adopted Ind AS from 1<sup>st</sup> April, 2019 with an effective date of 1<sup>st</sup> April 2019 for such transition. For the period up to and including the year 31<sup>st</sup> March, 2019, the company had prepared and presented its financial statements in accordance with erstwhile generally accepted accounting principles in India (Indian GAAP). To give effect of the transition to Ind AS, these financial statements for the year ended 31<sup>st</sup> March 2020, together with comparative financial information for the previous year ended 31<sup>st</sup> March, 2019 have been prepared under Ind AS.</p>	<p>Our audit procedures included our focus on understanding for compliance of Ind AS 101- First time adaption of Indian Accounting Standards and the implementation of various requirements of the said standard.</p>	
<b>d) Utilization of grant from GOI</b> <i>(refer note no 25 to the Ind AS financial statements)</i>		
<p>Out of the total grant of Rs.3,868.05 crores received from Ministry of Civil Aviation, GoI during the years 2018-19 and 2019-20, grant utilized as on 31.3.2020 stands at Rs. 3,625.39 crores towards service of debt and other expenses, which are expensed out and equivalent amount accounted as other income leaving behind the unutilized</p>	<p>Obtained an understanding for the purpose of formation of company by Government of India for disinvestment of Air India Limited and discharge of its Identified debts outstanding as on 1<sup>st</sup> Oct 2018 in the books of Air India Limited for Rs.29,464 crores and servicing of such debts from the funds received</p>	<p>Reference is invited to Note 14 and details given at Note 25 (c ) for these Unspent grants representing amounts payable towards interest servicing for AI Identified debts and the Company's NCDs.</p>

grant of Rs. 242.66 crores disclosed as Current Liabilities, pending utilization.	through GoI budgetary receipts/grants, and funds received in Company's Escrow bank account from Air India Limited towards monetization of non-core assets and other Identified Incomes.	
<b>e) Recognition of revenue and expenditure (refer note no 25 to the Ind AS financial statements)</b>		
<p>Operating income of a sum of Rs.142.48 crores has been accounted towards Rent of Air India Nariman Point Building, the ownership of such property remains vested with Air India.</p> <p>Other Income includes an income of Rs.54.59 crores credited by Air India Limited towards revenue share of a subsidiary company.</p> <p>Expenses towards Reimbursement of interest costs includes penal interest, legal and maintenance expenses, salaries etc amounting to Rs.2,861.81 crores have also been transferred by Air India Limited to the company.</p>	<p>We have wholly relied on the debit/credit notes received from Air India Limited w.r.t to such income and expenses as the necessary evidences in the form of supporting bills and the vouchers are not in the possession of the company. Thereby, company had relied on the transactional details provided w.r.t said transactions by Air India Limited and accordingly accounted for in the books of accounts of the Company.</p> <p>The compliance of the statutory provisions for above transactions under various statutes such as withholding of tax/ TDS under Income Tax Act, 1961 and discharge of liabilities under Goods &amp; Service Tax lies with Air India Limited, as such we are not able to comment on such statutory compliances.</p> <p>Air India Limited has charged a sum of Rs.101.18 crores as penal interest for non-funding of debt timely due to delay in receipts of Bond proceeds from the Company, on the basis of details provided by Air India Limited with the debit note.</p>	<p>The supporting certified details have been received from Air India with the debit and credit notes.</p> <p>Reference disclosures at Note 25 (c)(2) and Note 25 (g)(g)</p>
<b>f) Novation of Rs.7,400 crores NCD's from Air India Limited (refer Note 23 to the Ind AS financial statements)</b>		
Novation of Rs.7,400 crores NCD's from Air India Limited	Novation of Rs.7,400 crores NCD's from Air India Limited could not take place during the year as the company is awaiting approval of one bondholder - EPFO which holds Rs.4,000 crores NCD's, though the amount	Reference disclosures at Note 25 (b)(7)

	have been duly disclosed as capital commitment.	
<b>g) Corporate Social Responsibility (CSR)</b> (refer Note 30 to the Ind AS financial statements)		
Expenditure on Corporate Social Responsibility	<p>The company had qualified this year for Corporate Social Responsibility expenditure in terms of Section 135(1) of the Companies Act, 2013. As the year under audit is second year since the date of its incorporation and no substantial profit is earned by the company in its first year of incorporation, hence no provision for CSR expenses is made.</p> <p>However, to comply with the provisions of Section 135(1) of the Companies Act, 2013 company is required to constitute a CSR committee.</p>	Reference disclosure at Note 30.
<b>h) Independent Director under Companies Act, 2013</b>		
Appointment of independent Directors as the company being as listed one on Bombay Stock Exchange	<p>In terms of section 149 of the Companies Act, 2013, read with Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is required to appoint at least 2 independent directors on their Board of Directors.</p> <p>The Company does not have any independent director since the date of its listing of debt on stock exchange.</p>	The matter is being referred to the Govt. of India.
<b><u>6. Management's Responsibility for the Standalone Ind AS Financial Statements</u></b>		
<p>The Company's Management and Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under</p>		This is a statement of fact.

<p>section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.</p> <p>In preparing the Standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.</p> <p>Those Board of Directors are also responsible for overseeing the Company's financial reporting process.</p>		
<p><b><u>7. Auditor's Responsibilities for the Audit of the Financial Statements</u></b></p> <p>Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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</p>		<p>This is a statement of fact.</p>

these Standalone Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the 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.



<p>However, future events or conditions may cause the Company to cease to continue as a going concern.</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul> <p>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.</p> <p>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.</p> <p>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.</p>		
<p><b><u>8. Report on Other Legal and Regulatory Requirements</u></b></p> <p>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</p>		

<p>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.</p> <p>2. As required by Section 143 (3) of the Act, we report that:</p> <p>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.</p> <p>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.</p> <p>c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.</p> <p>d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.</p> <p>e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.</p> <p>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</p>		
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<p>separate Report in 'Annexure B'.</p> <p>g) With respect to the matter to be included in the Auditor's Report under section 197(16), In our opinion and according to the information and explanations given to us, the said provision is not applicable to the company as no remuneration is paid to the Directors.</p> <p>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:</p> <p>i. The Company does not have any pending litigations as on 31<sup>st</sup> March 2020.</p> <p>ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.</p> <p>iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.</p>		
<p>i) 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</p>		

**ANNEXURE 'A' REFERRED TO PARAGRAPH 8. OF REPORT ON "OTHER LEGAL AND REGULATORY REQUIREMENTS" OF INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF AIR INDIA ASSETS HOLDING LIMITED (AIAHL) FOR THE YEAR ENDED 31.03.2020.**

	We report that:	
	i. Based on the examination of books and records of the Company, the said clause related with maintenance of fixed assets records is not applicable to the company as company owns no fixed assets.	This is a statement of fact
	ii. Based on the examination of books and records of the Company, there is no inventories with the Company, hence this clause is not applicable to the Company.	This is a statement of fact
	iii. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties listed in the register maintained under Section 189 of the Companies Act, 2013. Consequently, the provisions of clauses iii (a), (b) and (c) of the order are not applicable to the Company.	This is a statement of fact
	iv. According to the information and explanation given to us, the Company has not given any loan to any person or other body corporate, any guarantee or provided security in connection with a loan to any other body corporate or person and the company has not acquired by way of subscription, purchase or otherwise, the securities of any body corporate. Therefore, the provision of Section 185 and Section 186 are not applicable.	This is a statement of fact
	v. According to the information and explanation given to us, the company has not accepted any deposits from the public. Therefore, the provision of the Clause (v) of paragraph 3 of the order are not applicable.	This is a statement of fact
	vi. As per information & explanation given by the management, maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.	This is a statement of fact
	vii. According to the information and explanations given to us and on the basis of our examination of the books of account of the company, undisputed statutory dues including "Goods and	This is a statement of fact

	Service Tax” (GST), TDS and any other statutory dues to the extent applicable, have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2020 for a period of more than six months from the date they became payable.	
	viii. In our opinion and according to the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank, Government or debenture holders, as applicable to the company	This is a statement of fact
	ix. Based on our audit procedures and according to the information given by the management, the money raised by way of initial public offer or further public offer (including debt instruments) have been applied for the purpose for which they were obtained.	This is a statement of fact
	x. Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the management, we report that no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.	This is a statement of fact
	xi. According to the information and explanations given to us, and according to the audit procedures performed, we report that no managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, though though as informed, the provisions of Section 197 of the 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.	This is a statement of fact
	xii. The company is not a Nidhi Company. Therefore, clause (xii) of the order is not applicable to the company.	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, all transactions with the	This is a statement of fact

	related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc. as required by the applicable accounting standards.	
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 under review.	This is a statement of fact
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 directors or persons connected with him. Accordingly, clause 3 (xv) of the Companies (Auditor's Report) Order 2013 is not applicable.	This is a statement of fact
xvi.	The company is not a Non-Banking Financial Company, Hence Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.	This is a statement of fact

**ANNEXURE 'B' Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act"), REFERRED TO AT PARAGRAPH 8. OF REPORT ON "OTHER LEGAL AND REGULATORY REQUIREMENTS" OF INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF AIR INDIA ASSETS HOLDING LIMITED (AIAHL) FOR THE YEAR ENDED 31.03.2020.**

