



# **4<sup>th</sup> ANNUAL REPORT 2021-22**

## **AI ASSETS HOLDING LIMITED**

**(Formerly Air India Assets Holding Limited)**

**AI ASSETS HOLDING LIMITED**



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS (as on 20.06.2023)

1. Shri Satyendra Kumar Mishra
2. Shri Padam Lal Negi
3. Shri Solomon Arokiaraj
4. Smt Parama Sen

### CHIEF FINANCIAL OFFICER

Shri Rajiv Kapoor

### COMPANY SECRETARY

Ms. Kavita Tanwar

### STATUTORY AUDITORS

Ashwani Sood & Associates  
Chartered Accountants  
New Delhi

### NCD BONDS LISTED ON

BSE Limited

### REGISTRAR AND SHARE TRANSFER AGENT

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

### DEBENTURE TRUSTEE

IDBI Trusteeship Services Limited

### BANKER

State Bank of India, New Delhi

### REGISTERED OFFICE

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)

## CHAIRMAN'S MESSAGE



**Dear Shareholders,**

It is my privilege to present the 4<sup>th</sup> Annual Report of the Company for the year 2021-22. I would like to thank each one of you for making it convenient to attend this meeting.

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

### **PERFORMANCE OF THE COMPANY**

AI Assets Holding Limited (AIAHL) is a Special Purpose Vehicle (SPV) incorporated by the Government of India for the purpose of disinvestment of Air India. The Company does not have any normal commercial activity and it is primarily dependent on the Government Grants of its operations. During the year under review, pursuant to the disinvestment of the Air India Limited, the shares of its four subsidiaries were transferred to AI Assets Holding Limited. Government of India, to facilitate strategic disinvestment of Air India (AI), infused equity capital of Rs.6,23,654.00 million in the company to settle guaranteed/other past dues/overdues of AI. Accordingly, the Company transferred Rs. 6,11,309.58 million to AI. Out of the above Government of India (GoI) equity infusion in FY 2021-22, unspent balance funds of Rs. 12,344.42 million were lying in the fixed deposits with SBI for utilization for servicing the interest of identified debts and servicing other expenses/liabilities of the company during the FY 2022-23 onwards in accordance with the GOI instructions communicated vide Ministry of Civil Aviation (MoCA) letter dated 31.03.2022. as at 31st March 2022, total funds support of Rs.831,949.58 million made available to AI (Rs.611,309. million from Equity funds and Rs.220,640.00 million from Debts/GOI grant funds) for settling the identified debts/liabilities in addition to the funds released by company to AI from GOI grant funds/monetization receipts for servicing the interest and other expenses relating to the disinvestment process. AIL in turn had transferred assets (net-off liabilities) inclusive of certain immovable properties and non-core assets and investment in erstwhile subsidiaries of Air India Limited amounting to Rs. 15,4431.33 million to AIAHL in FY 2021-22.

**Standalone Financial Result**

During the financial year 2021-22, the Company had incurred a loss of Rs.10,574.67 million mainly due to premium payment on early redemption of AI 9.08% NCDs for Rs. 74,000 million and substantial reduction in income flows consisting of reduction in rental income from Identified properties and reduction in Government grants income (due unspent funds availability with company from funds infusion and monetization receipts) and increase in other expenses arising from accounting of several disinvestment closure transactions during the year.

**Consolidated Financial Result**

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

The Consolidated net loss of the group for FY 2021-22 is Rs.7,357.92 million. The consolidated loss is lower by Rs. 3216.75 million than the standalone loss of Rs. 10574.67 million mainly due to consolidation impact of profit from entity included in disposal group.

**FUTURE PLANS**

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

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

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

**CORPORATE GOVERNANCE**

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



**ACKNOWLEDGEMENT**

I take this opportunity to thank the Government of India, especially Ministry of Civil Aviation and Ministry of Finance for their support. I also acknowledge the support extended by all other authorities including banks and regulatory agencies. I would like to thank my colleagues on the Board for their valuable guidance.

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

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

Sd/-  
Satyendra Kumar Mishra

## DIRECTORS' REPORT

To

The Members,  
AI Assets Holding Limited  
(Formerly known as Air India Assets Holding Limited)

The Directors of your Company present the 4<sup>th</sup> Annual Report together with the Audited Financial Statements, the Statutory Auditor's Report and the Comments of Comptroller and Auditor General of India on the Annual Accounts for the year ended 31<sup>st</sup> March, 2022.

### 1. FINANCIAL PERFORMANCE

(Rs. In million)

Particulars	2021-22 Standalone	2020-21 Standalone	2021-22 Consolidated*
Total Income	19,941.37	23,368.20	19,026.66
Total Expenses	30,516.04	22,740.98	30,516.04
Profit/(Loss) before exceptional Items, Tax & Comprehensive Income	(10,574.67)	627.22	(11,489.38)
Exceptional Items	-	-	-
Profit/(Loss) before Tax	(10,574.67)	627.22	(11,489.38)
Less: Tax expense	-	190.26	-
Profit/(Loss) for the year (A)	(10,574.67)	436.96	(11,489.38)
Profit/(loss) from the entity included in disposal group held for sale (a)	-	-	584.62
Tax expense of entities included in disposal group held for sale (b)	-	-	<u>(3,239.00)</u>
Profit/(loss) from the entity included in disposal group held for sale (a & b) (B)	-	-	3,823.62
Net Profit/(Loss) for the year after tax C = (A-B)	(10,574.67)	436.96	(7,665.76)
Total Comprehensive income (D)			307.84
Total Comprehensive income /(loss) for the year E = (C-D)			(7,357.92)

\*Being the first year of consolidation of accounts, previous years figures are not available.

The financial year 2021-22 under review being the first year of Consolidation of accounts, previous years figures are not available as pursuant to the disinvestment of the Air India Limited, the shares of its Subsidiaries investment of the then Air India were transferred to AI Assets Holding Limited and the resultant transactions upon consolidation of these subsidiaries financials are now reflected under Consolidation of accounts in FY 2021-22. Because of the impact of consolidation of subsidiaries transactions (such as tax expenses, accumulated losses are reflected under disposal group under Consolidated accounts), the Standalone Loss of year of Rs.10,574.67 million under review stand reduced to Consolidated Loss of FY 2021-22 at Rs.7,357.92 million.

As for the Standalone performance, the Company incurred a Loss of Rs. 10,574.67 million in comparison to the Profit of Rs. 436.96 million during the FY 2020-21. The main reason for losses during the year is increase in expenses largely due to premium paid and expensed during the year on foreclosure prepayment, as decided by Gol as part of disinvestment of Air India Ltd. (AI), for early redemption of 9.08% AI issued NCDs of Rs. 74,000 million and substantial reduction in income flows due reduction in Rental Income from Identified properties and reduction in Government grants income (due unspent funds availability with company from funds infusion and monetization receipts) and increase in other expenses arising from accounting of several disinvestment closure transactions during the year.

## **2. STATE OF COMPANY AFFAIRS-Disinvestment:**

- 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 namely AI Airport Services Limited (AIASL), Alliance Air Aviation Ltd. (AAAL), AI Engineering Services Ltd (AIESL) and Hotel Corporation of India Ltd. (HCI), non-core assets, and other non-operational assets of Air India Ltd.
- ii. As the Company is a Special Purpose Vehicle, formed for a specific object of disinvestment of AI, it does not have any business operations of its own.
- iii. In order to facilitate the disinvestment of Air India (AI), AIAHL and AI executed Framework agreement dated 23<sup>rd</sup> November, 2020 and Restated Framework Agreement dated 5<sup>th</sup> January, 2022, respectively. All the disinvestment-related transactions in this regard were accounted as per the contractual understanding between AI and AIAHL documented in the Agreements and in terms of Government of India (Gol) approvals/documentation.
- iv. During the FY 2021-22, Government of India as a part of the divestment plan had infused Rs.6,23,654.00 million as additional equity capital of AIAHL, out of which tranches of funds totaling to Rs. 6,11,309.58 million were transferred by AIAHL to Air India Limited against demands from AI for settling guaranteed /other past dues/ overdue of erstwhile AI.
- v. The aforesaid Gol funds support released to AI in FY 2021-22 through the company was in addition to the Gol Identified AI debts obligations of Rs.294,640 million for servicing effective 1<sup>st</sup> Oct 2018 undertaken in the previous years by the company in terms of the Gol decisions for which the company raised in FY 2019-20, 3 Series of Gol guaranteed and serviced listed NCDs totaling to Rs.219,850 million and provided funds in FY 2019-20 to erstwhile AI for settling/foreclosing certain identified debts/dues equivalent to Rs.220,640 million in addition to servicing interest for AI issued 9.08% NCDs amounting to Rs.74,000 million from Gol funds received/monetization receipts until repayment in FY 2021-22.
- vi. Thus, as at 31<sup>st</sup> March 2022, total funds support of Rs.831,949.58 million made available to AI (Rs.611,309.58 million from Equity funds and Rs.220,640.00 million from Debts/Gol grant funds) for settling the identified debts/liabilities in addition to the funds released by company to AI from Gol grant funds/monetization receipts for servicing the interest and other expenses relating to the disinvestment process.

- vii. As on 31<sup>st</sup> March 2022, out of the above Gol equity infusion in FY 2021-22, unspent balance funds of Rs. 12,344.42 million were lying in the fixed deposits with SBI for utilization for servicing the interest of identified debts and servicing other expenses/liabilities of the company during the FY 2022-23 onwards in accordance with the Gol instructions communicated vide Ministry of Civil Aviation (MoCA) letter dated 31.03.2022.
- viii. AI in turn has transferred assets (Net off liabilities) to AIAHL aggregating to book value of Rs. 15,4431.33 million including identified AI immovable properties and non-core assets and AI's investments in the four erstwhile subsidiaries of Air India Limited. The monetization process of AI transferred assets is actively pursued with the relevant agencies/authorities by the company. Similar actions for identification/ transfer/disposal /utilization/accounting of large number of non-core assets are also being pursued in constant interactions with the relevant local authorities. Disinvestment/disposal process for the 4 subsidiaries of erstwhile AI transferred to the company is also being pursued by the company in active cooperation with relevant Govt. authorities/agencies.

### 3. OTHER FINANCIAL INFORMATION

#### 3.1 Share Capital

##### Authorized Share Capital

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

##### Changes during the Year

During the year the Authorized Share Capital of the Company was increased and approved in the 22<sup>nd</sup> Board Meeting of the Company held on 20<sup>th</sup> November 2021 from Rs.5,00,000 to Rs.700,000,000,000.

##### Issued, Subscribed and Paid-up Share Capital

As on 31 March 2022, the Issued, Subscribed and Paid-up Share Capital of the Company was Rs. 623,654,500,000/- divided into 62,365,450,000 fully paid-up equity shares of Rs. 10 each issued 100% to Govt. of India nominees.

##### Changes during the year

During the year, the Company has issued total of Rs.623,654,000,000 additional equity capital by way of Right Issue of shares to Government of India as under :-

- i. 30,67,80,00,000 equity shares of Rs. 10 each, on 4<sup>th</sup> December 2021,
- ii. 16,81,80,00,000 equity shares for Rs.10 each, on 20<sup>th</sup> December 2021,
- iii. 12,90,00,00,000 equity shares for Rs.10 each on 14<sup>th</sup> January 2022 and
- iv. 1,96,94,00,000 equity shares for Rs.10 each on 24<sup>th</sup> January 2022.

Hence, the paid-up equity share capital of the Company stood at Rs.623,654,500,000 as on 31<sup>st</sup> March 2022 including the earlier issued equity capital of Rs.500,000.

#### 4. RESERVES

During the FY 2021-22 the Company has accounted for losses arising mainly due to impact of significant transactions relating to the closure of AI disinvestment process. No amount thus was transferred to the reserves.

#### 5. DIVIDEND

The Board of Directors not recommended any dividend for the period as the year under review resulted in losses wiping out the earlier reserves.

Furthermore, the Company being a SPV constituted for disinvestment of Air India Ltd., dependent upon Government grants for funding support, is exempted from the requirement of dividend payment as informed by Ministry of Civil Aviation vide their letter No.17046/19/2021-AI dated 12<sup>th</sup> Nov 2021, the Department of Investment and Public Assets Management (DIPAM) placed the aforesaid matter, based on company's request vide its letter dated 25<sup>th</sup> Mar 2021, before the Committee for Monitoring of Capital Management and Dividend in CPSEs (CMCDC), which in its meeting held on 21<sup>st</sup> Oct 2021 has decided to exempt the Company from the requirement of paying dividend for this year and till its dissolution.