	<p>We have audited the Internal Financial Controls over financial reporting of Air India Assets Holding Limited ("the Company") as of 31st March 2020 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.</p> <p><b>1. <u>Management's Responsibility for Internal Financial Controls</u></b></p> <p>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 Companies Act, 2013.</p>	<p>This is a statement of fact</p>
	<p><b>2. <u>Auditors' Responsibility</u></b></p> <p>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 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.</p> <p>Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial</p>	<p>This is a statement of fact</p>

	<p>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.</p> <p>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.</p>	
	<p><b><u>3. Meaning of Internal Financial Controls over financial reporting</u></b></p> <p>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</p> <ol style="list-style-type: none"> <li>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;</li> <li>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 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.</li> </ol>	
	<p><b><u>4. Inherent Limitations of Internal Financial Controls over Financial Reporting</u></b></p> <p>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</p>	



	may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.	
	<p><b><u>5.Opinion</u></b></p> <p>In our opinion, to the best of our information and according to the explanations given to us the Company, has in all material respects, an adequate Internal Financial Controls system over financial reporting and such Internal Financial Controls over financial reporting were operating effectively as at 31st March, 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.</p>	This is a statement of fact

**ANNEXURE 'C' Report on the Directions under Section 143(5) of the Companies Act,2013 REFERRED TO AT PARAGRAPH 8. OF REPORT ON "OTHER LEGAL AND REGULATORY REQUIREMENTS" OF INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF AIR INDIA ASSETS HOLDING LIMITED (AIAHL) FOR THE YEAR ENDED 31.03.2020.**

<b>Sl. No.</b>	<b>Directions under Section 143(5) of the Companies Act,2013</b>	<b>Auditor's Comments</b>
	1.Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transaction outside IT system on the integrity of the accounts along with the financial implications, if any may be stated.	The Company is maintaining the Books of Accounts on Tally Accounting Software and all accounting transactions are processed through the said accounting software., the job of which is outsourced to a professional firm, however, all transactions so entered in Tally are cross checked by the staff of company
	2.Whether there is any restructuring of any existing loan or cases of waiver/ write off of debts/loans/interest etc. made by lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated.	There is no case of restructuring of an existing loan or cases of waiver/ write off of debts/loans/interest etc. made by the lender to the Company due to the Company's inability to repay the loan.
	3.Whether funds 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.	Yes, funds received/ receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as intended by the company

# AIR INDIA ASSETS HOLDING LIMITED

CIN : U74999DL2018GOI328865

Balance Sheet as at March 31, 2020

( All figures in Indian Rupees )

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
<b>I ASSETS :</b>			
<b>1 Non-current Assets</b>			
(i) Financial assets:			
Recoverable from Air India Limited/Govt. of India	2	2,18,43,48,42,062	-
<b>Total Non-Current Assets</b>		<b>2,18,43,48,42,062</b>	<b>-</b>
<b>2 Current Assets</b>			
(i) Financial assets:			
a) Recurring Grant Receivables from GOI	14	-	9,00,000
b) Cash and Cash equivalents	6	5,54,84,12,244	2,82,588
c) Bank balances other than (b) above	7	34,87,59,956	-
d) Other Financial Assets	3	1,60,796	-
e) Air India Limited Reconciliation A/c	2	5,02,62,21,194	-
(ii) Current Tax Assets	4	19,14,767	-
(iii) Other Current Assets	5	75,67,914	86,235
<b>Total Current Assets</b>		<b>10,93,30,36,871</b>	<b>12,68,823</b>
<b>Total Assets</b>		<b>2,29,36,78,78,933</b>	<b>12,68,823</b>
<b>II EQUITY AND LIABILITIES :</b>			
<b>1 Equity</b>			
a) Equity Share Capital	8	5,00,000	5,00,000
b) Other Equity	9	1,34,02,06,761	3,833
<b>Total Equity</b>		<b>1,34,07,06,761</b>	<b>5,03,833</b>
<b>2 Liabilities :</b>			
(i) <b>Non-current Liabilities</b>			
a) <b>Financial Liabilities</b>			
i) Borrowings	10	2,19,85,00,00,000	-
ii) Other Financial Liabilities	11	-	-
b) Provisions	13	-	-
<b>Total Non-Current Liabilities</b>		<b>2,19,85,00,00,000</b>	<b>-</b>
(ii) <b>Current Liabilities</b>			
a) <b>Financial Liabilities</b>			
i) Borrowings	10	-	4,50,000
ii) Trade Payables	12	-	-
(a) Total outstanding, dues of micro and small enterprises		-	-
(b) Total outstanding, dues of creditors other than micro and small enterprises		1,88,379	2,02,810
iii) Other Financial Liabilities	11	5,20,36,47,525	740
b) Provisions	13	53,73,01,134	13,720
c) Other Current Liabilities	14	2,43,60,35,134	97,720
<b>Total Current Liabilities</b>		<b>8,17,71,72,172</b>	<b>7,64,990</b>
<b>Total Equity &amp; Liabilities</b>		<b>2,29,36,78,78,933</b>	<b>12,68,823</b>

See accompanying notes an integral part of the financials statements

As Per Our Report Of Even Date Attached  
**For Ashwani Sood & Associates**  
Chartered Accountants  
ICAI Firm Registration no.005036N

For and on behalf of the Board of Directors

**Ashwani Sood**  
Partner  
M.No.084242

**Rajiv Bansal**  
Chairman  
DIN 00245460

**S.K.Mishra**  
Director  
DIN 07728790

Place: Delhi  
Date: 21st December 2020

**Krishan Chander Anand**  
Chief Financial Officer

**Shilpi Singh**  
Company Secretary

**AIR INDIA ASSETS HOLDING LIMITED**  
CIN : U74999DL2018GOI328865  
Statement of Profit and Loss for the year ended March 31, 2020

(All figures in Indian Rupees)			
Particulars	Note No.	2019-20	22 Jan 2018 to 31 March 19
I Revenue from Operations : Rentals Building	15	1,42,47,83,003	-
II Other Income :	16	36,81,80,82,556	9,00,000
III <b>Total Revenue (I + II )</b>		<b>38,24,28,65,559</b>	<b>9,00,000</b>
IV Expenses:			
Employee Benefit Expenses	17	19,53,077	1,15,000
Finance Cost	18	36,20,96,43,106	740
Other Expenses	19	15,45,52,647	7,66,707
V <b>Total Expenses</b>		<b>36,36,61,48,830</b>	<b>8,82,447</b>
VI <b>Profit Before exceptional items and Tax (III-IV)</b>		<b>1,87,67,16,729</b>	<b>17,553</b>
VII Exceptional Items		-	-
VI <b>Profit Before Tax (III-V)</b>		<b>1,87,67,16,729</b>	<b>17,553</b>
VII Tax Expense			
1. Current Tax		53,65,13,801	13,720
2. Short/ (Excess) Provision of Tax		-	-
3. Deferred Tax Liability / (asset)		-	-
VIII <b>Profit For the Year (IX-X)</b>		<b>1,34,02,02,928</b>	<b>3,833</b>
XI Other Comprehensive Income		-	-
<b>Total Other Comprehensive Income</b>		<b>-</b>	<b>-</b>
X <b>Total Comprehensive Income for the year</b>		<b>1,34,02,02,928</b>	<b>3,833</b>
XI <b>Earning per Equity Share of Rs. 10 each</b>			
Basic (Rs.)		26,804.06	0.08
Diluted (Rs.)		26,804.06	0.08

See accompanying notes an integral part of the financials statements

As Per Our Report Of Even Date Attached  
**For Ashwani Sood & Associates**  
Chartered Accountants  
ICAI Firm Registration no.005036N

For and on behalf of the Board of Directors

**Ashwani Sood**  
Partner  
M.No.084242

**Rajiv Bansal**  
Chairman  
DIN 00245460

**S.K.Mishra**  
Director  
DIN 07728790

**Krishan Chander Anand**  
Chief Financial Officer

**Shilpi Singh**  
Company Secretary

Place: Delhi  
Date: 21st December 2020

**AIR INDIA AIR ASSETS HOLDING LIMITED**  
**CIN : U74999DL2018GOI328865**  
**Cash Flow Statement for the year ended 31st March, 2020**

(All figures in Indian Rupees)

Particulars	2019-20	22 Jan 2018 to 31 March 19
<b>A Cash Flow From Operating Activities</b>		
Net Profit Before tax	1,87,67,16,729	17,553
Adjustments for:		
Depreciation / Amortisation	-	-
Finance Cost	36,20,96,43,106	740
Preliminary Expenses written off	-	35,035
<b>Operating profit before working capital changes</b>	<b>38,08,63,59,835</b>	<b>53,328</b>
(Increase) / Decrease in Trade Receivables	-	(3,00,530)
(Increase) / Decrease in Other Current & Non Current Assets	(2,24,00,62,34,299)	-
Increase / (Decrease) in Trade Payables	(14,431)	(9,00,000)
Increase / (Decrease) in other Current & Non current Liability	8,17,64,21,613	-
<b>Cash Generated from Operations</b>	<b>(1,77,74,34,67,282)</b>	<b>(5,46,142)</b>
Income Tax Paid (net of refund)	-	-
<b>Net Cash from Operating Activities</b>	<b>(1,77,74,34,67,282)</b>	<b>(5,46,142)</b>
<b>B Cash Flow From Investing Activities</b>		
	-	-
	-	-
<b>Net Cash From Investing Activities</b>	<b>-</b>	<b>-</b>
<b>C Cash Flow From Financing Activities*</b>		
Proceeds from Borrowings	2,19,85,00,00,000	4,50,000
Proceeds from issue of Share Capital	-	5,00,000
Proceeds from Government Budgetary Support	25,68,05,00,000	13,00,00,00,000
Reimbursement of interest/expenses	(36,20,96,43,106)	-
Preliminary Expenses	-	(35,035)
Payment of Taxes	-	(86,235)
Payment for Reimbursement of interest Debt servicing/expenses	(25,68,05,00,000)	(13,00,00,00,000)
<b>Net Cash From Investing Activities</b>	<b>1,83,64,03,56,894</b>	<b>8,28,730</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>	<b>5,89,68,89,612</b>	<b>2,82,588</b>
Add: Cash and Cash Equivalents at the beginning of the Year	2,82,588	-
<b>Cash and Cash Equivalents at the end of the Year</b>	<b>5,89,71,72,200</b>	<b>2,82,588</b>
<b>Component of Cash and Cash Equivalents</b>		
Cash on hand	-	-
Balance in Current Account	5,54,84,12,244	2,82,588
Demand Draft in Transit (Included in above Balance in Current Account)	2,16,000	-
Other Deposit Account	34,87,59,956	-
	<b>5,89,71,72,200</b>	<b>2,82,588</b>

The above Cash Flow Statement has been prepared under the Indirect method as set out under IndAS-7 Statement of Cash flow

**Significant Accounting Policies and Explanatory Notes form an integral part of the Financial Statements.**

As Per Our Report Of Even Date Attached  
**For Ashwani Sood & Associates**  
Chartered Accountants  
**ICAI Firm Registration no.005036N**

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

**Ashwani Sood**  
Partner  
M.No.084242

**Rajiv Bansal**  
Chairman  
DIN 00245460

**S.K.Mishra**  
Director  
DIN 07728790

**Krishan Chander Anand**  
Chief Financial Officer

**Shilpi Singh**  
Company Secretary

Place: Delhi  
Date: 21st December 2020

**AIR INDIA ASSETS HOLDING LIMITED**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020**

A. Equity Share Capital	As at 31 MARCH 2020	As at 31 MARCH 2019
	Amount	Amount
Balance at the beginning of the reporting year	5,00,000	-
Changes in equity share capital during the year		
Add: Equity Shares allotted during the year	-	5,00,000
Less: Buybacks	-	-
<b>Balance at the end of reporting year</b>	<b>5,00,000</b>	<b>5,00,000</b>

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	
<b>Balance as at 31 March 2019</b>	<b>3,833</b>	<b>-</b>	<b>3,833</b>
Effect of Deferred Tax Asset of earlier years	-	-	-
Profit/(Loss) for the period	1,34,02,02,928	-	<b>1,34,02,02,928</b>
Other Comprehensive Income/(loss)	-	-	-
<b>Balance as at 31 March 2020</b>	<b>1,34,02,06,761</b>	<b>-</b>	<b>1,34,02,06,761</b>

See accompanying notes an integral part of the financials statements

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

For and on behalf of the Board of Directors

**Ashwani Sood**  
Partner  
M.No.084242

**Rajiv Bansal**  
Chairman  
DIN 00245460

**S.K.Mishra**  
Director  
DIN 07728790

Place: Delhi  
Date: 21st December 2020

**Krishan Chander Anand**  
Chief Financial Officer

**Shilpi Singh**  
Company Secretary

**AIR INDIA ASSETS HOLDING LIMITED**  
**CIN : U74999DL2018GOI328865**  
**Statement of Significant Accounting policies and Other Explanatory Notes**

Notes to financial statements as at & for the year ended March 31, 2020

**2 RECOVERABLE FROM AIR INDIA LIMITED/GOI**

Particulars	Rs		Rs	
	Non - Current		Current	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
A Recoverable From Air India Ltd./Govt. of India**	2,20,64,00,00,000	-	-	-
Less:-Monetization Proceeds (Net) from AI of Identified Properties	2,20,51,57,938	-	-	-
Recoverable From Air India Ltd./Govt. of India**	2,18,43,48,42,062	-	-	-
B Air India Limited Reconciliation A/c	-	-	5,02,62,21,194	-
<b>Net Recoverable from Air India Limited/GOI</b>	<b>2,18,43,48,42,062</b>	<b>-</b>	<b>5,02,62,21,194</b>	<b>-</b>

\*\* refer Other Note point no. 25 (h) I.Recoverable from Air India is subject to the extent of value ascertained in future for the Identified Non-core properties, Monetization proceeds, Identified Incomes and value of the subsidiaries identified for transfer to the Company with difference of the shortfall be recoverable from GOI in terms of the GOI decision and assurance for servicing and repayment of the AIAHL bonds

**3 OTHER FINANCIAL ASSETS**

Particulars	Rs		Rs	
	Non - Current		Current	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Security Deposits#	-	-	10,000	-
Interest Accrued but not due on FDs	-	-	1,50,796	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,60,796</b>	<b>-</b>

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

**4 Income Tax Assets**

Particulars	Rs		Rs	
	Non - Current		Current	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Tax Deducted at source (Net of provision for Tax)	-	-	19,14,767	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>19,14,767</b>	<b>-</b>

**5 Other Current Assets**

Particulars	Rs		Rs	
	Non - Current		Current	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Statutory Balance with Government	-	-	75,67,914	86,235
<b>Total</b>	<b>-</b>	<b>-</b>	<b>75,67,914</b>	<b>86,235</b>

**6 Cash and Cash Equivalents**

Particulars	Rs	
	31-Mar-20	31-Mar-19
<b>Cash and Cash Equivalents</b>		
Cash on hand	-	-
Balance with Bank :		
Current Account**	5,54,81,96,244	2,82,588
D.D. in Transit	2,16,000	-
<b>Total</b>	<b>5,54,84,12,244</b>	<b>2,82,588</b>

\*\*Cash and Cash Equivalents includes Grant/budgetary Support received from GOI, in terms of the NCD issuance requirements of funding 30 days before the Due date of interest payment of bonds parked in the Designated Interest Servicing Current Account for:-

Series - II Interest due on 14 <sup>th</sup> April 2020	Rs. 259 Crores
Series - III Interest due on 22 <sup>nd</sup> April 2020	Rs. 295 Crores
	<b>Rs. 554 Crores</b>

**7 Bank balances other than Cash and Cash equivalents**

Particulars	Rs	
	31-Mar-20	31-Mar-19
<b>Cash and Cash Equivalents</b>		
Earmarked balances as Fixed Deposit*	31,35,12,063	-
Other Fixed Deposits	3,52,47,893	-
<b>Total</b>	<b>34,87,59,956</b>	<b>-</b>

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

**AIR INDIA ASSETS HOLDING LIMITED**

**CIN : U74999DL2018GOI328865**

**Statement of Significant Accounting policies and Other Explanatory Notes**

Notes to financial statements as at & for the year ended March 31, 2020

**8 Equity Share Capital**

Particulars	As at 31-Mar-20		As at 31-Mar-19	
	Number	(Rs)	Number	(Rs)
<b>Authorised Capital</b>				
Equity Shares of Rs 10/- each	50,000	5,00,000	50,000	5,00,000
<b>Issued, Subscribed and Fully Paid up Capital</b>				
Equity Shares of Rs 10/- each	50,000	5,00,000	50,000	5,00,000
	<b>50,000</b>	<b>5,00,000</b>	<b>50,000</b>	<b>5,00,000</b>

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

Name of Shareholder	As at 31-Mar-20		As at 31-Mar-19	
	Number of shares held	%	Number of shares held	%
Min. of Civil Aviation Representatives, Govt. of India, on behalf of the President of India	49,994	99.99%	49,994	99.99%

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

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

Particulars	As at 31-Mar-20		As at 31-Mar-19	
	Number	Amount	Number	Amount
At the beginning of the year	50,000	5,00,000	-	-
Issued during the period	-	-	50,000	5,00,000
Outstanding at the end of the year	50,000	5,00,000	50,000	5,00,000

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 from incorporation date i.e. 22nd January, 2020 to the date of Balance Sheet.