#### 6. CORPORATE SOCIAL RESPONSIBILITY-CSR

The Company has incurred losses during the current year wiping out its reserves, applied to the Govt. of India last financial year 2020-21 when it accounted net profit of Rs. 436.96 million in the previous year, for exemption from the applicability of CSR provision under Section 135 (1) of the Companies Act 2013 requiring at least two per cent CSR expenditure of the average net profits made during the three immediately preceding financial years considering

- Company is a SPV specifically incorporated for the limited purposes of enabling specified transactions for Disinvestment of Air India
- Company is not a commercial business entity,
- Dependent upon the Government of India grant funds for servicing debts and meeting its day-to-day expenses for CSR expenditure if made applicable to company would require additional budgetary support grants from the Government of India.

The company's request to the Ministry of Corporate Affairs, Government of India vide AIAHL letter dated 25<sup>th</sup> March 2021, recommended by Ministry of Civil Aviation, Govt of India to the Ministry of Corporate Affairs, Govt. of India vide letter No.17046/19/2021-AI dated 16<sup>th</sup> April 2021 followed by another letter dated 28<sup>th</sup> Sep 2021 for exempting AIAHL from the applicability of provisions of CSR is awaiting reply to consider the exemption request from provisions of the CSR applicability.

In view of the aforesaid application of the company awaiting favorable consideration/a decision of the Govt. and considering the continued status of the company as SPV dependent upon the grant funds from Govt. of India, the company has not incurred/accounted for any CSR expenditure or taken action for compliance to the other specified provisions for the CSR activities.

## 7. Debentures

The Company has issued three series of Non-Convertible Debentures aggregating to Rs.219,850 million which are serviced for principal repayments and interest payments from the budgetary support/grant funds received. The details of NCDs are as given below:

S. No.	Particulars	Series 1	Series 2	Series 3
1.	Object of the Issue	To refinance the identified debts of AIL		
2.	Amount of Issued debentures	Rs.70,000 Million	Rs.70,000 Million	Rs.79,850 Million
3.	Tenor	3 years 3 month	10 years	10 years
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	16-09-2019	10-10-2019	17-10-2019
8.	Status	Series-1 NCDs redeemed by full repayment on due maturity date 16 <sup>th</sup> December 2022 from the Gol equity/grants funds	Continuing	Continuing
8.	Listing on Stock Exchange	BSE	BSE	BSE
9.	Registrar and Share Transfer Agent	Link Intime India Private Limited, Mumbai	KFin Technologies 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.

## 8. COMPOSITION OF BOARD OF DIRECTORS:

### a. Composition of Board of Director:

Sr. No.	As on 31st March, 2022
1.	Shri Vikram Dev Dutt, CMD-AIAHL, (DIN: 02055541)
2.	Shri Vimlendra Anand Patwardhan, JS & FA, MoCA (DIN:08701559)
3.	Shri. Satyendra Kumar Mishra, JS, MoCA (DIN: 07728790)
4.	Shri Peeyush Kumar, JS, IPPD, DEA, Ministry of Finance (DIN: 08292856)
5.	Smt. Parma Sen, JS, DIPAM, Min. of Finance, (DIN 09276997)

As on the date of Board's Report	
1.	Shri Satyendra Kumar Mishra, CMD-AIAHL, (DIN: 07728790) <i>Presently assigned the additional charge of the post of CMD, AIAHL for a period of three months w.e.f. 01-03-2023 or till the regular appointment of CMD, AIAHL, whichever is earlier</i>
2.	Shri Padam Lal Negi, JS & FA, MoCA, (DIN: 10041387)
3.	Shri Solomona Arokiaraj, JS IPPD, DEA, (DIN:06802660)
4.	Smt. Parama Sen, JS, DIPAM, Min. of Finance, (DIN: 09276997)

**b. Changes in Board of Director during F.Y. 2021-22 and to date**

Sr. No.	Name, Designation and DIN	Date of Appointment	Date of Cessation
1.	Shri Vikram Dev Dutt, CMD-AIAHL, (DIN: 02055541)	27.01.2022	28.02.2023
2.	Shri Rajiv Bansal CMD-AI DIN: 00245460	14.02.2020	11.02.2022
3	Shri Vinod Shankar Hejmadi, DIN: 07346490	22.01.2018	31.12.2021
4	Sh. Baldeo Purushartha, Jt. Secretary, DEA, Ministry of Finance, DIN: 07570116	11.01.2021	18.11.2021
5	Smt. Parama Sen, Jt. Secretary, DIPAM, Min. of Finance, DIN 09276997	10.06.2021	Continuing
6	Sh. Peeyush Kumar, Jt. Secretary, IPPD, DEA, Ministry of Finance, DIN:08292856	18.11.2021	27.12.2022
7.	Shri Vimalendra Anand Patwardhan, JS &FA, MOCA (DIN:08701559)	28.01.2020	27.12.2022
8	Shri Rajesh Singh Sharma, JS&FA, MoCA DIN 09595873 (appointed vice Shri Vimlendra Anand Patwardhan)	27.12.2022	03.02.2023
9	Shri Padam Lal Negi JS & FA MoCA DIN 10041387 (appointed vice Shri RajeshSingh Sharma)	03.02.023	Continuing
10	Shri Solomon Arokiaraj JS, IPPD, DEA, Ministry of Finance DIN 06802660 (appointed vice Shri Peeyush Kumar)	27.12.2022	Continuing

**9. KEY MANAGERIAL PERSONNEL(KMP)**

During the Financial Year 2021-22, the following changes have occurred in the KMP of the Company:

Sr No.	Name	Designation	Date of Appointment	Date of Cessation
1.	Sh. Rajiv Kapoor	CFO	12.11.2021	Continuing
2.	Smt. Kavita Tanwar	CS	01.08.2022	Continuing
3.	Sh. K. C. Anand	CFO	17.08.2020	12.11.2021
4.	Ms. Shilpi Singh	CS	03.06.2019	31.03.2022

#### 10. INDEPENDENT DIRECTORS

The Company, entirely owned and controlled by the Govt. of India nominated and appointed Directors, has requested Ministry of Civil Aviation, Govt. of India to consider appointing Independent Directors in the Company vide its request letter dated 4<sup>th</sup> October, 2019 and 27<sup>th</sup> May, 2021. .

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

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

#### 12. SUBSIDIARY/JOINT VENTURES/ASSOCIATES

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

The following are the subsidiaries of the Company:

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

Audited Consolidated Financial Statement for the year ended on 31 Mar 2022 of the Company and its Subsidiary companies form part of the Annual Report.

#### 13. IMPLEMENTATION OF OFFICIAL LANGUAGE - USE OF HINDI

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

#### 14. COMPLIANCE WITH RTI ACT, 2005

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

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

During 2021-22, all the RTI requests received by the Company have been replied.



**15. DEPOSITS**

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

**16. 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 read with the Rule 6 of Companies (Meetings of Board and its Powers) Rules, 2014. The Composition of the Committee as on 31<sup>st</sup> March, 2022 is provided herein below:

Sh. Vimlendra Anand Patwardhan	Member & Chairman
Sh. Satyendra Kimar Mishra	Member
Sh. Peeyush Kumar	Member

*Post cessation of Directorship of Shri Vimalendra Anand Patwardhan and Shri Peeyush Kumar, Shri Rajesh Singh Sharma, JS&FA, MoCA, has been nominated as Member & Chairman of Audit Committee w.e.f 29<sup>th</sup> Dec 2022 and Shri Solomon Arokiaraj has been nominated as Member of Audit Committee w.e.f 29<sup>th</sup> Dec 2022 respectively.*

*Post cessation of Directorship of Shri Rajesh Singh Sharma, Shri Padam Lal Negi has been nominated as Member and Chairman of Audit Committee w.e.f 03.02.2023.*

**17. NOMINATION & REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee of the Company was constituted on 15<sup>th</sup> September, 2021 by the Board as per Section 178 of the Companies Act, 2013. The Composition of the Committee as on 31<sup>st</sup> Mar 2022 is provided herein below:

Sh. Satyendra Kumar Mishra	Chairperson & Member
Sh. Rajiv Bansal*	Member
Smt. Parama Sen	Member

*\*Post cessation of Directorship of Shri Rajiv Bansal, Shri Vikram Dev Dutt was nominated as member of Nomination and Remuneration Committee on 10<sup>th</sup> October, 2022 vide Circular Resolution no 14 dated 07<sup>th</sup> Oct 2022.*

**18. REMUNERATION POLICY****Remuneration to Executive Directors and Non-Executive Directors**

Provisions of Section 197 of the Companies Act, 2013 in respect of remuneration to Directors of the Company are not applicable to Government Companies vide Notification No.G.S.R.463(E) dated 5<sup>th</sup> June 2015. All the Directors on the Board are Govt appointed Nominee Directors, and none are in the capacity of Executive Director.

**19. RISK MANAGEMENT**

AIAHL is a wholly owned Government of India undertaking, formed as a SPV for the disinvestment purposes for Air India Ltd. The Company as such doesn't have any business

or operational activities of its own. For meeting all its funding requirements, the SPV is dependent upon the Grant funds/budgetary support from the Government of India. The NCDs issued by the Company representing borrowings are fully assured by the Government of India for payment of Principal and Interest. Hence, there are no associated risks to the Company as applicable for a Company having business activities. However, the Company faces market risks for differences in book value vs fair realizable value and future cash flows for assets/properties/receivables/liabilities upon disinvestment of AI taken over by the company ascertainable on disposal/settlement of such items.

## **20. MANAGEMENT DISCUSSION & ANALYSIS REPORT**

A detailed Management Discussion and Analysis Report is given separately that forms part of this Report.

## **21. EXTRACTS OF ANNUAL RETURN**

Pursuant to Section 92(3) and Section 134(3)(a) of the Companies Act, 2013 a copy of Annual Return for the year ended 31<sup>st</sup> March, 2022 will be hosted on the website of the Company at [www.aiahl.in](http://www.aiahl.in). Extract of Annual Return in form MGT 9 is enclosed as **Annexure I**.

## **22. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

During the year under review, the Company has advanced amount aggregating to Rs. 562.50 million to its subsidiary Alliance Air Aviation Limited (AAAL) and guarantees given to foreign lessors on behalf of AAAL for its leased aircraft equivalent to Rs. 5,437.35 million as per the provisions of Section 186 of the Companies Act, 2013 and with specific approvals of Audit Committee and Board. Refer note no. 22 (II) and 29 of Standalone Financial statements for details.

The Company has not taken any loans from Banks and Financial Institution except that for the NCDs issued in 2019-20 listed on BSE stock exchange, accounted as borrowings, wherein some banks/domestic institutions and FIs are the present bondholders.

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

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

## **24. RELATED PARTY TRANSACTIONS**

All related party transactions were entered with the specific approvals of Audit committee, Board and the GoI. Refer note no. 33 of Standalone Financial Statements for Related party transactions. There are no materially significant related party transactions made by the Company with its Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Exemption from the first and second proviso to sub-section (1) of Section 188 of the Companies Act, 2013 with regard to obtaining approval of the Company in General Meeting, has been provided to a Government Company. The details of Related Party transactions in form AOC-2 are enclosed at **Annexure II**.

**25. WHISTLE BLOWER POLICY/VIGIL MECHANISM**

During the year under review, the number of employees on fixed term employment contracts increased from 3 to 12 and considering this the Company is in the process of setting up of vigil mechanism by framing Whistle Blower Policy. Refer to below note also on existing Vigil mechanism.

**26. VIGILANCE DEPARTMENT**

Vigilance Department of the Company is being headed by Chief Vigilance Officer Sh. Amal Garg (IRS: Batch 1995) appointed by Gol. Vigilance Department has been working towards making Anti-corruption measures more effective with Preventive Vigilance as a key thrust area. Vigilance Department has been encouraging the company and its subsidiaries to bring about systemic improvements, leverage technology and updating and streamlining procedures and guidelines on a continuous basis.

Vigilance Department has been carrying out preventive vigilance activities proactively by imparting trainings and organizing workshops from time to time. This is required to build up the capacity of employees so that they do not commit common mistakes in routine work which at times result in Vigilance actions.

In order to discourage the corrupt practices, Vigilance Department is proactively carrying the inspections of vulnerable areas which are sensitive in nature. With timely disposal of cases Vigilance Department has made a concerted effort for evolving and applying common standards in deciding cases involving lack of probity and integrity in public life.

Vigilance Department observed the Vigilance Awareness Week 2022 (31<sup>st</sup> October 2022 to 6<sup>th</sup> November 2022) with CVC theme- "Corruption Free India for a Developed Nation", in all subsidiaries. Integrity pledge was administered by all officials throughout the network. Company and its subsidiaries were instructed to give wide publicity and generate maximum awareness about the importance of being vigilant and making it their way of life. Special emphasis was laid on the six focus areas pointed out by the Commission for its three-month campaign of Housekeeping Activities.

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

The provisions of Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 have been implemented in the company and necessary actions are being taken in line with guidelines received from time to time to prevent Sexual Harassment of Women at workplace. Internal Complaints Committee (ICC) is in place to redress complaints received regarding sexual harassment. All employees are covered under the above - mentioned provisions.

During the year under review, there were only three female employees in the Company.

No complaints of sexual harassment were received during the year 2021-22.

**28. DIRECTORS' 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, 2022, 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, 2022 and of the profit and loss of the Company for the financial period ended March 31, 2022;
- 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, 2022 have been prepared on a Going concern basis;
- e. proper Internal financial controls have been followed by the company and that such internal financial controls are adequate and were operating effectively; and
- f. Proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**29. AUDITORS****i. STATUTORY AUDITOR**

M/s Ashwani Sood and Associates, Chartered Accountants, New Delhi, were appointed by Comptroller and Auditor General of India (C&AG) for auditing the accounts for a period beginning from 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March 2022.

**ii. STATUTORY 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, 2022 for Standalone Financial Statements. Hence, they do not call for any further explanation or comment u/s 134 (3) (f) of the Companies Act, 2013.

Management clarifications/explanations to the qualifications or adverse remarks in the auditor's Report of Consolidated Financial Statements is annexed to this report. The notes in financial Statements are self-explanatory and need no further explanation.

**iii. INTERNAL AUDITOR**

M/s S.N. Kapur & Associates, Chartered Accountants, was appointed by the Board of Directors to conduct the Internal Audit of the Company for the FY 2021-22 whose observations were responded to and actioned by the management.

**iv. SECRETARIAL AUDITORS**

The Board appointed Amit Agrawal & Associates, Practicing Company Secretary, New Delhi to conduct the Secretarial Audit for the financial year 2021-22. The Secretarial Audit Report and the Management Replies for the financial year ended 31st March, 2022 is annexed to this Report at **Annexure-III**.

**30. INTERNAL FINANCIAL CONTROLS**

Adequate internal financial controls are in place for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies; the safeguarding of its assets; the prevention and detection of frauds and errors; the accuracy and completeness of the accounting records; and the timely preparation of reliable financial information, which is commensurate with the operations of the Company.

The Company has appointed an independent firm of Chartered Accountants as Internal Auditors M./s S.N. Kapur & Associates to ensure that the Company's systems and practices are designed with adequate internal controls to match the size and nature of operations of the Company and M/s TVA & Associates, chartered Accountants has been appointed to review the business processes and controls to assess the adequacy of the internal control system to ensure compliance with all applicable laws and regulations and facilitate in optimum utilization of resources.

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

**31. COMMENTS FROM THE COMPTROLLER AND AUDITOR GENERAL OF INDIA**

The Company received 2 comments on the Standalone Financial Statements of the Company from the Principal Director of Audit (Infrastructure), Comptroller and Auditor General of India New Delhi vide letter dated 19<sup>th</sup> May 2023, management replies thereto are annexed to this report , under Section 143 (6) of the Companies Act, 2013 for the year ended 31<sup>st</sup> March, 2022.

The Company received 4 comments on the Consolidated Financial Statements of the Company from the Principal Director of Audit (Infrastructure), Comptroller and Auditor General of India New Delhi vide letter dated 22<sup>th</sup> May 2023, management replies thereto are annexed to this report, under Section 143 (6) of the Companies Act, 2013 for the year ended 31<sup>st</sup> March, 2022.

**32. DISCLOSURE REGARDING FRAUDS**

There were no frauds reported during the year.

**33. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO****(A) Conservation of Energy and Technology Absorption**

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

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

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

**34. SECRETARIAL STANDARDS**

During F.Y 2021-22, the Company has complied with all applicable mandatory Secretarial Standards issued by the Institute of Company Secretaries of India.

**35. CONSOLIDATED FINANCIAL STATEMENT**

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

In accordance with the provisions of Section 134 of the Companies Act, 2013 and IND-AS 110 audited Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2021 of the Company form part of the Annual Report.

**36. PARTICULARS OF EMPLOYEES**

As per Ministry of Corporate Affairs Notification dated 5 June 2015, provisions of Section 134(3)(e) of the Companies Act, 2013 are not applicable to a Government Company. Consequently, details on Company's policy on Directors' appointment and other matters are not provided under Section 178(3) of the Companies Act, 2013.

Similarly, the provisions of Section 197 of the Companies Act, 2013 shall not apply to Government Company. However, the Company does not have any employee who was in receipt of remuneration in excess of the limits set out in the Rules. Hence, the details in terms of Section 197(12) read with Rule 5(1) / (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not provided.

**37. PERFORMANCE EVALUATION**

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

### **38. CORPORATE GOVERNANCE**

The Company has complied with the mandatory requirements of Corporate Governance. The detailed Corporate Governance Report forms part of this report separately.

### **39. ACKNOWLEDGEMENT**

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

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

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

**Sd/-  
Satyendra Kumar Mishra  
Chairman and Managing Director  
DIN:007728790**

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

**Place: New Delhi  
Date: 20<sup>th</sup> June, 2023**

**ANNEXURE-I**  
**FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN**  
**As on financial year ended on 31.03.2022**

<b>I. REGISTRATION &amp; OTHER DETAILS:</b>		
1	CIN	U74999DL2018GOI328865
2	Registration Date (date of Incorporation)	22/01/2018
3	Name of the Company	AI 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 (equity)	No
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	1. Link Intime India Private Limited (for equity and AIAHL series-1 NCDs of Rs 7000 crore) and 2. KFin Technologies Private Limited (for AIAHL Series -2 and Series-3 NCDs of Rs.7000crore and Rs.7985 crore)

<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	AI Airport Services Limited	U63090DL2003PLC120790	Subsidiary	100%	2(87)
2	AI Engineering Services Limited	U74210DL2004GOI125114	Subsidiary	100%	2(87)
3	Allinace Air Aviation Limited	U51101DL1983GOI016518	Subsidiary	100%	2(87)
4	Hotel Corporation of India Limited	U55101DL1971GOI394499	Subsidiary	80.38%	2(87)



**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) <b>Indian</b>	-	-	-	-	-	-	-	-	-
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt/ POI	-	50,000	50,000	100.00%	62,365,450,000	-	62,365,450,000	100.00%	12473080000.00%
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%	62,365,450,000	-	62,365,450,000	100.00%	12473080000.00%
(2) <b>Foreign</b>	-	-	-	-	-	-	-	-	-
a) NRI Individualss	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1)</b>	-	-	-	-	-	-	-	-	-

# AI ASSETS HOLDING LIMITED

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		
2. Non-Institutions										
a) Bodies Corp.	-	-	-	-	-	-	-	-	-	
i) Indian	-	-	-	-	-	-	-	-	-	
ii) Overseas	-	-	-	-	-	-	-	-	-	
b) Individuals	-	-	-	-	-	-	-	-	-	
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-	
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-	
c) Others (specify)	-	-	-	-	-	-	-	-	-	
Non Resident Indians	-	-	-	-	-	-	-	-	-	
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-	
Foreign Nationals	-	-	-	-	-	-	-	-	-	
Clearing Members	-	-	-	-	-	-	-	-	-	
Trusts	-	-	-	-	-	-	-	-	-	
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-	
Sub-total (B)(2)	-	-	-	-	-	-	-	-	-	
Total Public (B)	-	-	-	-	-	-	-	-	-	
C. Shares held by Custodian for GDRs & ADRs										
Grand Total (A+B+C)	-	50,000	50,000	100.00%	62,365,450,000		62,365,450,000	100.00%	12473080000.00%	

## (ii) Shareholding of Promoter

S. N.	Shareholder's Name	Shareholding at the time of incorporation			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	0	62,365,450,000	100.00%	0	12473080000.00%
	<b>Total</b>	<b>50,000</b>	<b>50,000</b>	<b>0</b>	<b>62,365,450,000</b>	<b>100.00%</b>	<b>0</b>	<b>12473080000.00%</b>

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

S. N.	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
1	At the beginning of the period			50,000	100	50,000	100
2	Changes during the year			62,365,400,000	100	62,365,400,000	100
3	At the end of the year			62,365,450,000	100	62,365,450,000	100

**(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 year			NA			
	Changes during the year						
	At the end of the year						
2	At the beginning of the year			NA			
	Changes during the year						
	At the end of the year						

**(v) Shareholding of Directors and Key Managerial Personnel:**

SN	Shareholding of each Directors and each Key Managerial Personnel	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 year			NIL			
2	Changes during the year						
3	At the end of the year						

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment					(Amt. Rs. In cr.)
Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness	
<b>Indebtedness at the beginning of the financial year</b>					
i) Principal Amount	-	21,985.00	-	21,985.00	
ii) Interest due but not paid	-	-	-	-	
iii) Interest accrued but not due	-	518.57	-	518.57	
<b>Total (i+ii+iii)</b>	-	<b>22,503.57</b>	-	<b>22,503.57</b>	
<b>Change in Indebtedness during the financial year</b>					
* Addition	-	-	-	-	
* Reduction	-	-	-	-	
<b>Net Change</b>	-	-	-	-	
<b>Indebtedness at the end of the financial year</b>					
i) Principal Amount	-	21,985.00	-	21,985.00	
ii) Interest due but not paid	-	-	-	-	
iii) Interest accrued but not due	-	518.57	-	518.57	
<b>Total (i+ii+iii)</b>	-	<b>22,503.57</b>	-	<b>22,503.57</b>	

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL					
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:				NIL	
SN.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
	Name	Vikram Dev Dutt			(Rs)
	Designation	Chairman and Director			6,45,191
1	Gross salary	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total (A)</b>	-		-	<b>6,45,191</b>
	Ceiling as per the Act	-	-	-	

B. Remuneration to other Directors				NIL	
S N.	Particulars of Remuneration	Name of Directors			Total Amount
		-	-	-	(Rs)
1	Independent Directors	-	-	-	
	Fee for attending board committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	<b>Total (1)</b>	-	-	-	-
2	Other Non-Executive Directors	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	<b>Total (2)</b>	-	-	-	-
	<b>Total (B)=(1+2)</b>	-	-	-	-
	<b>Total Managerial Remuneration</b>	-	-	-	-
	<b>Overall Ceiling as per the Act</b>	-	-	-	-

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTd						
S. N.	Particulars of Remuneration	Name of Key Managerial Personnel				Total Amount
	Name		Sh. K.C Anand	Shri Rajiv Kapoor	Ms. Shilpi Singh	(Rs)
	Designation	CEO	(upto 12.11.2021 ) CFO*	(w.e.f. 12.11.2021) CFO	CS	
1	Gross salary	-	-		-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		11,60,000	695,000.00	851,625.00	2,706,625.00
	(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					-
	<b>Total</b>	<b>-</b>	<b>11,60,000</b>	<b>695,000.00</b>	<b>851,625.00</b>	<b>2,706,625.00</b>

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:					
Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<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	-	-	-	-	-

For and on behalf of the Board  
AI Assets Holding Limited

Sd/-  
Satyendra Kumar Mishra  
Chairman and Managing Director  
DIN:007728790

Sd/-  
Padam Lal Negi  
Director  
DIN: 10041387

Place: New Delhi  
Date: 20<sup>th</sup> June, 2023

**Annexure II****Annexure II to Directors' Report for the year 2021-22**

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

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

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

There were no contracts or arrangements or transactions entered during the year ended March 31, 2022, which were not at arm's length basis.