**9 Other Equity**

Particulars	As at 31-Mar-20 (Rs.)		As at 31-Mar-19 (Rs.)	
<b>Surplus in Profit and Loss Account:</b>				
Balance as per last Balance Sheet		3,833		-
Add : Effect of Deferred Tax Asset of earlier years	-			-
Profit for the year	1,34,02,02,928			3,833
Less:				
Transfer to General Reserve	-		-	
Add: Prior Period Adjustments	-		-	
Less: Prior Period Adjustments	-		-	
Net Surplus		1,34,02,02,928		3,833
<b>Total Reserves &amp; Surplus</b>		<b>1,34,02,06,761</b>		<b>3,833</b>

**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.



**AIR INDIA ASSETS HOLDING LIMITED**

CIN : U74999DL2018GOI328865

**Statement of Significant Accounting policies and Other Explanatory Notes**

Notes to financial statements as at & for the year ended March 31, 2020

**10 Borrowings**

Particulars	Non - Current		Current	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
6.99% Debentures Series I-Tenure 3 Yrs 3 months-GOI fully serviced	70,00,00,00,000	-	-	-
7.39% Debentures Series II-Tenure 10 Yrs-GOI assured for servicing and repayment	70,00,00,00,000	-	-	-
7.39% Debentures Series III-Tenure 10 Yrs-GOI assured for servicing and repayment	79,85,00,00,000	-	-	-
Others*	-	-	-	4,50,000
<b>Total</b>	<b>2,19,85,00,00,000</b>	<b>-</b>	<b>-</b>	<b>4,50,000</b>

\*Other Borrowing of Rs. 4,50,000 in 2018-19 represents short term unsecured Loan from Air India Limited for initial expenses, repaid during the financial year 2019-20

**11 Other Financial Liabilities**

Particulars	Non - Current		Current	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Interest Accrued on Bonds but not due for payment	-	-	5,20,18,03,907	-
Debentureholder /Other Interest	-	-	18,43,618	740
<b>Total</b>	<b>-</b>	<b>-</b>	<b>5,20,36,47,525</b>	<b>740</b>

**12 Trade Payables**

Particulars	31-Mar-20	31-Mar-19
	(Rs)	(Rs)
Trade Payables	-	-
- Micro Small and Medium Enterprises	-	-
- Other Payables	1,88,379	2,02,810
<b>Total</b>	<b>1,88,379</b>	<b>2,02,810</b>

**13 Provisions**

Particulars	Non - Current		Current	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Provision for Tax**	-	-	53,65,13,801	13,720
Provision for Expenses	-	-	7,87,333	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>53,73,01,134</b>	<b>13,720</b>

\*\*Refer Note no. 31

**14 Other Current Liabilities**

Particulars	As at 31-Mar-20	As at 31-Mar-19
Grant-in-aid received from Government of India towards servicing of interest on identified debts (Refer Note No. 25) **	38,68,05,00,000	13,00,00,00,000
Less: Reimbursement of Interest/Expenses to AI t/f to Profit & Loss Statement (Refer Note No. 25) ***	28,61,81,09,079	13,00,00,00,000
Less: Grant Received from Government of India for servicing of AIAHL Bond Interest for financial year 2019-20	7,63,49,35,055	-
Less: Recurring Grant for the financial year 2018-19 Receivable from Government of India	9,00,000	-9,00,000
Less: Recurring Grant for the financial year 2019-20 Receivable from Government of India	-	-
Unspent Grant-in-aid*	2,42,65,55,866	-
Salary Payable	55,000	70,000
Statutory Dues	94,24,268	27,720
<b>Total</b>	<b>2,43,60,35,134</b>	<b>97,720</b>

\* The above unspent Grant amounting to Rs. 242.66 crores, includes Rs. 201.93 crores that has been transferred to Air India Limited for interest and the Interest amounts for 13 days and 21 days of FY 2020-21 falling due for payment in FY 2020-21 on the Bonds of Series - II & III aggregating to Rs. 33.52 crores, to be charged as finance costs in 2020-21.

\*\* As at 31st March, 2020, Grant-in-aid of Rs. 3,868.05 crores received from GOI (Rs.2,568.05 crores in financial year 2019-20 and Rs. 1,300.00 crores in financial year 2018-19) for servicing interest of identified debts however as at 31st March, 2020 total amount of Rs.3,063.74 crores have been remitted to Air India Limited (Rs 1,763.74 crore remitted in financial year 2019-20 and Rs.1,300 crores remitted in financial year 2018-19) for servicing their interest of identified debts and out of balance retained amount of Rs.250.31 crores, Rs.243.31 crores have been used for servicing AIAHL's Interest of series - I bond, which was due for payment on 18th March, 2020.

\*\*\* Reimbursement of Interest/other Charges includes reimbursement of Rs.101.17 crores towards the Penal Interest recovered for the delayed fund availability in Sept & Oct 2019 as the Identified Debts Repayments settled by AI from the short term borrowings by AI. Additionally, the above Reimbursement of Interest include Rs.4.30 crores default interest paid to the lenders for Airbus finance leases on similar reason of delayed fund availability.

**AIR INDIA ASSETS HOLDING LIMITED**

**CIN : U74999DL2018GOI328865**

**Statement of Significant Accounting policies and Other Explanatory Notes**

Notes to financial statements as at & for the year ended March 31, 2020

**15 Revenue from Operations**

Particulars	2019-20	22 Jan 2018 to 31 March 2019
	(Rs)	(Rs)
Rent from Air India Buildings	1,42,47,83,003	-
<b>Total</b>	<b>1,42,47,83,003</b>	<b>-</b>

**16 Other Income**

Particulars	2019-20	22 Jan 2018 to 31 March 2019
	(Rs)	(Rs)
Grant-in-aid from Government of India - Revenue	36,25,30,44,134	9,00,000
Revenue share of AIASL t/f from Air India	54,58,79,850	-
Interest Income on FDRs	1,91,45,528	-
Misc. Income	13,044	-
<b>Total</b>	<b>36,81,80,82,556</b>	<b>9,00,000</b>

**17 Employee Benefit Expenses**

Particulars	2019-20	22 Jan 2018 to 31 March 2019
	(Rs)	(Rs)
Salaries and Wages	19,53,077	1,15,000
<b>Total</b>	<b>19,53,077</b>	<b>1,15,000</b>

**18 Finance Cost**

Particulars	2019-20	22 Jan 2018 to 31 March 2019
	(Rs)	(Rs)
Interest on Bonds*	7,63,49,35,055	-
Reimbursement of Interest of Identified Debts of AI	28,57,46,85,551	-
Interest on Short-Term Borrowings	22,500	740
<b>Total</b>	<b>36,20,96,43,106</b>	<b>740</b>

\* Interest on Bonds represents Rs. 243,31,31,148 due and paid on 18th Mar 2020 for Series I bond and Rs. 520,18,03,907 accrued Interest of Series II & III bonds but not due for payment as on 31st March, 2020.

**19 Other Expenses**

Particulars	2019-20	22 Jan 2018 to 31 March 2019
	(Rs)	(Rs)
3 Series NCD's (Bond) issuance Related Expenses	4,10,73,737	-
Legal And Professional Expenses	4,47,48,028	7,02,860
Board Meeting Related Expenses	30,250	-
Advertisement Expenses	36,33,357	-
Bank Charges	8,340	-
Conveyance Expenses	35,453	-
Maintenance Expenses (AI Building)	6,45,78,822	-
Printing & Stationary	32,160	-
ROC Filing Fees	23,600	-
Rates And Taxes	-	749
Misc. Expenses	1,03,900	28,063
Preliminary Expenses	-	35,035
<b>Remuneration To Statutory Auditor</b>	<b>-</b>	<b>-</b>
- Audit fees	1,50,000	1,50,000
- Out of Pocket Expenses	10,000	-
Tax audit fees	1,25,000	-
<b>Total</b>	<b>15,45,52,647</b>	<b>9,16,707</b>

**Note No. - 20****1. COMPANY INFORMATION / OVERVIEW:****i. Corporate Information:**

Air India Assets Holding Limited, "the Company" (a 100% Government of India Company) is a special purpose vehicle company (SPV) incorporated in India in 22<sup>nd</sup> January 2018, registered under the provisions of the Indian Companies Act, 2013. The SPV Company is incorporated for the purposes of disinvestment of Air India, formed with an object to warehouse accumulated identified Loans, identified Air India subsidiaries (*not part of Air India strategic disinvestment*), non-core assets painting and artefacts, other non-operational assets of Air India Ltd, and the funds raised through the sale proceeds from the monetization of these AI assets and the company to raise funds through GOI serviced bonds for repayments of the identified Air India loans. The Registered office and the Headquarters, the only office, of the company is situated at Airlines House, 113, Airlines house, Gurudwara Rakabganj Road, Delhi – 110001.

**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 31<sup>st</sup> March 2020 have been prepared in accordance with Indian Accounting Standards (Ind AS) pursuant to the notification issued by Ministry of Corporate Affairs dated 16 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.

These Standalone Financial Statements are the first financial statements prepared in accordance with Ind AS as notified under the Companies Act 2013. The date of transition to the Ind AS is 1<sup>st</sup> April 2019. Details in preparing the first financial statements prepared under Ind-AS are given in the Note No. 21.

**(ii) Basis of preparation and presentation:**

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

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

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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, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

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

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

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

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

**(iii) Standards issued but not yet effective:**

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 1<sup>st</sup> April, 2019

**(iv) Critical accounting estimates / judgments:**

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

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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.

**(v) uncertainties relating to the global health pandemic from COVID-19 (Corona Virus)**

The Company being a SPV company with no business or commercial operations has not had any significant impact of the pandemic except for the administrative inconveniences. Has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of certain assets. 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 and other related information, economic forecasts etc. 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.

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

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

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

**I. PROPERTY, PLANT AND EQUIPMENT**

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

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charged to the Statement of Profit and Loss in the year in which the costs are incurred

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

**b. Physical Verification of Assets:**

There is no Physical Fixed Asset of the company as yet. However, the Physical Verification of Assets, once acquired, will be done biennially on rotational basis and the discrepancies, if any, observed in the course of the verification are adjusted in the year in which report is submitted and got approved from appropriate authority.