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

All contracts /arrangements / transactions entered by the Company with related parties under Section 188(1) of the Act during the financial year 2021-22 were on an arm's length basis, in the ordinary course of business which were duly approved and the details of contracts or arrangements or transactions at arm's length basis are as follows:

<b><i>Name of Related Party &amp; Nature of Relationship with AI Assets Holding Limited</i></b>	<b><i>Nature of Transaction</i></b>	<b><i>Duration of Transaction</i></b>	<b><i>Salient terms of transaction</i></b>	<b><i>Amount (Rs. In million)</i></b>
<b>Alliance Air Aviation Limited (AAAL) (Wholly owned Subsidiary Company)</b>	<b>(A) Revenue</b>			
	<b>(i) Interest @1% pa on advance to AAAL</b>	<b>01-04-2021 to 31-03-2022</b>	Funds advanced towards guarantees for AAAL's leased aircraft. Refer point no. 22 of this report and Note nos. 29 and 33 (B)(i) of Notes to Accounts of Standalone Financial Statements.	<b>1.0</b>
	<b>(ii) Interest on Outstanding Recoveries</b>	<b>01-04-2021 to 31-03-2022</b>		<b>403.02</b>
	<b>(B) Expenditure</b>			
	<b>Bank charges on SBLC to be reimbursement by AAAL</b>	<b>01-04-2021 to 31-03-2022</b>	Refer point no. 22 of this report and note nos. 29 and 33 (B)(i) of Notes to Accounts of Standalone Financial Statements	<b>8.86</b>
<b>AI Engineering Services Limited (AIESL) (Wholly owned Subsidiary Company)</b>	<b><u>Revenue</u></b>			

**AI ASSETS HOLDING LIMITED**

<b>Name of Related Party &amp; Nature of Relationship with AI Assets Holding Limited</b>	<b>Nature of Transaction</b>	<b>Duration of Transaction</b>	<b>Salient terms of transaction</b>	<b>Amount (Rs. In million)</b>
	<b>Interest on Outstanding Recoveries</b>	<b>01-04-2021 to 31-03-2022</b>	Refer note no. 33 (B)(i) of Notes to Accounts of Standalone Financial Statements.	<b>407.27</b>
<b>AI Airport Services Limited (AIASL) (Wholly owned Subsidiary Company)</b>	<b><u>Revenue</u></b>			
	<b>Interest on Outstanding Recoveries</b>	<b>01-04-2021 to 31-03-2022</b>	Refer note no. 33 (B)(i) of Notes to Accounts of Standalone Financial Statements	<b>7.43</b>
<b>Hotel Corporation of India Limited (HCI ) Subsidiary Company</b>	<b><u>Revenue</u></b>			
	<b>Interest on Outstanding Recoveries</b>	<b>01-04-2021 to 31-03-2022</b>	Refer note no. 33 (B)(i) of Notes to Accounts of Standalone Financial Statements	<b>97.29</b>

For and on behalf of Board of Directors  
of AI Assets Holding Limited

**Date: 20<sup>th</sup> June, 2023**  
**Place: New Delhi**

**Sd/-**  
**Satyendra Kumar Mishra**  
**Chairman and Managing Director**  
**DIN:007728790**

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

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**

For The Financial Year Ended March 31, 2022

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

**AI Assets Holding Limited**

(Formerly known as Air India Assets Holding Limited)  
Indian Airlines Bldg, 113, Gurudwara Rakabganj Road,  
New Delhi-110001  
CIN: U74999DL2018GoI328865

**We report that:**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **AI Assets Holding Limited** [(Formerly known as Air India Assets Holding Limited) (hereinafter referred as 'the Company')] having its registered office at Indian Airlines Bldg, 113, Gurudwara Rakabganj Road, New Delhi-110001. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

**Company's Responsibilities**

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

**Auditor's Responsibilities Statement**

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

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

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

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



## Limitations

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

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

## Basis of Opinion

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

## Report on Secretarial Records and Compliances thereof

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on March 31, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to me and the representations made by the Management, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on **March 31, 2022**, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022 according to the applicable provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable to the company during the Audit Period)
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 [Not applicable to the company during the Audit Period];
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 [Not applicable to the company during the Audit Period];
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client [Not applicable to the company during the Audit Period];
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 [Not applicable to the company during the Audit Period];
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 [Not applicable to the company during the Audit Period]; and
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vi) Other laws applicable specifically to the Company namely:
  - a) The DPE Guidelines.
  - b) The Competition Act, 2002.
  - c) The Right to Information Act, 2005;

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to conducting board and general meetings.
- (ii) The Listing Agreement entered into by the Company with BSE Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

- a. *The Company did not have proper composition of the Independent Directors on Board as required under Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;*
- b. *Establishment of a vigil mechanism for directors and employees to report genuine concerns or grievances as required under section 177 (9) of the Companies Act, 2013.*
- c. *The Company did not have proper composition of Independent Directors in Nomination and Remuneration Committee as required under Regulation 19 of the (Listing Obligations and Disclosure Requirements) Regulations, 2015.*
- d. *The Company did not have proper composition of Independent Directors in Audit Committee as required under Regulation 18 of the (Listing Obligations and Disclosure Requirements) Regulations, 2015.*

We further report that:

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

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

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

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

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

We further report that during the audit period there were following specific events / corporate actions in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. having a major bearing on the Company's affairs:

- a. *Increase in Authorized Share capital from Rs. 5,00,000/- to Rs. 7,00,00,00,00,000/- in the EGM held on 22.11.2021.*
- b. *Allotment of 30,67,80,00,000 equity shares to The President of India as on 04.12.2021.*
- c. *Allotment of 16,81,80,00,000 equity shares to The President of India as on 20.12.2021;*
- d. *Allotment of 12,90,00,00,000 equity shares to The President of India as on 14.01.2022;*
- e. *Allotment of 1,96,94,00,000 equity shares to The President of India as on 24.01.2022;*
- f. *Resignation of Company Secretary i.e. Ms. Shilpi Singh w.e.f.31.03.2022;*
- g. *Appointment of Ms. Parama Sen as nominee director w.e.f.10.06.2021;*
- h. *Appointment of Mr. Rajiv Kapoor as CFO of the Company w.e.f. 12.11.2021.*
- i. *Appointment of Mr. Vikram Dev Dutt as CMD of the Company w.e.f. 27/01/2022.*

For **Amit Agarwal & Associates**  
(Company Secretaries)

**Sd/-**  
**CS Amit Agrawal**  
Proprietor  
CP No. 3647, MNo.5311  
UDIN: F005311D000798059

Date : 16.08.2022  
Place: New Delhi

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

**ANNEXURE- A**

To,  
The Members,  
**AI Assets Holding Limited**  
(Formerly known as Air India Assets Holding Limited)  
Indian Airlines Bldg, 113, Gurudwara Rakabganj Road,  
New Delhi-110001  
CIN: U74999DL2018GoI328865

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices, I have followed, provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I have obtained the management representations about the compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability nor of the efficacy of the effectiveness with which the management has conducted the affairs of the Company.

For **Amit Agrawal & Associates**  
(Company Secretaries)

**Sd/-**  
**CS Amit Agrawal**  
Proprietor

Date : 16.08.2022  
Place: New Delhi

CP No. 3647, MNo.5311  
UDIN: F005311D000798059

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

<b>Sr. No.</b>	<b>Secretarial Auditor's Observation</b>	<b>Management's Reply</b>
1.	The Company did not have proper composition of the Independent Directors on Board as required under Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.	The entire Board of Directors of the Company consist of Govt. nominated Directors, who are independent from the executive functioning of the company. However, for the appointment of Independent Directors, the Company has taken up the matter with the Government vide its letter 4 <sup>th</sup> October, 2019 and letter dated 27 <sup>th</sup> May, 2021.
2.	Establishment of a vigil mechanism for directors and employees to report genuine concerns or grievances as required under section 177 (9) of the Companies Act, 2013.	The Board took note of the same in its Meeting held on 18th July, 2019.  During the year under review i.e., FY 2021-22, the number of employees on fixed term contracts increased from 3 to 12. Considering this, the Company is in the process of framing policy for setting up of Vigil Mechanism as required under Section 177(9) of the Companies Act, 2013.
3.	The Company did not have proper composition of Independent Directors in Nomination and Remuneration Committee as required under Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.	The entire Board of Directors of the Company consist of Govt. nominated Directors, who are independent from the executive functioning of the company. However, for the appointment of Independent Directors, the Company has taken up the matter with the Government vide its letter 4 <sup>th</sup> October, 2019 and letter dated 27 <sup>th</sup> May, 2021.
4.	The Company did not have proper composition of Independent Directors in Audit Committee as required under Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.	The entire Board of Directors of the Company consist of Govt. nominated Directors, who are independent from the executive functioning of the company. However, for the appointment of Independent Directors, the Company has taken up the matter with the Government vide its letter 4 <sup>th</sup> October, 2019 and letter dated 27 <sup>th</sup> May, 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 1. ANALYSIS OF FINANCIAL PERFORMANCE

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

Disinvestment of Air India Ltd. (AI) was completed on 27th January, 2022. AIAHL and AI executed Framework and Restated Framework Agreement on 23rd November, 2020 and 5th January, 2022 to facilitate the disinvestment process.

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

Government of India, to facilitate strategic disinvestment of Air India Ltd. (AI), infused equity capital of Rs.623,654.00 million, out of which Rs. 611,309.58 million was transferred to Air India Limited for settling guaranteed/other past dues/overdues. As on 31st March 2022, the balance amount of Rs. 12344.42 million was lying in the fixed deposit for utilization in accordance with the letter issued by the Ministry of Civil Aviation (MoCA). AIL in turn had transferred assets (net-off liabilities) inclusive of certain immovable properties and non-core assets and investment in erstwhile subsidiaries of Air India Limited amounting to Rs. 15,4431.33 million to AIAHL in FY 2021-22.

#### • STANDALONE FINANCIAL STATEMENTS

During the financial year 2021-22, the Company had incurred a loss of Rs. 1,0574.67 million mainly due to premium paid on early redemption of AI 9.08% NCDs for Rs 74000 million and increase in other expenses due to equity infusion in the Company for Rs 6,23,654.00 million by the Government of India.

#### • CONSOLIDATED FINANCIAL STATEMENTS

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

The Consolidated net loss of the group for FY 2021-22 is Rs.7357.92 million.

### 2. FUTURE OUTLOOK

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

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

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

### **3. OPPORTUNITIES AND THREATS**

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

### **4. RISK AND CONCERNS**

The Company being a SPV is formed for the limited purposes of disinvestment and supported through budgetary support from the GoI budget for company's borrowings bearing fixed interest rates is not exposed to any financial risk. However, the Company monitors the risk perceptions and takes preventive action for mitigating of risk on various fronts, if any.

### **5. HUMAN RESOURCES**

#### **Staff strength**

As on 31<sup>st</sup> March, 2022 the Staff strength consisting of fixed term employment contractuals of the Company increased from 3 to 12.

### **6. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

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



**7. Key Financial Ratios on Standalone basis**

Sl. no	Particular	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021	% change	Reason
1.	<b>Current ratio</b>	0.33	1.53	-78%	Decrease in Current ratio is due to significant increase in current liabilities by 9.95 times compared to increase in current assets by 2.17 times.
2.	<b>Debt equity ratio</b>	-3.51	123.67	-102.84%	Due to negative net-worth of the company in the current year, due to excess of fund transferred to AI over assets/ liab. received charged to other equity.
3.	<b>Debt service coverage ratio</b>	0.09	0.11	-15.2%	Due to decrease in total income of the company.
4.	<b>Net capital turnover ratio</b>	-0.02	0.31	-105%	Due to decrease in revenue after covid as compared to previous year.

**8. CAUTIONARY STATEMENT**

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

For and on behalf of Board of Directors  
of AI Assets Holding Limited

Date: 20<sup>th</sup> June 2023  
Place: New Delhi

Sd/-  
**Satyendra Kumar Mishra**  
Chairman and Managing Director  
DIN: 007728790

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

## REPORT ON CORPORATE GOVERNANCE

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

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

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

### 2. BOARD OF DIRECTORS

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

#### Board of Directors as on 31 March 2022

Sr. No.	Name of the Directors	Designation
1.	Shri Vikram Dev Dutt, CMD-AIAHL, (DIN: 02055541)	Chairman of the Board
2.	Shri Vimlendra Anand Patwardhan, JS &FA, MOCA (DIN:08701559)	Member of the Board
3.	Shri. Satyendra Kumar Mishra, JS, MOCA (DIN: 07728790)	Member of the Board
4.	Shri Peeyush Kumar, JS (IPPD), DEA, Ministry of Finance, DIN: 08292856	Member of the Board
5.	Smt. Parama Sen JS (DIPAM) (DIN: 09276997)	Member of the Board

Shri Rajiv Bansal, Chairman ceased from the Board of AIAHL w.e.f. 11<sup>th</sup> Feb 2022 vide OM dated 11<sup>th</sup> Feb 2022 issued by MoCA. Further, MoCA vide its OM dated 27<sup>th</sup> Jan 2022, appointed Shri Vikram Dev Dutt as Chairman and Managing Director, AIAHL In pursuance of the Office Memorandum (OM) issued by the Ministry of Civil Aviation (MoCA) dated 28<sup>th</sup> Feb 2023 Shri Satyendra Kumar Mishra, JS, MoCA assigned the additional charge of the post of CMD, AIAHL for a period of three months w.e.f. 01<sup>st</sup> Mar 2023 or till the regular appointment of CMD, AIAHL, whichever is earlier, by virtue of the appointment of Shri Vikram Dev Dutt as Director General in Directorate General of Civil Aviation (DGCA).

In pursuance of OM dated 31<sup>st</sup> Dec.2022 issued by MoCA regarding reconstitution of the Board of AIAHL, Shri Vinod Shankar Hejmadi ceased to be a Director on the Board of AIAHL.

Ministry of Finance, DEA (IPPD) vide OM dated 18<sup>th</sup> Nov 2021 appointed Shri Peeyush Kumar, JS (IPPD) DEA as Government Nominee Director on the Board of AIAHL vice Shri Baldeo Purushartha. The Board placed on record its appreciation for the valuable services rendered

by Shri Rajiv Bansal as CMD and Shri Vinod Shankar Hejmadi and Shri Baldeo Purushartha as Directors on the Board of the Company.

Pursuant to the OM dated 10<sup>th</sup> June 2021 issued by MoCA, Smt. Parama Sen, JS (DIPAM) was appointed as Government Nominee Director on the Board of AIAHL.

In pursuance of the Office Memorandum (OM) issued by the Ministry of Civil Aviation (MoCA) dated 14<sup>th</sup> Dec 2022, Shri RajeshSingh Sharma, JS&FA, MoCA, has been appointed as Nominee Director of the Company vice Shri Vimlendra Anand Patwardhan and Shri Solomon Arokiaraj, JS IPPD, DEA, Ministry of Finance has been appointed as Nominee Director of the Company Vice Shri Peeyush Kumar w.e.f. 26<sup>th</sup> Dec 2022. In furtherance thereof, the Board placed on record its appreciation for the valuable services rendered by Shri Vimalenndra Anand. Patwardhan and Shri Peeyush Kumar on the Board of the Company.

In pursuance of the Office memorandum (OM)) issued by the Ministry of Civil Aviation (MoCA) dated 03<sup>rd</sup> Feb 2023, Shri Padam Lal Negi JS & FA MoCA, has been appointed as Nominee Director of the Company vice Shri Rajesh Singh Sharma.

During the year, all 16 Meetings of the Board, one Annual General Meeting and five Extra Ordinary General Meetings were chaired by the Chairman of the Company.

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

### **3. BOARD MEETINGS**

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

<b>Board Meeting Number</b>	<b>Date of Board Meeting</b>	<b>Total no. of Directors</b>	<b>Directors Present</b>
20	23 <sup>rd</sup> June 2021	5	5
21	15 <sup>th</sup> September 2021	6	6
22	20 <sup>th</sup> November, 2021	6	6
23	22 <sup>nd</sup> November 2021	6	6
24	30 <sup>th</sup> November 2021	6	5
25	4 <sup>th</sup> December 2021	6	5
26	8 <sup>th</sup> December 2021	6	6
27	15 <sup>th</sup> December 2021	6	6
28	20 <sup>th</sup> December 2021	6	6
29	27 <sup>th</sup> December 2021	6	5
30	11 <sup>th</sup> January 2022	5	3
31	14 <sup>th</sup> January 2022	5	5
32	18 <sup>th</sup> January 2022	5	5
33	24 <sup>th</sup> January 2022	5	5
34	25 <sup>th</sup> January 2022	5	5
35	29 <sup>th</sup> March 2022	5	4

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

#### 4. Particulars of Directors including their attendance at the Board Meeting during the financial year 2021-22:

Directors	Academic Qualification	No. of Board Meetings during 2021-22		Attended last AGM (17-12-2021)	Details of other Companies	
		Held (during their respective tenures)	Attended		Directorships in companies	Memberships held in Committees
Shri Rajiv Bansal, Chairman (from 14-02-2020 to 11-02-2022)	Civil Engineer from IIT Delhi, Diploma in Finance, ICFAI, Hyderabad Exe Masters in International Business, IIFT, Delhi, IAS Officer-1988-Batch (Nagaland cadre)	15	15	No	<b>Chairman:</b> 8 Air India Limited, AI Engineering Services Limited, Air India Express Limited, AI Airport Services limited, Alliance Air Aviation Limited, Hotel Corporation of India, Air India SATS Airport Services Private Limited & AI Assets Holding Limited <b>Director:</b> 3 Air Mauritius Limited, Air Mauritius Holdings Limited & Bharat Yantra Nigam Limited	<b>Chairman:</b> 1 <b>CSR Committee:</b> 1 AI Airport Services limited <b>Member:</b> 3 A. <u>Nomination &amp; Remuneration Committee (NRC)</u> – 1 Air India Limited B. <u>Audit Committee</u> – 2 Hotel Corporation of India Limited and AI Airport Services Limited
Shri Vikram Dev Dutt, Chairman (w.e.f. 27-01-2022 to 28-02-2023)	B.Tech. & PGDM, IAS (UT:93)	1	1	N.A.	<b>Chairman:</b> 5 AI Assets Holding Limited, AI Engineering Services Limited, AI Airport Services Limited, Alliance Air Aviation Limited & Hotel Corporation of India Limited <b>Director:</b> 1 Port Blair Smart Projects Limited	<b>Chairman:</b> 4 A. <u>CSR Committee:</u> 2 AI Engineering Services Limited, AI Airport Services Limited B. <u>HR Committee:</u> 1 Alliance Air Aviation Limited C. <u>Flight Safety Committee:</u> 1 Alliance Air Aviation Limited <b>Member:</b> 5 <u>Audit Committee:</u> 4 AI Engineering Services Limited, AI Airport Services Limited, Alliance Air Aviation Limited & Hotel Corporation of India Limited
Shri Satyenndra Kumar Mishra, Director	M. Tech (Applied Geology) M.A. (Public Policy), IRS (IT:1990)	16	16	YES	<b>Director:</b> 3 AI Assets Holding Limited, AI Engineering Services Limited & AI Airport Services Limited	<b>Member:</b> 5 A. <u>Audit Committee:</u> 3 AI Assets Holding Limited, AI Engineering Services Limited & AI Airport Services Limited B. <u>CSR Committee:</u> 2 AI Engineering Services Limited & AI Airport Services Limited

# AI ASSETS HOLDING LIMITED

Directors	Academic Qualification	No. of Board Meetings during 2021-22		Attended last AGM (17-12-2021)	Details of other Companies	
		Held (during their respective tenures)	Attended		Directorships in companies	Memberships held in Committees
Shri Vimalendra Anand Patwardhan, Director (From 20-03-2020 to 14-12-2022)	B. Com, IA &AS Officer, 1996 Batch.	16	15	YES	<b>Director: 6</b> AI Assets Holding Limited, AI Engineering Services Limited, AI Airport Services Limited, Pawan Hans Limited, Indian Renewable Energy Development Agency Limited & Solar Energy Corporation of India Limited	<b>Chairman: 5</b> A. <u>Audit Committee</u> : 3 AI Assets Holding Limited, AI Engineering Services Limited, AI Airport Services Limited B. <u>Nomination &amp; Remuneration Committee (NRC)</u> : 1 Indian Renewable Energy Development Agency Limited C. <u>Stakeholder Relationship Committee</u> : 1 Indian Renewable Energy Development Agency Limited <b>Member: 9</b> A. <u>Audit Committee</u> : 3 Pawan Hans Limited, Indian Renewable Energy Development Agency Limited & Solar Energy Corporation of India Limited B. <u>CSR Committee</u> : 2 AI Engineering Services Limited, AI Airport Services Limited C. <u>Remuneration Committee</u> : 1 Solar Energy Corporation of India Limited D. <u>NPA &amp; Stressed Asset Resolution Committee</u> : 1 Indian Renewable Energy Development Agency Limited E. <u>Management Committee</u> : 2 Indian Renewable Energy Development Agency Limited Solar Energy Corporation of India Limited
Shri Peeyush Kumar, Joint Secretary, (IPP), DEA, Min.of Finance (from 18-11-2021 to 26-12-2022)	(MS in Statistics) and IAS (1997)	14	13	N.A.	<b>Director-2</b> AI Assets Holding Limited, India Infrastructure Finance Company limited	<b>Member</b> <u>Audit Committee</u> : 1 AI Assets Holding Limited

# AI ASSETS HOLDING LIMITED

Directors	Academic Qualification	No. of Board Meetings during 2021-22		Attended last AGM (17-12-2021)	Details of other Companies	
		Held (during their respective tenures)	Attended		Directorships in companies	Memberships held in Committees
Smt. Parama Sen, joint Secretary, DIPAM (From 10-06-2021)	MSC (Physics, IA&AS (1994)	16	13	Yes	<b>Director-4</b> AI Assets Holding Limited, AI Engineering Services Limited, AI Airport Services Limited & National Financial Holdings Company Limited	<b>Member-5</b> A. <u>Audit Committee:</u> 2 AI Engineering Services Limited & AI Airport Services Limited B. CSR Committee-2 AI Engineering Services Limited & AI Airport Services Limited C. <u>Nomination and Remuneration Committee:1</u> AI Assets Holding Limited
Shri Vinod Shanker Hejmadi, Air India Nominee Director (22-01-2018 to 31-12-2021)	B.Com., ACA	10	10	Yes	<b>Director-8</b> Air India Limited, Air India Express Limited, AI Airport Services Limited, AI Engineering Services Limited, Hotel Corporation of India Limited, Alliance air Aviation Limited, Air India SATS Airport Services Private Limited & AI Assets Holding Limited	<b>Chairman-2</b> HR Committee- 1 Air India Limited ; Corporate Social Responsibility Committee-1, Air India Express Limited <b>Member-8</b> Nomination & Remuneration Committee-1 Air India Limited Corporate Social Responsibility Committee-1 AI Airport Services Limited , Audit Committee-6 Hotel Corporation of India Limited, AI , AI Airport Services Limited, Air India Express Limited, AI Engineering Services Limited, Alliance air Aviation Limited & AI Assets Holding Limited
Shri Baldeo Purushartha, Joint Secretary,(IPF), DEA, Min.of Finance (11-01-2021 to 18-11-2021)	M.A.	2	2	N.A	<b>Director:7</b> AI Assets Holding Limited, Indian Railway Finance Corporation Limited, ONGC Videsh Limited, Indian Railway Stations Development Corporation Limited,	<u>Nil</u>

Directors	Academic Qualification	No. of Board Meetings during 2021-22		Attended last AGM (17-12-2021)	Details of other Companies	
		Held (during their respective tenures)	Attended		Directorships in companies	Memberships held in Committees
					National Investment and Infrastructure Fund Trustee Limited, India Infrastructure Finance Company Limited and Asian Infrastructure Investment Bank	

**Notes:**

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

**4. BOARD PROCEDURE**

The meetings of the Board were generally held at the Company's Registered Office in New Delhi or at Company's office at Safdarjung Airport in New Delhi through video conferencing (VC). The meetings are scheduled well in advance. In case of exigencies or urgency, resolutions are passed by circulation. The agenda for the meetings is prepared by the officials concerned and approved by the Chairman of the Board. The Board papers are circulated to the Directors in advance. The members of the Board have access to all information and are free to recommend inclusion of any matter in the agenda for discussion. Experts are invited to attend the Board meetings and provide clarification as and when required.

**5. CODE OF CONDUCT**

During the last quarter of year under review, the number of employees increased from 3 to 12. In terms of requirements of DPE guidelines on Corporate Governance for CPSEs and SEBI (LODR) Regulations, 2015, Board is in the process to adopt Code of Conduct for the Directors and Senior Management.

**6. BOARD COMMITTEES**
**AUDIT COMMITTEE**

As part of the Corporate Governance and in compliance with the provisions of the Companies

Act, 2013 and DPE Guidelines, the Company constituted the Audit Committee of the Board on 20<sup>th</sup> Mar 2019.