## **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 management through technically qualified persons.

## **III. REVENUE RECOGNITION**

- a) Revenue from contracts with customers is recognized when control of services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.
- b) Revenue grants received from Government with conditions and obligations has been accounted for as income approach showing receipt of grant as income and matched with associated expenses, which the grant is intended to compensate. However, if the grants are in the nature of promoters' contribution, the same will be credited directly to the Shareholder's Fund as per capital approach.
- c) Interest income is recognized on a time proportion basis as per effective interest rate.

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- d) The claim receivable from Insurance Company is accounted for on the acceptance by the Insurance Company of such claims.
  - e) Credit notes received from vendors are recognized on acceptance of claim/receipt of credit note.

#### **IV. BORROWING COST**

- a. Borrowing cost includes interest; amortization of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan.
- b. Borrowing cost that are directly attributable to acquisition, construction of qualifying assets including capital work-in-progress, if any, are capitalized, as part of the cost of assets, up to the date of commencement of commercial use of the assets.

#### **V. 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.

#### **VI. TAX ON INCOME**

##### **Current income tax**

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

##### **Deferred Tax**

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

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

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

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

**Minimum alternate tax (MAT)** paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In such year the Company recognizes MAT credit as a deferred tax asset.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to recoup all or part of the asset.

Deferred tax relating to items recognized outside profit or loss is 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.

## VII. 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.



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- 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 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.

## **VIII. 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.

## **IX. 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.

## **X. 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 recognised.

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**(iii) Subsequent measurement**

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

- **Financial assets carried at amortized cost**

A financial asset other than derivatives and specific investments, is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- **Financial assets at fair value through other comprehensive income**

A financial asset comprising specific investment is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

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

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

**(iv) Derecognition**

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset

**(v) Impairment of other financial assets**

The Company assesses impairment based on 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

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generate sufficient cash flows to repay the amounts subject to the write-off.

**(b) Financial Liabilities****(i) Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

**(ii) Classification**

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through Statement of Profit and Loss. Such liabilities, including derivatives shall be subsequently measured at fair value.

**(iii) Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below.

**• Financial liabilities at amortized cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process.

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

**• Financial liabilities at fair value through Statement of Profit and Loss**

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

effective hedging instruments.

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

**(iv) Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

**(v) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously

**XI. 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

**XX. MATERIALITY THRESHOLD LIMITS:**

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

Threshold Items	Unit	Threshold Value (INR)
Prior Period Expenditure / Revenue	Million	0.05
Fair Valuation of Financial Instruments	Million	1.00

**21. Transitions to Ind-AS:**

These standalone financial statements of Air India Assets Holding Limited for the year ended 31<sup>st</sup> March 2020 is the first financial statement of the company prepared on the basis of Ind AS. The Company has adopted all applicable Ind AS in accordance with Ind AS 101- First Time Adoption of Indian Accounting Standards. The transition was carried out from Indian GAAP as prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Account) Rules, 2014 which was the previous GAAP.

As 2019-20 is second financial year of the company hence the Significant Accounting Policies set out in Note No. – 1 has been applied in preparing the financial statements for the year ended 31<sup>st</sup> March 2020 and 31<sup>st</sup> March 2019 only.

**Classification and measurement of Financial Assets:**

As required under Ind AS 101, the company has classified and measured the financial assets in accordance with the Ind AS 109 on the basis of the facts and circumstances that exists at the date of transition to Ind AS.

**22. CONTINGENT LIABILITY**

In compliance of Ind AS 37 on “Provisions, Contingent Liabilities and Contingent Assets”, the required information is Nil.

**23. CAPITAL AND OTHER LONG-TERM COMMITMENTS**

Particular	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Capital and other Long-Term Commitments	Nil	Nil
Loans of Air India Limited identified and decided for transfer to the Company, of which Rs.21,985 crores loans fully pre-paid and settled by Air India from the funds raised in Sept and Oct 2019 by the Company under 3 Series of NCDs equivalent amounts except that the Air India NCDs of Rs.7400 crores one of the Identified Debts as obligation/commitment of the Company for servicing and repayment is under Novation to the company, awaiting approval of the EPFO who hold Rs.4000 cr. NCDs as one of the 3 bondholders.	Rs.7,400 crore	Rs.29,464 crore

**24. Expenditure and Income in foreign currency is Nil.****25. Transactions with the Air India relating to Disinvestment of Air India**

- a) In a meeting of Union Cabinet in Feb 2019 an ex-facto approval has been given for the creation of Special Purpose Vehicle (SPV) and accordingly Air India Assets Holding Limited (AIAHL) was 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) Transactions relating to the Identified Debts of Air India-Rs.29464 crores
1. In an earlier meeting held on 7th September, 2018 under the chairmanship of Hon'ble Finance Minister, (refer Ministry of Finance, GOI, O.M. F.16(8)-B(P&A)/2018 dated 19th Sept 2018 forwarding Minutes of the Meeting) it was decided, that as per decision "Air India Specific Alternative Mechanism" (AISAM), the Air India debts amounting to Rs.29,464 crores would be transferred from Air India Limited to the SPV w.e.f. 1st October, 2018. It was also decided in the said meeting that these identified debts would be serviced by the SPV from the disinvestment proceeds from the transfer of identified subsidiaries, monetization of identified properties and non-productive assets of AI and shortfall to be met out of the budgetary support by Govt. of India through Ministry of Civil Aviation budget.
  2. Pursuant to the decisions taken in the AISAM and GOI meetings as stated above, Air India began the exercise of transfer of Identified Debts aggregating to Rs 29,464.00 crores as on 1<sup>st</sup> October 2018. However, in view of lenders approval for transfer of these AI Identified debts to AIAHL not given, due to issues such as, non-transferability of Govt. guarantees, issues in transfer of mortgage as some of the identified loans were backed by Air India assets/properties, the Identified debts could not be transferred to AIAHL and thus continued to be in the books of Air India Limited.
  3. In view of these constraints, the Ministry of Finance approved a refinancing strategy for the identified debts. Based on the meeting held on 30<sup>th</sup> May, 2019 in the Ministry of Finance, it was decided that the SPV would raise finances in the following manner to refinance the identified debts of Air India amounting to Rs 29,464.00 crores:
    - i) Non-Convertible Debentures (NCD) of Rs 7,400.00 crores to be novated to AIAHL against Govt guarantee
    - ii) Issue of Govt Fully Serviced Bonds for Rs 7,000.00 crores against Letter of Authorization
    - iii) Issue of Bonds worth Rs 15,064.00 crores with full Government Guarantee for the payment of interest and principal thereof,
  4. The Ministry of Finance Government of India, issued Letter of Assurance no.F.12(29)-B(SD)/2018 dated 18<sup>th</sup> June 2019 and the Ministry of Civil Aviation, GOI Letter of Authorization no.Av.17046/368/2017-AI dated 30<sup>th</sup> August 2019 to allow SPV to raise bonds from the market. The following three series of listed Non-Convertible Debentures (NCDs) were issued by the company during Sept and October of FY 2019-20 aggregating to Rs. 21,985 crores as under:
    - i. 6.99% NCD Series-1 (Govt fully serviced) of Rs.7,000 crore,
    - ii. 7.39% NCD Series-2(Govt assured for servicing and repayment) of Rs.7,000 crore; and
    - iii. 7.39% NCD Series-3(Govt assured for servicing and repayment) of Rs.7,985 crore.
  5. The funds equivalent to Rs.21,985.00 crores were thus raised by the company from the market during financial year 2019-20 (Nil in 2018-19) and transferred to Air India for Repayment of such Identified debts. The Framework Agreement executed between AI and AIAHL dated 23<sup>rd</sup> Nov 2020 at Schedule-I lists out these Identified debts as obligations of the company effective 1st Oct 2018.
  6. Air India has confirmed to AIAHL during the year 2019-20 that it has repaid all the listed Identified Debts aggregating to Rs.22,064.00 crores by utilizing Repayment Funds of Rs.21,985.00 crores transferred by AIAHL to AI and by adjusting the shortfall repayment funds from the Monetization proceeds payable to AIAHL for the Identified Non-Core properties equivalent to Rs.79 crores.
  7. One of the Identified Debts, Air India 9.08% Non-Convertible Debentures (NCDs) of Rs.7,400 crores, effective 1<sup>st</sup> Oct 2018 assured to the Company through budgetary support by the Govt. of India for servicing and repayment, continue to be accounted in the books of Air India pending approval for Novation of these NCDs to the Company by the majority bond holder EPFO holding Rs.4,000 crores NCDs.
- c) Budgetary support/Revenue grant from Govt. for servicing Identified debts eff. 1<sup>st</sup> Oct 2018
1. For servicing the Interest and other such debt servicing payments for these Air India Identified

Debts totaling to Rs. 29,464.00 crores, decided as obligation of the SPV effective 1<sup>st</sup> Oct 2018 for the Debts Identified for transfer to the Company from such effective date, the Government of India released to the Company the budgetary support/Grants totaling to Rs.3868.50 crores consisting of Rs. 2,568.05 crores in FY2019-20 and Rs. 1,300.00 crores in the financial year 2018-19.