**a) Composition of committee:**

As on 31<sup>st</sup> Mar 2022, the following were the Members of the Audit Committee, in ex officio capacity:

Particulars of Director	Position held in the Committee
Shri Vimlendra Anand Patwardhan	Chairman
Shri Satyendra Kumar Mishra	Member
Shri Peeyush Kumar	Member

*Post cessation of Directorship of Shri Vimalendra Anand Patwardhan and Shri Peeyush Kumar, Shri Rajesh Singh Sharma, JS&FA, MoCA, has been nominated as Member & Chairman of Audit Committee w.e.f 29<sup>th</sup> Dec 2022 and Shri Solomon Arokiaraj has been nominated as Member of Audit Committee w.e.f 29<sup>th</sup> Dec 2022 respectively.*

*Post cessation of Directorship of Shri Rajesh Singh Sharma, Shri Padam Lal Negi has been nominated as Member and Chairman of Audit Committee w.e.f 03.02.2023.*

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

- To recommend for appointment, remuneration and terms of appointment of auditors of the company;
- To review and monitor the auditor's independence and performance, and effectiveness of audit process;
- To review the Internal Audit program & ensure co-ordination between the Internal & External Auditors as well as determine whether the Internal Audit function is commensurate with the size and nature of the Company's Business;
- To discuss with the Auditor before the audit commences the nature & scope of the audit;
- To examine the financial statements and the auditors' report thereon;
- To review the Statutory Auditor's Report, Management's response thereto and to take steps to ensure implementation of the recommendations of the Statutory Auditors;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters;
- To consider any other matter as desired by the Board.



### Meetings of the Audit Committee

The Audit Committee had met 6 times during the year to review various issues including inter alia Financial Statement of the Company for the year before submission to the Board, as per details given below:

S No.	Meeting Number	Date of the Meeting	No. of Directors present
1	9 <sup>th</sup>	23-06-2021	3
2	10 <sup>th</sup>	15-09-2021	3
3	11 <sup>th</sup>	20-11-2021	3
4	12 <sup>th</sup>	08-12-2021	3
5	13 <sup>th</sup>	20-12-2021	3
6	14 <sup>th</sup>	29-03-2022	3

### NOMINATION AND REMUNERATION COMMITTEE

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

#### a) Composition of committee:

As on 31-03-2022, the following were the Members of the Audit Committee, in ex officio capacity:

Particulars of Director	Position held in the Committee
Shri Satyendra Kumar Mishra	Chairman
*Shri Rajiv Bansal	Member
Smt. Parama Sen	Member

*Post cessation of Directorship of Shri Rajiv Bansal, Shri Vikram Dev Dutt was nominated as member of Nomination and Remuneration Committee on 10<sup>th</sup> October, 2022 vide Circular Resolution 14 dated 07<sup>th</sup> October, 2022.*

#### b) Term of Reference:

The term of reference of Nomination and Remuneration Committee are:

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

During the FY 2021-22, no Meeting of Nomination and Remuneration Committee was held.

### 6. GENERAL MEETINGS DURING THE LAST THREE YEARS

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

AGM / EGM	Date of the Meeting	Venue of the meeting	Special Resolution
1 <sup>st</sup> AGM	31 <sup>st</sup> December, 2019	Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	Yes
2 <sup>nd</sup> AGM	30 <sup>th</sup> December, 2020	Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	Yes
2 <sup>nd</sup> Adjourned AGM	18 <sup>th</sup> March, 2021	Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	No
3 <sup>rd</sup> AGM	17 <sup>th</sup> December, 2021	Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	No
1 <sup>st</sup> EGM	18 <sup>th</sup> January, 2019	Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	Yes
2 <sup>nd</sup> EGM	8 <sup>th</sup> February, 2019	Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	Yes
3 <sup>rd</sup> EGM	26 <sup>th</sup> March, 2019	Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	Yes
4 <sup>th</sup> EGM	29 <sup>th</sup> October, 2019	Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	Yes
5 <sup>th</sup> EGM	22 <sup>nd</sup> November, 2021	Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	Yes

## **7. REGISTRAR AND SHARE TRANSFER AGENT**

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

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

## **8. DEBENTURE TRUSTEE:**

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

## **9. OTHER DISCLOSURES**

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

No Penalty and strictures have been imposed on the Company by stock Exchange or SEBI or any Statutory Authority, on any matter related to capital market, during the last three

financial year, except the penalties for quarters March 2021, September, 2021 and March, 2022 for delay in filing of Financial Statements of respective quarters for which Company has already submitted request for waiver of penalties. The BSE has waived the penalty imposed for September, 2021 vide its email dated 22.12.2022 and other are under consideration at BSE.

## ii. **Compliances Regarding Insider Trading**

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

## iii. **Vigil Mechanism and Whistle Blower Policy**

In compliance of DPE Guidelines, the Company has a Vigil Mechanism, and has a independent CVO on deputation from Gol. Pursuant to the provisions of Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Company is in the process of framing of Whistle Blower Policy, which will be posted on the website of the Company.

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

Number of Complaints filed during the year 2021-22	:	NIL
Number of Complaints disposed of during the year 2021-22	:	N.A.
Number of Complaints pending as on 31 <sup>st</sup> March, 2022	:	NIL

## **10. CREDIT RATING**

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

## **11. CEO/ CFO CERTIFICATION**

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

## **12. COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

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

For and on behalf of Board of Directors  
of AI Assets Holding Limited

Sd/-

Sd/-

**Date: 20<sup>th</sup> June, 2023**  
**Place: New Delhi**

**Satyendra Kumar Mishra**  
**Chairman and Managing Director**  
**DIN:007728790**

**Padam Lal Negi**  
**Director**  
**DIN: 10041387**

**CEO /CFO CERTIFICATION**

- A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:-
- I. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - II. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit Committee:
- i. Significant changes in internal control over financial reporting during the year;
  - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the company's internal control system over financial reporting.

**For AI Assets Holding Limited.**

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

Sd/-  
**Vikram Dev Dutt**  
**Chairman & Managing Director**  
**DIN: 02055541**

**Date: 10<sup>th</sup> February, 2023**

**Place: New Delhi**

**CERTIFICATE ON CORPORATE GOVERNANCE**

To,

The Members,

**AI ASSETS HOLDING LIMITED**

Indian Airlines Bldg, 113,  
Gurudwara Rakabganj Road,  
New Delhi 110001

We have examined the compliance of the conditions of Corporate Governance by **AI ASSETS HOLDING LIMITED**, (herewith referred as 'the Company') for the period ended on 31<sup>st</sup> March 2022 as stipulated in 'Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises, Ministry of Civil Aviation.

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

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

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

- (i) The Company did not have proper composition of the Independent Directors on Board as required under Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
- (ii) Establishment of a vigil mechanism for directors and employees to report genuine concerns or grievances as required under section 177 (9) of the Companies Act, 2013
- (iii) The Company did not have proper composition of Independent Directors in Nomination and Remuneration Committee as required under Regulation 19 of the (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (iv) The Company did not have proper composition of Independent Directors in Audit Committee as required under Regulation 18 of the (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Place : Delhi  
Date : 29.04.2023

**For Amit Agrawal & Associates**  
(Companies Secretaries)

Sd/-

**CS Amit Agrawal**  
**(Proprietor)**  
M. No. F5311, C.P. No. : 3647  
UDIN: F005311E000227874

## **COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF AI ASSETS HOLDING LIMITED FOR THE YEAR ENDED 31 MARCH 2022**

The preparation of financial statements of **AI ASSETS HOLDING LIMITED** for the year ended 31 March 2022 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 03 November 2022.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **AI ASSETS HOLDING LIMITED** for the year ended 31 March 2022 under section 143(6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143 (6)(b) of the Act, which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report: -

### **A Comments on Cash Flow Statement**

#### **Cash and Cash Equivalent at the end of the year- ₹1,726.02 crore**

The above Cash and Cash equivalents includes an amount of ₹43.70 crore (Bank Balances other than cash and cash equivalents) though the maturity of the related fixed deposit was more than three months from the date of balance sheet. Further, this amount should have been included under changes in the Other Current & Non-Current Asset. Thus, Net Cash from Operating Activities is understated and the cash and cash equivalents are consequently overstated by 43.70 crore.

### **B. Comment on Auditors Report**

The Guidance note on CARO 2020 (Revised 2022), states that besides obtaining a representation from the management regarding compliance of requirements of section 135, the auditor needs to evaluate the applicability of section 135 to the company. Statutory Auditor vide Annexure A to the statutory auditor report has stated that 'according to the information and explanations given to us and based on our examination of the records of the Company, Section 135 of the Companies Act, 2013 is not applicable on the Company. Accordingly, the provision of clause 3 (xx) of the Order is not applicable to the company'. However, the company came into existence in the year 2018-19 and posted net profit in the year 2019-20 and 2020-21. Accordingly, the company was required to incur at least 2 per cent of its average net profits towards CSR activities. Moreover, the representation of the Company regarding exemption from the applicability of provisions relating to CSR as per MoCA letter dated 25 March 2021 is pending. Thus, the provisions of Section 135 of Companies Act, 2013 are applicable to the Company, the auditor's report is deficient to that extent.

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

Sd/-  
**(Atoorva Sinha)**  
Principal Director of Audit (Infrastructure)  
New Delhi

Place: New Delhi  
Dated: 09.05.2023

**MANAGEMENT REPLIES TO THE COMMENTS OF THE COMPTROLLER AND AUDITOR  
GENERAL OF INDIA UNDER SECTION 143(6)(B) OF THE COMPANIES ACT, 2013 ON THE  
STANDALONE FINANCIAL STATEMENTS OF**

**AI Assets Holding Limited for the year ended 31<sup>st</sup> March 2022**

<b>S. No</b>	<b>Government Audit Query</b>	<b>Management Reply</b>
1	<p><b>A. Comments on Cash Flow Statement Cash and Cash Equivalent at the end of the year- Rs. 1,726.02 crore</b></p> <p>The above Cash and Cash equivalents includes an amount of Rs. 43.70 crore (Bank Balances other than cash and cash equivalents) though the maturity of the related fixed deposit was more than three months from the date of balance sheet. Further, this amount should have been included under changes in the Other Current &amp; Non-Current Asset. Thus, Net cash from Operating Activities is understated and the cash and cash equivalents are consequently overstated by 43.70 crore.</p>	<p>It is submitted that there is no impact on the profitability or liquidity of the Company or any understatement or overstatement of assets/ liability/ Income/ expenditure during the period under consideration on account of the query raised by the Govt. Audit and is a presentation issue.</p> <p>However, the audit query will be reviewed in the financial year 2022-23 and corrective action, if required, will be taken.</p>
2.	<p><b>B. Comment on Independent Auditor's Report</b></p> <p>TheGuidancenoteonCARO2020(Revised2022), states that besides obtaining a representation from the Management regarding compliance of requirements of section 135, the auditors needs to evaluate the applicability of section 135 to the company. Statutory Auditor vide Annexure A to the statutory auditor report has stated that 'according to the information and explanations given to us and based on our examination of the records of the Company, Section 135 of the Companies Act, 2013 is not applicable to the Company. Accordingly, the provisions of clause 3 (xx) of the order is not applicable to the Company'. However, the company came into existence in the year 2018-19 and posted net profit in the year 2019-20 and 2020-21. Accordingly, the company was required to incur at least 2 per cent of its average net profit towards CSR activities. Moreover, the representation of the Company regarding exemption from the applicability of provisions relating to CSR as per MoCA letter dated 25 March 2021is pending.</p>	<p>The sub para (a) &amp; (b) of para (xx) of CARO 2020 states as under:</p> <p><i>(xx) (a) whether, in respect of other than ongoing projects, the company has transferred unspent amount to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act;</i></p> <p><i>(b) whether any amount remaining unspent under sub-section (5) of section 135 of the Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance with the provision of sub-section (6) of section 135 of the said Act;</i></p> <p><i>The above para specifically asks for the transfer of an unspent amount to a fund specified in Schedule VII of the Companies Act 2013, and the unspent amount against an ongoing project, if any, transferred to the special accounts in compliance with the subsection referred above of section 135 of the Companies Act as mentioned in the CARO para referred above.</i></p>



S. No	Government Audit Query	Management Reply
	<p>Thus, the provision of Section 135 of Companies Act, 2013 are applicable to the Company, the auditor's report is deficient to that extent.</p>	<p><i>In this regard, it is submitted that, since no provision under CSR activities was made by the Company in the books of the account till date, hence the transfer of unspent amount to a Fund specified under schedule VII would not arise and also no projects were ongoing, and/or started by the Company till date, hence the question of transfer of unspent amount against ongoing projects to a special account does not arise. Therefore, in CARO it has been written that the provisions of section 135 mentioned in the CARO are not applicable.</i></p> <p><i>The reply given against para xx of CARO is exclusively for the requirement of sub-section 5 &amp; 6 of section 135 of the Companies act 2013.</i></p> <p><i>However, the audit query shall be reviewed in the financial year 2022-23 and changes in language, if any, will be made suitably.</i></p>

# INDEPENDENT AUDITORS' REPORT

To

The Members of **AI Assets Holding Limited** (*formerly 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 AI Assets Holding Limited (*formerly Air India Assets Holding Limited*) ("the Company"), which comprise the Balance Sheet as at 31st March, 2022, and the statement of profit & loss, the statement of changes in equity, statement of cash flows for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (*hereinafter referred to as the standalone Ind AS financial statements*).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act 2013, as amended ("the Act") in the manner so required and give a true and fair view, in conformity with the Indian Accounting Standards prescribed under Section 133 of the act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (Ind AS) and accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2022, and its loss, the changes in equity and its cash flows for the year ended on that date.

## **2. Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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.

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 financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate, action, if required. We have nothing to report in this regard.

#### **4. Emphasis of Matter**

We draw your attention to: -

- (i) Note no. 23 a) & 24.i of the standalone Ind AS financial statement regarding payment made by the company to the then AIL for its disinvestment amounting to Rs.8,31,949.58 million (excluding government grants amounting to Rs.74,296.70 million transferred to the then AIL for servicing interest of identified debts) and against such amount total assets (net of liability) transferred by the then AIL to the company amounting to Rs.1,54,431.33 million and difference of Rs.6,77,518.25 million has been classified as a separate line item under "Equity & Liabilities". However, details about the component of differential amount (viz. provision of ECL/doubtful debts, provision for non-moving/scrapped inventories, any other provision of assets etc.) has not been provided by the then AIL hence could not be verified.
- (ii) Note no. 23.c.III of the standalone Ind AS financial statement regarding book transfer of the movable and immovable assets of Rs.77,533.76 million through debit note/invoices without having any physical handover-takeover. Further, the title and physical possession of these assets are still with the AIL held in trust on behalf of the company and dues against taxes/ state leavy have not been provided for. Further, the above immovable properties includes cost of one flat at 6B, Shriram Apartments, Middleton Street, Kolkata for Rs.10.09 million, which was sold by the then AIL before the date of disinvestment, but its cost was transferred to the company through debit notes. The company had relied on the debit notes/ credit notes for recording of assets/liabilities transferred from AIL, with the exception to above wherein this immovable property transferred reversed by the company on the basis of documents shared by AIL, without corresponding credit note from AIL.
- (iii) Note no. 23.III.a.ii of the standalone Ind AS financial statement regarding assets received from the then AIL has been classified as "Assets included in disposal group held for sale". However, these assets have been accounted for at carrying value instead of at lower of carrying cost or fair value less cost to sell.
- (iv) Note nos. 9, 17 and 25.v of the standalone Ind AS financial statement regarding certain movable and immovable assets transferred by the then AIL classified under "Assets included in disposal group held for sale" for which either lease period has been expired or assets are under encroachment /legal disputes. Further, regarding surrender of the remaining lease right to the lessor on compensation basis though as stated to us in few cases, the lessor is denying for any compensation taking the ground that there is no clause in the agreement for the compensation.
- (v) Note no 44.i of the standalone Ind AS financial statement regarding Rs.6,839.24 million (net of advances) shown as recoverable by the company from AIL, whereas AIL has confirmed only Rs.9.36 million only as payable to the company, and differential amount of Rs.6,829.88 million has been either charged by the then AIL as expenses or not acknowledged by the AIL as payable to the company.

- (vi) Note no 29 and 23.c.II of the standalone Ind AS financial statement regarding charging interest of Rs.916.05 million at the rate of 9% p.a. on old outstanding recoverable amount of Rs.49,839.76 million from the subsidiaries transferred from the then AIL to the company. Since, the company was not able to repay the outstanding recoverable in past to then AIL hence the same have been transferred to the company and in spite of the fact that the net worth of these subsidiaries (except AIASL) have already been eroded, the company has charged interest (from the date of transfer of shares of the subsidiaries to 31st March, 2022) from these subsidiaries. The company has also taken an independent opinion from consultant on this matter and in their opinion also the interest should not be charged as impact of the same will be on cash outflow of the company against GST and Income tax liabilities on such notional income (if the subsidiaries are not able to repay).
- (vii) Note no 29 of the standalone Ind AS financial statement regarding interest charged by the company in contrary to the requirement of the section 186(7) of the Companies Act, 2013. The company had charged only @ 1% per annum on advance of Rs 562.50 million given by them to one of its subsidiaries which is well below the then prevailing yield on Government Security.
- (viii) Note no 23.c.II, 25.ix and 26 of the standalone Ind AS financial statement regarding non provision as doubtful/impairment against investment in the subsidiaries of Rs.8,179.41 million and outstanding recoverable amounting to Rs.49,839.76 million classified under "Assets included in disposal group held for sale" though the net worth of the subsidiaries (except AIASL) has been eroded completely.
- (ix) Note no 44.ii of the standalone Ind AS financial statement regarding difference of Rs.1.34 million in balances between AIASL and the company as at 31<sup>st</sup> March, 2022, on account of short provision of interest by AIASL on outstanding recoverable transferred by then AIL to the company. We report that to that extent, the accounts are unreconciled between the company and AIASL.
- (x) Note 17 of the standalone Ind AS financial statements, the company has classified Rs.1,227.99 million under "Liabilities against assets included in disposable group held-for-sale". These liabilities were transferred by the then AIL to the company on the basis of debit notes/credit notes only, however other supporting/confirmation for the said amount are not available.
- (xi) Note 22.I.iv of the standalone Ind AS financial statements regarding non provision of Rs. 0.45 million as firm liability as against shown as contingent liability towards demand received from BSE for delay in submission of half yearly/quarterly returns.
- (xii) Note 25.viii of standalone Ind AS financial statements regarding GST ITC of Rs.226.48 million against assets located in those states where the company was not registered under GST act through invoices issued to the company at company's Delhi GSTIN. The company has availed GST ITC on those invoices, whereas on the GST portal the amount appearing as ineligible ITC.
- (xiii) Note 23.c.III.c.iv of the standalone Ind AS financial statements regarding non accounting of certain benefits (including house rent recoveries of housing colonies) accruing to AIL, AIXL or AI-SATS post disinvestment closing date on account of remaining assets

including interest accrued thereof will be paid to the Government of India or such other person as nominated by the Government of India.

- (xiv) Note 44 of the standalone Ind AS financial statements regarding recovery/adjustment made by AIL from the company amounting to Rs.2,244.48 million towards interest on identified debts for the period prior to 1<sup>st</sup> October 2018 in two parts Rs.955.91 million as interest in AIL recoverable account and Rs.1,288.57 in AIL settlement account for which the company has no mandate for payment of interest for this period & not accounted for in company books.

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

## **5. Key Audit Matters**

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

<b>S. No.</b>	<b>Key Audit Matters</b>	<b>How Our Audit addressed the key audit matters</b>
<b>1</b>	<p><b>Transactions relating to disinvestment of Air India Limited</b>  <i>(refer note no 23 to the standalone Ind AS financial statements)</i>            We consider this matter to be of most significance in our audit due to the materiality of the balances of such assets in the financial statements: -</p>	
	<p>In terms of decision of Government of India for financial assistance to the then AIL for the disinvestment, the company had transferred Rs.8,31,949.58 million (excluding Grant of Rs.74,296.70 million, against this assets/liabilities/monetization proceeds for Rs.1,54,431.33 million were transferred by the then AIL. The company has accounted for the funds transferred to the then AIL over and above the assets/liabilities amounting to Rs.6,77,518.25 million as separate line item under "Equity &amp; Liabilities". Further, AIL has not provided the details of above balance amount and detail of current assets equal to current liabilities retained by AIL in their books.</p>	<p>We have relied on the records relating to approvals by the Government of India through the various letters referred in the notes and restated framework agreement for the disinvestment of the then AIL and its subsidiaries. These assets and liabilities of the then AIL transferred to the company shall be monetized for the utilization of repayment of debts paid by the company to then AIL. Further, it was also explained to us that the purpose for which the company was created as SPV is for the said matter, hence we have relied on the same. Further the current assets equal to current liabilities retained by the AIL for which details were not provided, however, we have relied the self-certified documents provided by AIL.</p> <p>We have relied on the information/ documents provided by the management as received from AIL. We have not been provided any Utilization certificate of funds utilized by AIL for the purpose these were intended to by either statutory auditors of AIL or from any independent agency.</p>

S. No.	Key Audit Matters	How Our Audit addressed the key audit matters
2.	<p><b>Recognition of revenue and expenditure</b>  <i>(refer note no 27 to the standalone Ind AS financial statements)</i></p> <p>We consider this matter to be of most significance in our audit due to the materiality of the balances of such assets in the financial statements -</p> <p>Income from operation includes in the last financial year as rental income which has been classified during the year as Other income including rental income of Rs. 837.07 million against Rent of Air India Nariman Point Building, the title of such property remains with AIL.</p> <p>Other Income includes an income of Rs. 356.53 million credited by AIL towards revenue share of a subsidiary company.</p> <p>Expenses towards Reimbursement of interest costs, surveillance &amp; other fees, maintenance expenses, salaries have also been debited by Air India Limited to the company.</p>	<p>We have relied on contention of the management regarding classification of such income from income from operation to other income, as the income is from the assets which have been classified as assets included in disposal group held for sale and are under process of disinvestment.</p> <p>We have relied on the debit/credit notes received from AIL 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 onus of compliance of the statutory provisions to 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 AIL, as such we are not able to comment on such statutory compliances.</p>
3	<p><b>Independent Director under Companies Act, 2013</b>  <i>(refer Note 41 to the standalone Ind AS financial statements)</i></p> <p>Appointment of independent directors as the company's NCDs are listed 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 two independent directors on their Board of Directors. The Company does not have any independent director since the date of its listing of NCDs on stock exchange.</p>
4	<p>Total Grant in aid received from Govt. of India of Rs.13,780 million towards servicing of interest for the three NCDs series of Rs.2,19,850 million issued by the company and for serving interest on identified debt of AIL of Rs.74,000 million as described in note no 24 of the financial statements.</p>	
	<p>Transfer of Identified debts from Air India Limited to company:</p> <p>GOI Grant in aid of Rs.13,780 million towards serving of interest on the identified debts and treatment of receipts of grant and its utilization in the financial statements</p>	<p>The note no 24 of the notes to standalone Ind AS financial statements of the company describe the purpose of formation of the company as "SPV" for transfer of identified debts of AIL to "SPV" duly approved by the Government of India and Board of Directors of both the companies.</p>

S. No.	Key Audit Matters	How Our Audit addressed the key audit matters
		The Budgetary support / grant received during the year is accounted as “other income” aggregating to Rs.13,780.00 million to the extent of the equivalent amount expensed off during the year as the Debt servicing expenses and other expenses (including Interest expenses, surveillance fees and credit rating agency expenses for servicing of the Identified debts).
5	<i>Sub para 3 of para 3 “Undertaking” of Restated Framework Agreement dated 05.01.2022 executed between AIL and the Company stipulates that “notwithstanding anything to the contrary contained in this agreement, in case of any inconsistency between the provision of this agreement (or any agreement executed pursuant to this agreement) and the provisions of the SPA, the provisions in the SPA shall override and prevail over such inconsistent provisions as contained in this agreement) or any agreements executed pursuant to this agreement)</i>	Copy of SPA has not been provided to us, hence we have relied on the restated framework agreement signed between the company and then AIL for all the transactions made between AIL and the Company.
6	An amount of Rs.5,891.10 million withheld by AIL against security deposit stated to have been forfeited by the lessors against termination of the SLB of 21 B787 aircraft along with payment to be made by AIL for amounting to Rs.528.20 million towards JDC arrears payment withheld by AIL. Since, there was no actual cash outflow on such forfeited security deposit and on account of recoveries of flying and other allowances out of JDC arrears, however, the then AIL has adjusted said amounts by showing utilization against such security deposit and JDC arrears payment in their utilization statement submitted to the company.	We have relied on the utilized certificate shared by the then AIL and letter number dt 8 <sup>th</sup> August 2022, wherein it is mentioned that against these payments, there was no actual cash outflow.