## 2. Grant for Air India Identified Debts servicing

- i. Air India continue to show the Identified Debts in their books till Repayment of the Identified Debts in FY 2019-20, and thus constrained to service the interest and servicing costs for the Identified loans based on reimbursement by the Company to Air India of the GOI grant funds to AI by the Company as the obligation of servicing such Identified Debts effective 1<sup>st</sup> Oct 2018 entrusted upon the Company formalized and confirmed in terms of the Frame-Work Agreement of 23<sup>rd</sup> Nov 2020.
- ii. Accordingly, the budgetary support/revenue grants received by the Company from Govt. of India aggregating to Rs.3063.74 crores consisting of Rs 1,763.74 crores in FY 2019-20 and Rs 1,300.00 crores in FY 2018-19 were transferred to Air India by AIAHL towards Reimbursements for the payment of interest and other servicing costs for the Identified Debts, such Reimbursement of interest and other servicing costs debited by Air India have been accounted during the year 2019-20 as Finance costs expense for the current year in AIAHL books of accounts as per the loan-wise payment details of payments made by Air India to the lenders for such Identified debts upto 31.3.2020.
- iii. Of the total amount of Grant funds of Rs.3063.74 crores transferred by the Company to Air India, Air India has debited Reimbursements, period 1<sup>st</sup> Oct 2018 to 31<sup>st</sup> March 2020, towards payments made to the lenders by Air India towards the Identified Debts Interest and other charges aggregating to Rs.2861.81 crores consisting of -
  - a. Reimbursement of Interest/other charges for the Debts Rs.2,756.29 crores\*
  - b. Reimbursement of Penal interest for delayed funds provisioning Rs. 101.18 crores
  - c. Legal and other charges towards Airbus finance leases Identified debts Rs.4.34 crores

*\*Includes Default Interest Reimbursement debited of Rs.4.30 crores for Airbus finance leases- Identified Debts*
3. The balance grant of Rs.201.93 crores (i.e. Rs.3,063.74 crores Less Rs.2,861.81 crores) for which debits from Air India for the Interest Reimbursements in support of grant utilization of such funds is included in the list of recoverable as Recoverable from Air India account of Rs.502.62 crores as on 31st March 2020 as disclosed at Note h) below,
4. The budgetary support/grant received has been accounted as "Other income" aggregating to Rs.3,625.30 crores (prev. year Nil) to the extent of Interest and servicing expenses as under :-
  - i. the Reimbursement of interest and other charges debited by Air India as expenses of Rs.2861.81 crores (prev. year NIL) toward the Identified Debts during the year towards payments to Lenders and servicing the Identified debts by Air India as obligation of the Company in terms of the Framework agreement between AI and AIAHL and
  - ii. the Interest and other debt servicing expenses accounted as Finance Costs for the Company's issued NCDs totaling to Rs.763.49 crores.
5. Overview of the Govt. of India revenue Grants/budgetary support received by the Company, transferred to Air India for identified debts interest payments, utilized by the Company for servicing the AIAHL NCDs is given below :-

Figs. In Rs.crores

S.No.	Particulars	FY 2019-20	FY 2018-19	Total
1	Total of budgetary support/Grants received by the Company from Min. of Civil Aviation, GOI	2568.05	1300.00	3868.05
2.	<b><u>Grant Utilization Summary</u></b>			
3.a.	Transferred to Air India for Identified Debts servicing	1763.74	1300.00	3063.74
3.b. Less	Reimbursement of Interest and other Debt servicing costs debited by Air India for Identified Debts	(1561.81)	(1300.00)	(2861.81)
3.c.	Balance Grant available with Air India (shown as Recoverable from AI) pending Reimbursement of Interest expenses debits on payment basis from Air India for interest payable in May 2020 for the NCDs of Rs.7400 cr. Under Novation to AIAHL	201.93	-	201.93
4.a.	Grant funds retained by the Company for servicing AIAHL 3 Series NCDs of Rs.21,985 crores	804.31	-	804.31
4.b.	Grant utilized for Interest Payments of Rs.243.31 cr. on 18 <sup>th</sup> Mar 2020 for the Company's issued NCDs Series-1 and for pre-funding requirements in designated bank account towards the accrued interest as on 31.3.2020 for the Series-2 and 3 NCDs payable on 14 <sup>th</sup> and 22 <sup>nd</sup> April 2020	(763.49)	-	(763.49)
4.c.	Recurring Grant of 2018-19 receivable from GOI adjusted	(0.09)	-	(0.09)
4.d.	Balance Grant in the interest servicing designed bank account towards Interest payable in April 2020 for the Company's NCDs Series-2 and 3	40.73		40.73
5.	Total Grant Utilized as on 31.3.2020 (Total of 3b+4b+4C) Expensed out and equivalent Revenue accounted	2325.39	1300.00	3625.39
6.	Balance Grant as on 31.3.2020 (Total of 3c.+4d) shown under Current Liabilities pending utilization in FY 2020-21	242.66	-	242.66

d) **Monetization proceeds for the Identified Non-Core Properties**

6. As per the decision of Government of India in a meeting held on 7th September, 2018 under the chairmanship of Hon'ble Finance Minister, it was also decided that the sale of Identified Air India assets to be done and monetization proceeds received after 1st October 2018 are to be credited to the SPV/ AIAHL monetization Escrow Account and to apply such sale proceeds for servicing the Identified Debts.
7. Accordingly, Air India had identified 111 such properties as non-core assets for monetization purposes. The Identified properties and the status for monetization (updated till Nov 2020) has been indicated in the Frame Work Agreement dated 23rd Nov 2020 executed between AIAHL and Air India.
8. Since the Identified Non-Core properties ownership/possession are in the name of Air India, Air India continue to dispose off these properties and the sale proceeds received by Air India transferred to the AIAHL through the escrow mechanism.



9. Effective 1<sup>st</sup> Oct 2018 till 31<sup>st</sup> March 2020, Air India advised/credited to the Company details of monetization proceeds (net of applicable taxes) received by Air India for the Identified Properties aggregating to Rs.220.52 crores. Out of these monetization proceeds, funds equivalent to Rs.31.27 crores were transferred to AIAHL Escrow account during the FY 2019-20. Thus, the net amount of Rs.189.23 crores (Rs.220.52-Rs.31.27 crores) accounted as part of receivable from Air India. Further, Air India adjusted funds towards the shortfall of Rs.79.00 crores (Rs.22,064 crores-Rs.21,985 crores) towards the Repayment funds by Air India Identified Debts as the SPV raised funds from the market through the listed NCDs aggregating to Rs. 21,985 crores which were transferred to Air India for Repayment towards the aggregated Identified Debts (Principal Amount) totaling to Rs.22,064 crores.
- e) Other Identified Incomes
1. In terms of the decision and the Frame Work Agreement, transfer for the Rental incomes credited to the company in respect of Air India Nariman Building, which is one of the listed properties in Schedule II of the Frame Work Agreement, by Air India for the period 1<sup>st</sup> Oct 2018 to 31<sup>st</sup> March 2020.
  2. Total Rental income of Rs.142.48 crores has been credited by Air India to the company effective 1<sup>st</sup> Oct 2018 to 31<sup>st</sup> March 2020, which has been accounted as Revenue from Operations (considering associated Real estate activities envisaged for the Company for monetization/transfer of the Identified properties) and the pro-rated Maintenance and other utilities expenses for such rental building equivalent to Rs.6.46 crores have been debited by Air India, which been accounted as expense during the year 2019-20.
  3. As part of the Framework agreement for transfer of income/distribution of the subsidiaries identified for transfer to the company, Air India has credited to the company, the Revenue share under their agreement with AIASL for 20% share of their 3<sup>rd</sup> party handling revenue, amounting to Rs.54.59 crores for the period 1<sup>st</sup> Oct 2018 to 31<sup>st</sup> March 2020. This credit has been accounted as Other income by the company during the year.
- f) The Framework Agreement executed between AI and AIAHL dated 23<sup>rd</sup> Nov 2020 also indicate obligation of Air India to transfer to the Company, investments in Subsidiary Cos and the Receivables from the Subsidiaries, such legal transfer of the Subsidiaries and the identified remaining unsold non-core Identified properties assets would follow the due process for these upon obtaining approvals by Air India of the relevant authorities.
- g) To account for the transactions with Air India and to facilitate reconciliation, two new accounts opened to record the transactions namely "Recoverable from Air India Ltd.A/c" and "Air India Limited Reconciliation A/c" as on 31<sup>st</sup> March 2020, overview of which is summarized below:

S. No	Particulars	(Rs in crores)
(I)	<b><u>Recoverable from AI/Govt. of India towards financing of the Identified Debts#</u></b>	
	Towards Repayment Funds of AIAHL used by AI for repaying during 2019-20 the Identified Debts, Obligation of AIAHL effective 1 <sup>st</sup> Oct 2018	<b>22,064.00</b>
	<b>Less:</b> Monetization proceeds (net of taxes) credited by Air India from the sale of Identified properties effective 1 <sup>st</sup> Oct 2018 receivable by the Company	220.52
	<b>Net Balance under "Recoverable from AI/GOI A/c"</b>	<b>21,843.48</b>
# NOTE-The above Recoverable from Air India is subject to the value ascertained in future for the Identified Non-core properties, Monetization proceeds, Identified Incomes and value of the subsidiaries identified for transfer to the Company with difference of the shortfall recoverable in terms of the GOI decision and assurance for servicing and repayment of the AIAHL bonds for the raising Repayment funds aggregating to consisting of Rs.21,985 crores of listed NCDs issued by the Company and Rs.79 crores funds adjusted by AI from the monetization proceeds.		

No	Particulars	(Rs in crores)	
(II)	<b>Details of Air India Limited Reconciliation A/c</b>		
a.	Funds Transferred in Sept & Oct 2019 to AI from the AIAHL 3NCD proceeds towards Repayment of the Identified AI Loans-Obligations of AIAHL effective 1 <sup>st</sup> Oct 2018		21,985.00
b. Less:	Total Repayments of the Identified Debts paid by AI to the Lenders		22,064.00
<b>c=a-b</b>	<b>Shortfall of Loans Repayments funds</b> -Amount adjusted from the Monetization proceeds collected by AI payable to AIAHL and credited to AIAHL as on 31.3.2020, as the shortfall amount utilized by AI to settle/repay the Principal Identified Debts		<b>79.00</b>
d. Less:	Grants received by the Company from GOI and transferred to AI towards Reimbursement for Interest/Other Charges for servicing the Identified Debts of AI in terms of the obligations of the company		3,063.74
e. Less:	<b>Grant from GOI- servicing of the Identified debts expensed out towards Reimbursements and other charges for Identified debts as debited by Air India</b>		
f)	Reimbursement to AI towards Interest and other Charges debited to AIAHL for the Identified Debts	2,756.29	
g)	Reimbursement of Penal Interest for delayed funds availability by the Company to Air India leading to short term borrowings for Repayments/servicing of the Identified Debts, Obligation of AIAHL effective. 1 <sup>st</sup> Oct 2018	101.18	
h)	Legal Charges payable to AI debited by AI towards the Identified Debts	4.34	
i)= f+g+h	<i>Total GOI Grant/budgetary support utilized for servicing the Identified debts –obligation of AIAHL</i>		2861.81
j)=d-i	<b>Recoverable from Air India as on 31.3.2020 towards Grant funds transferred to AI towards interest servicing/other charges</b>		<b>201.93</b>
k)	Monetization proceeds (net of taxes) Receivable from AI (Rs 220.50 crores less Rs 31.27 crores), Monetization proceeds funds totalling to Rs.31.27 crores directly transferred to Company's Escrow bank account)	189.23	
l) Less	Shortfall of Loans Repayments Funds adjusted by AI as at c) above	(79.00)	
m)=k-l	<b>Net Recoverable from Air India Ltd. towards Monetization proceeds from Identified Non-core properties credited to the Company</b>		<b>110.23</b>
n)	Rent receivable from AI for AI building property- credited by Air India	142.48	
o) Less	Maintenance and utilities expenses payable to Air India for the Rentals credited to company for AI building	(6.46)	
p)= n-o	<b>Net Recoverable credited by AI towards Rentals for AI building</b>		<b>136.02</b>
q)	<b>Revenue Share for AIASL credited by AI, recoverable from AI</b>		<b>54.59</b>
r)	Salary for AI deputationist payable to AI		(0.15)
<b>S= (j+m+p+q+r)</b>	<b>Net Recoverable Amount in Air India Limited Reconciliation A/c</b>		<b>502.62</b>

- h) The above Recoverable amounts from Air India are subject to being reconciled after adjustment of expenses incurred by Air India, such as towards Novation of 9.08% NCDs of Rs 7400.00 crores, maintenance costs of the Identified 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 the grants/reimbursements received from AIAHL.

26. The Company being a SPV created for disinvestment purposes for Air India, has accounted for the Rental income credited by Air India as Revenue from Operations whereas the revenue share of one of the Identified subsidiaries (AIASL) credited by Air India is shown as other income but the monetization proceeds credited by AI accounted as receivable but adjusted as Recoverable from AI/GOI subject to adjustment from the overall recoverable account as shown at Note 25. (g)(l). Besides these, there is interest income from the short-term deposits with the bank from some monetization proceeds received during the year and the budgetary support/Grant funds received from GOI of the interest servicing amounts transferable to AI, hence to meet the day-to-day expenses of the company has requested from Government of India to allow Grant to cover up day to day expenditure of the company including the one-time bond expenses of Rs.4.11 crores (prev. year NIL) during the year. Accordingly, to the extent of total Finance Costs for Interest paid and payable upto 31.3.2020 for the company's NCDs aggregating to Rs.21,985.00 crores issued during the year, the company till 31<sup>st</sup> March 2020 i.e. amounting to Rs.763.49crore ( previous year Rs.0.09crores) has also been shown as Grant Revenue from Govt. of India by crediting "other Income", consisting of Rs.243.31 crores Interest paid on 18.3.2020 for the Series-1 NCDs and Rs.520.18 crores for all the AIAHL 3 Series NCDs accrued interest due but not paid as on 31.3.2020.

## 27. INTERNAL CONTROL

The accounting is outsourced to a professional accounting firm as company has only 2 employees on its payroll with only one centralized office in Delhi.

The accounting outcomes, financial transactions and accounting documents are reviewed and checked periodically by the company during the year.

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

(Rupees in Million)

There has been transaction with a MSME during the year. Hence, the information on the outstanding as at 31<sup>st</sup> March 2020 is NIL.

	Particulars	31st March, 2020	31st March, 2019
a.	Principal amount due and remaining unpaid	-	-
b.	Interest due on above	-	-
c.	Payment made beyond the appointed day during the year	-	-
d.	Interest paid	-	-
e.	Interest due and payable for the period of delay	-	-
f.	Interest accrued and remaining unpaid	-	-
g.	Amount of further interest remaining due and payable in succeeding years	-	-

**Note:** Dues to Micro and Small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Company and relied upon by the Auditors.

**29. RELATED PARTY DISCLOSURES****A. Related party:**

(i) In terms of Ind AS 24, following is the related parties' disclosures:-

- a. **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 (AIL)	Entity under same control by the Government

**b. Key Managerial Personnel (KMP's)**

Sr No	Name of Director	Designation	Date of Appointment
1	Shri Rajiv Bansal	Chairman	w.e.f. February 14, 2020
2.	Shri Vinod Shanker Hejmadi	Director	w.e.f January 22, 2018
3.	Shri Satyendra Kumar Mishra	Director	w.e.f January 22, 2018
4.	Shri Arun Kumar	Director	Ceased to be Director w.e.f. July 11, 2019
5.	Shri Arvind Shrivastava	Director	Ceased to be Director Upto August 30, 2019
6.	Shri Vimlendra Anand Patwardhan	Director	w.e.f. January 28, 2020
7.	Smt. Anuradha Thakur	Director	Ceased to be Director Upto 19 <sup>th</sup> May, 2020
8.	Shri Venudhar Reddy Nukala	Director	w.e.f. August 21, 2020
9.	Shri Vijay Jadhav	CFO	Ceased to be KMP w.e.f 17 <sup>th</sup> August, 2020
10.	Shri Krishan Chander Anand	CFO	w.e.f. August 17, 2020
11.	Ms. Shilpi Singh	CS	w.e.f. June 03, 2019

**B. Related Party Transactions**

- i. There are no transactions with Key Managerial Personnel except for the Salaries paid to the employee KMPs as under during the year FY 2019-20 (prev. year NIL):-  
*Shri Vijay Jadhav, CFO Rs. 13.55 lacs (prev. year Nil) – salary debited by Air India*  
*Ms. Shilpi Singh, CS Rs. 5.46 lacs (prev. year Nil)*
- ii. The KMP vide Sr. No. 1, 2 and 6 receive Remuneration and Perquisites from the Air India Limited.
- 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:-

Name of Entity-Air India	For the year ended March 31, 2020	For the year ended March 31, 2019
Funds transferred from the Company's listed NCDs proceeds to Air India for Repayments of the Identified Loans	Rs.21,985 crores	-
Amount of GOI grant transferred to Air India Limited towards servicing the Identified Debts	Rs.1,763.74 crores	Rs. 1,300 crores
Reimbursement of Interest and other charges debited including legal expenses to the Company by Air India advising utilization of Grant for servicing the Identified debts –obligation of AIAHL	Rs.2,861.81 crores	-
Rental Income and Revenue Sharing credited to AIAHL effective 1 <sup>st</sup> Oct 2018	Rs.197.07 crores	-
Monetization Proceeds receivable from AIAHL effective 1 <sup>st</sup> Oct 2018	Rs.220.52 crores	-
Maintenance, Utilities, taxes etc debited to the Company by AI for AI rental building revenue credit	Rs.6.45 crores	-
Salary of Deputed employee of AIL	Rs.0.16 Crore	Rs. Nil
Loan from AIL	Nil	Rs. 0.045 Crore
Interest on loan from AIL of Rs.4.5 lacs taken in , repaid on 9 <sup>th</sup> Jan 2020	Rs. 22,500	Rs. 740
Amount Recoverable from Air India under AI Reconciliation account as on 31.3.2020	Rs.502.62 crores	-

### 30. CORPORATE SOCIAL RESPONSIBILITY-CSR

Section 135 (1) of the Companies Act 2013 requires provision for CSR to be made for a company having threshold Net Worth of Rs.500 crores or Rs. 1,000 crores Turnover or Rs.5 crores Net profit during the immediately preceding financial year. This being the first year of Net profit, no provision towards CSR is required to be made for FY 2019-20 being the first year of profit.

However, the company, being a SPV specifically incorporated for the limited purposes of enabling specified transactions for Disinvestment of Air India, would examine and review applicability of such provisions to the company including constitution of a Board CSR Committee and request the Govt. of India for considering whether the applicability of these requirements of CSR for commercial operational business entity, can be considered for being exempted for the SPV.

### 31. PROVISION FOR TAXATION

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

Considering the nature of SPV with this being first year of profit, with no carry forward losses, no asset block for depreciation claim or any other exemption availed by the company in the past,

provision based on lower rate u/s Sec 115BAA has been made in the books of account as on 31<sup>st</sup> March 2020:-

	<u>Rs. In crores</u>
i. Net Profit – Before tax	187.67
ii. Tax Payable @ 22% plus 10 Surcharge and 4% Cess	47.23
iii. Net Tax payable after TDS deducted claimed	47.04
iv. Interest u/s 234B and C	<u>6.61</u>
<i>Total Provision for Income Tax for FY 2019-20 (iii+iv)</i>	<u>53.65</u>

### 32. EARNINGS PER SHARE:

Details	As at March 31, 2020	As at March 31, 2019
Profit After tax (Rs.)	134,02,02,927	3,833
Weighted Average no. of equity shares of Rs. 10 each	50,000	50,000
EPS Basic & Diluted (In Rs.) After Tax	26,804.06	0.08

### 33. REMUNERATION TO STATUTORY AUDITORS:

The details of the audit fees and out of pocket expenses for the year 2019-20 are as under:

Particulars	FY 2019-20	FY 2018-19
Audit Fees for the year	1,50,000	1,50,000
Out of Pocket Expenses	10,000	10,016
Tax audit fees provision	1,25,000	-
<b>Total</b>	<b>2,85,000</b>	<b>1,60,016</b>

### 34. IMPAIRMENT

There is no PPE and its ability to generate operating profits. Hence there is no impairment of assets at the end of the year.

### 35. SEGMENT REPORTING

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

### 36. EMPLOYEES BENEFITS

The number of employees at any time during the financial year 2019-20 being total of 2 employees, which is less than 10, hence the company has not recognized any expenditure towards defined contribution plans, in respect of Employees Provident Fund and Employee State Insurance benefits, etc. and hence actuarial valuation is not required.

### 37. 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

₹ in Crore

Particulars	Carrying Value				Fair value measurement using		
	FVT PL	FV TO CI	Amortized Cost	Total	Level 1	Level 2	Level 3
<b>Financial Assets</b>							
<b>Non-Current</b>							
Recoverable from AIL/Govt. of India	-	-	21,843.48	21,843.48	-	-	-
<b>Current</b>					-	-	-
Trade Receivable*	-	-	-	-	-	-	-
Recoverable from AIL/Govt. of India	-	-	502.62	502.62	-	-	-
Cash & Cash Equivalents*	-	-	554.84	554.84	-	-	-
Bank Balances other than cash and cash equivalents*	-	-	34.88	34.88	-	-	-
<b>Others</b>							
Interest Accrued on Bank Deposits	-	-	0.0151	0.0151	-	-	-
Security Deposit	-	-	0.001	0.001	-	-	-
<b>Total</b>	-	-	<b>22,935.84</b>	<b>22,935.84</b>	-	-	-
<b>Financial liabilities</b>							
<b>Non-Current</b>							
Borrowings (Bonds)	-	-	21,985	21,985	-	-	-
<b>Current</b>							
Borrowing	-	-	-	-	-	-	-
Trade Payables	-	-	-	-	-	-	-
<b>Other Financial Liabilities</b>							
Interest Accrued but not due on AIAHL debentures	-	-	520.18	520.18	-	-	-
Others	-	-	0.18	0.18	-	-	-
<b>Total</b>	-	-	<b>22,505.36</b>	<b>22,505.36</b>	-	-	-

(ii) As on 31 March 2019

₹ in Crore

Particulars	Carrying Value				Fair value measurement using		
	FVT PL	FVTO CI	Amortized Cost	Total	Level 1	Level 2	Level 3
<b>Financial Assets</b>							
<b>Non-Current</b>							
Security Deposit	-	-	-	-	-	-	-
<b>Current</b>							
Trade Receivable*	-	-	-	-	-	-	-
Cash & Cash Equivalents*	-	-	-	-	-	-	-
Bank Balances other than cash and cash equivalents*	-	-	0.0282	0.0282	-	-	-
<b>Others</b>							
Interest Accrued on Bank Deposits	-	-	-	-	-	-	-
Security Deposit	-	-	-	-	-	-	-
<b>Total</b>	-	-	0.0282	0.0282	-	-	-
<b>Financial liabilities</b>							
<b>Non-Current</b>							
Borrowings	-	-	-	-	-	-	-
<b>Current</b>							
Borrowing	-	-	0.045	0.045	-	-	-
Trade Payables	-	-	-	-	-	-	-
<b>Other Financial Liabilities</b>							
Debenture	-	-	-	-	-	-	-
Interest Accrued but not due on debenture	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
<b>Total</b>	-	-	0.045	0.045	-	-	-

# The Company's borrowings have been contracted at fixed rates of interest.

\* The carrying amounts of trade receivables, trade payables, cash and cash equivalents, bank balances other than cash and cash equivalents and other current financial assets, approximates



the fair values, due to their short-term nature. The other non-current financial assets represent 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 where 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 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. |

## **38. 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

The Company's principal financial liabilities comprise of loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance receivable, and cash and cash equivalents.

The Company is being a SPV formed for the limited purposes of disinvestment and supported through budgetary support from the GOI budget for company's borrowings bearing fixed interest rates is not exposed to credit risk, liquidity risk and market risk.

The Company's management oversees the management of these risks. The Board of Directors 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.

Being 100% Government owned Company and the 3 Series of NCDs Borrowings for repayments and interest servicing are guaranteed by the government of India in terms of the Letter of Authorization and Letter of Assurance issued by the GOI. There is thus no credit risk for the company.

**(ii) Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to manage Liquidity is to have sufficient liquidity to meet its liabilities when they are due, by seeking allocation for budgetary support from GOI.

The Company believes that its liquidity position, including total cash (including bank deposits-FDRs in Escrow bank account and excluding interest accrued but not due) of Rs. 589.70 crore as at 31<sup>st</sup> March 2020 (31<sup>st</sup> March 2019: Rs. Nil) anticipated future internally generated funds from government and interest, and its full availability, will enable it to meet its future known obligation in the ordinary course of business. However, if 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 will continue to consider various borrowing options to maximize liquidity and supplement cash requirement as necessary.

The Company's liquidity management process as monitored by management includes the following:  
-Day to day funding, managed by monitoring future cash flows to ensure that requirement can be met.

- Maintaining rolling forecast of the Company's liquidity position on the basis of expected cash flows from budgetary support from GOI.

**Exposure to Liquidity risk**

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

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

(Rupees in Crores)

As at 31st March 2020	Carrying amount	Contractual Cash Flows				
		Upto 1 year	1-3 Year	3-5 Year	More than 5 years	Total
Non-Convertible Debentures	-	-	-	-	-	-
Trade Payables	-	-	-	-	-	-
Interest Accrued but not due on Borrowings (AIAHL issued NCDs)	-	520.18	-	-	-	520.18
Others	-	0.18	-	-	-	0.18
<b>Totals</b>	-	<b>520.36</b>	-	-	-	<b>520.36</b>

(Rupees in Crores)

As at 31st March 2019	Carrying amount	Contractual Cash Flows				
		Upto year 1	1-3 Year	3-5 Year	More than 5 years	Total
Non-Convertible Debentures	-	-	-	-	-	-
Trade Payables	-	-	-	-	-	-
Interest Accrued but not due on Borrowings	-	-	-	-	-	-
Others	-	-	-	-	-	-
<b>Totals</b>	-	-	-	-	-	-

**(iii) Market risk**

Market risk is that the fair value and future cash flows of financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risks namely: currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

**A. Currency risk**

Currency risk is the risk that the future cash flows of a financial instrument/commodity will fluctuate because of changes in foreign exchange.

**Exposure to Foreign Currency Risk**

The company is not exposed to the effects of fluctuation in the prevailing foreign currency on its financial position and cash flows as its transactions are in Indian rupee only.

**Foreign Currency Sensitivity Analysis**

In view of there being no foreign exchange transactions during the year with company's transactions limited to Indian Rupees, there is no foreign current exposure or risk, hence, no such sensitivity analysis done.

**B. Interest rate risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates is nil because all the Company's borrowings are rupee denominated bearing fixed interest rates.

**C. Interest rate sensitivity analysis**

No possibility of change of interest rates at the reporting date or in future as the rates are fixed for the entire tenure of the NCDs.

39. Previous year figures have been re-casted/regrouped/re-arranged, wherever necessary.

For and on behalf of  
**Ashwani Sood & Associates**  
Chartered Accountants  
ICAI Firm Registration no.005036N

For and on behalf of the Board of Directors

(Ashwani Sood)  
Partner  
Mem. No.084242

**Rajiv Bansal**  
Chairman  
DIN 00245460

**S.K.Mishra**  
Director  
DIN07728790

Krishan Chander Anand  
Chief Financial Officer

Shilpi Singh  
Company Secretary

Place: Delhi  
Date: 21 December 2020