## 6. **Management responsibility for the standalone Ind AS financial statements**

The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation and presentation of these standalone IndAS 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 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 standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

## **8. Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit read with matters as reported in "Emphasis of Matter" and "Key Audit Matters" paragraph above.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Change in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- e) Disqualification of Directors stated in section 164(2) of the Act is not applicable to Government Company as per notification no. GSR 463E of the Ministry of Corporate Affairs, Government of India dated 05.06.2015.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'. Our report expresses an unmodified opinion on the adequacy of and operating effectiveness of the company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, we report that, in terms of Ministry of Corporate Affairs, Government of India, notification no. G.S.R. 463 (E) dated 5<sup>th</sup> June 2015 provisions of section 197 of the act are not applicable to the company.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. (a) The management has represented that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (b) The management has represented, that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
  - (c) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of

Rule 11(e), as provided under (a) and (b) above, contain any material mis-statement.

- i. No dividend have been declared or paid during the year 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 explanation given to us in Annexure – “C”.

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

**Sd/-**  
**(Ashwani Sood)**  
**Partner**  
**M. No. 084242**  
**UDIN: 22084242BCLLNT1090**

**Place: New Delhi**  
**Date : 3<sup>rd</sup> November,2022**

**The Annexure referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date to the IND AS standalone financial statements of the company for the year ended 31<sup>st</sup> March 2022:**

**Re. AI Assets Holding Limited (the “Company”)**

- (i) (a) (A) The Company had maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment's. For “Assets included in disposable group held for sale”, the erstwhile AIL had transferred identified immovable and movable properties to the Company as per the framework and restated framework agreement executed between AIL and the Company, and these assets were transferred without physical handover and takeover and without transferring the ownership of the assets, and no fixed assets register w.r.t “Assets included in disposable group held for sale” was made available for our verification. (refer note no. 23.c.III.a of the standalone Ind AS financial statements).
- (B) According to the information and explanation give to us, the Company doesn't have any intangible assets.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the property, plant and equipment have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification. For “Assets included in disposable group held for sale” for which physical handover - takeover was not taken place at the time of transfer from erstwhile AIL to the Company, no physical verification for these assets was carried out at the reporting date. (refer note 23.c.III.a of the financial statements).
- (c) According to the information and explanations given to us as the “Assets included in disposal group held-for-sale” disclosed in the standalone Ind AS financial statements were transferred to the company by then AIL at their carrying value on the date of disinvestment of AIL i.e 27.01.2022 (refer note 23.c.III.a.i & 47.b of the standalone Ind AS financial statements). As per information and explanation given to us, we report that, that the title in respect of immovable properties, disclosed in the standalone Ind AS financial statements under “Assets included in disposal group held-for-sale” were not held in the name of the company, (refer note 47.b of the standalone Ind AS financial statements), the details of such properties is given below:

Sr. No.	Description of a property	Gross carrying value (in Rs million)	Held in the name of	Whether promoter, director or their relative or employee	Period held: indicate a range, where appropriate	Reason for not being held in the name of company*	Remark
1	Freehold	3,927.19	Air India Limited	No.	31 <sup>st</sup> March, 2022	Refer Note No. – 23.III of Standalone Ind AS Financial Statements	-
2	Other than Freehold	68,795.60	Air India Limited	No.	31 <sup>st</sup> March, 2022	Refer Note No. – 23.III of Standalone Ind AS Financial Statements	-
3	Other Structures	3,316.49	Air India Limited	No.	31 <sup>st</sup> March, 2022	Refer Note No. – 23.III of Standalone Ind AS Financial Statements	-

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

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

(e) No proceedings have been initiated during the year or are pending against the Company as at 31<sup>st</sup> March, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The Company has not carried any inventory as on 31<sup>st</sup> March, 2022 as defined under Indian Accounting Standard (Ind AS 2) – Inventories. Accordingly, the provisions of clause 3 (ii) (a) of the of the order is not applicable to the Company.

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

(iii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company has provided loans or advances in the nature of loans, or stood guarantee, or provided security to other entities, (refer note no 22.II of the standalone Ind AS financial statements.)

(A)

Particulars		(Amount in Rs. )
Aggregate amount granted/provided during the year		
- Subsidiary	Corporate Guarantees	Rs.3,456.14 million
- Subsidiary	SBLC	Rs.1,443.85 million
- Subsidiary	BG	Rs.537.37 million
- Subsidiary	Advance in the nature of Loan	Rs.562.50 million
Balance outstanding as at balance sheet date in respect of above cases		Rs.562.50 million

- (B) The company has not given any loans or advances in the nature of loans to other than subsidiaries, therefore reporting under clauses (iii) (a) (B) of paragraph 3 of the said order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the company, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are prima facie not prejudicial to the company's interest except loan in the nature of advance of Rs.562.50 million given to one of its subsidiary at interest @ 1% p.a. (refer note no 29 of the standalone Ind AS financial statements.)
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans and advance in the nature of loan given, for Rs.562.50 million given to one of its subsidiary, there is no stipulation of interest and terms of conditions for the repayment of principal and payment of interest, hence we are able to comment as whether the repayments or receipts are regular.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, since there are no term & conditions of such arrangement and it doesn't not stipulate any repayment schedule, hence we are unable to comment whether the amount is overdue or not.
- (e) No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the over-dues of existing loans given to the same parties.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has granted loans or advances in the nature of loans repayable on demand or without specifying any terms or period of repayment for which details are as under (refer note no 47 (a),33B(i),29 and 23(c)(II) of the standalone Ind AS financial statements.)

Advances to subsidiaries amounting to Rs 51,327.18 million (including transferred from the then AIL amounting to Rs.49,839.76 million) classified as "Assets included in

disposal group held for sale.

- Aggregate amount of loans or advances of above nature given during the year is Rs.51,327.18 million (including accrued for Rs.916.05 million)
- Percentage thereof to the total loans granted is 100%.
- Aggregate amount of loans granted to Promoters, related parties as defined in clause (76) of section 2 of the Companies Act, 2013 is Nil.

- (iv) According to the information and explanations given to us and on the basis of our examination of the records, the company has given advance in the nature of loan to one of its subsidiary (refer note no 29 of the standalone Ind AS financial statements) on which interest at the rate of 1% per annum has been charged, which is in contravention to Section 186(7) of the Companies Act, 2013.
- (v) According to information and explanation give to us, the company has not accepted any deposits from the public within the meaning of the directives issued by Reserve Bank of India, provisions of section 73 to 76 of the Act, any other relevant provisions of the act and the relevant rules framed thereunder. According, the provisions of paragraph 3(v) of the Order is not applicable to the Company.
- (vi) In our opinion and according to the information and explanation give to us, maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013. Accordingly, the provisions of paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company is regular in depositing undisputed statutory dues including Goods and Services Tax, TDS and any other statutory dues to the extent applicable to the appropriate authorities.
- According to the information and explanation given to us, no undisputed amounts in respect of above were in arrears as at 31st of March, 2022 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the company, the provisions of paragraph 3 (vii) (b) of the order is not applicable to the Company.
- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the company, the Company has not surrendered or disclosed any transactions as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, the provision of clause 3 (viii) of the Order is not applicable to the Company.
- (ix) (a) According to the information and explanations given to us and based on the examination of the records of the Company, the provision of clause 3 (ix) (a) of the order is not applicable.

- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority or any other lender.
- (c) According to the information and explanations given to us and procedures performed by us, by the management, the Company has not raised any term loan during the period. Accordingly, clause 3 (ix) (c) of the Order is not applicable to the Company.
- (d) According to the information and explanations given to us and procedures performed by us and on an overall examination of the financial statements of the Company, the provision of clause 3 (ix) (d) of the Order is not applicable to the Company.
- (e) In our opinion and according to the information and explanations given by the management, the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. Accordingly, clause 3(ix)(e) is not applicable to the Company.
- (f) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Accordingly, clause 3 (ix) (f) is not applicable to the Company.
- (x) (a) The company has not raised moneys by way of initial public offer or further public offer (including debt instrument) during the year and hence reporting under clause 3 (x) (a) of paragraph 3 of the order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has issued during the year 62,36,54,00,000 no. of equity shares of Rs. 10 each to the Government of India for amounting to Rs. ₹ 6,23,654.00 million and such fund has been utilized for the purpose for which such fund has been raised and all the provisions of the Companies act have been complied with. (Refer to note 10 and 23.b.II of the standalone Ind AS financial statements.)
- (xi) (a) During the course of our examination of the books and records of the company carried out in accordance with generally accepted auditing practice in India, and according to the information and explanations given to us, no fraud by the Company and on the Company has been noticed or reported during the year.
- (b) No report on any matter under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.



- (c) As represented to us by the management, there are no whistle-blower complaints received by the company during the year.
- (xii) In our opinion, the company is not a Nidhi Company. Accordingly, the provisions of clause 3 (xii) (a), 3 (xii) (b) and 3 (xii) (c) of the Order is not applicable.
- (xiii) As per information and explanation given to us and on the basis of our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, where applicable and all the details have been disclosed in the standalone Ind AS financial statements, as required by the applicable Ind AS. (refer note no. 33 of the standalone Ind AS financial statements).
- (xiv) (a) According to the information and explanation given to us and on the basis of examination of the records, the company has an internal audit system commensurate with the size and nature of its business which should however be further strengthened.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company.
- (xv) According to the information and explanation given to us and on the basis of examination of the records, the company has not entered into any non-cash transactions within the meaning of section 192 of the Companies Act, 2013, with directors or persons connected with them. Accordingly, the provision of clause 3 (xv) of the order is not applicable to the Company.
- (xvi) (a) In our Opinion and according to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3 (xvi) (a to c) of the Order is not applicable to the Company.
- (d) In our Opinion and according to the information and explanation given to us, the group does not have any Core Investment Company as defined in the regulation made by the Reserve Bank of India, as part of the group. Accordingly, the provision of clause 3 (xvi) (b) of the Order are not applicable to the Company.
- (xvii) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has incurred cash losses of Rs.10,574.67 million in current financial year & no cash losses are found incurred in the immediately preceding financial year.
- (xviii) According to the information and explanations given to us, there is no resignation of the statutory auditors during the year in the Company. Accordingly, clause 3 (xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, our knowledge of the Board of Directors and management plans and

based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

- (xx) According to the information and explanations given to us and base on our examination of the records of the Company, section 135 of the Companies Act, 2013 is not applicable on the Company. Accordingly, the provision of clause 3 (xx) of the Order is not applicable to the company .

**For Ashwani Sood& Associates**

**Chartered Accountants  
ICAI Firm Registration No. 005036N**

**Sd/-  
(Ashwani Sood)  
Partner**

**M. No. 084242  
UDIN:22084242BCLLNT1090**

**Place: New Delhi**

**Date : 3<sup>rd</sup> November,2022**

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

We have audited the internal financial controls over financial reporting of AI Assets Holding Limited (formerly Air India Assets Holding Limited) ("the Company") as of 31<sup>st</sup> March, 2022 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

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

**2. Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 authorizations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

The company has appointed independent firm of chartered accountant for the evaluation of Internal Financial Controls Over Financial Reporting, and as per our opinion on the same, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, 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**

Sd/-  
**(Ashwani Sood)**  
**Partner**  
**M. No. 084242**  
**UDIN: 22084242BCLLNT1090**

**Place: New Delhi**

**Date : 03<sup>rd</sup> November, 2022**

**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 for the purpose it was intended for, Further, the company had received Rs.450 million towards medical expenses for eligible employees of AIL, the company had paid Rs.391.18 million to CGHS as annual subscription for the financial year 2022-23, against this, balance grant of Rs.58.82 million was remain unspent till 31 <sup>st</sup> March, 2022.

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

**Sd/-**  
**(Ashwani Sood)**  
**Partner**  
**M. No. 084242**  
**UDIN: 22084242BCLLNT1090**

**Place: New Delhi**  
**Date : 03<sup>rd</sup> November, 2022**

**COMPLIANCE CERTIFICATE**

We have conducted our audit of accounts of **M/s AI Assets Holding Limited (formerly Air India Assets Holding Limited)** for the year ending 31st March, 2022 in accordance with the Directions/ Sub Directions issued by C&AG of India u/s 143(5) of the Companies Act, 2003 and certify that we have complied with all the Directions/ Sub Directions issued to us.

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

**Sd/-**  
**(Ashwani Sood)**  
**Partner**  
**M. No. 084242**  
**UDIN: 22084242BCLLNT1090**

**Place: New Delhi**  
**Date : 03<sup>rd</sup> November, 2022**

**MANAGEMENT REPLIES TO THE INDEPENDENT AUDITORS' REPORT ON THE  
STANDALONE FINANCIAL STATEMENTS OF AI ASSETS HOLDING LIMITED FOR THE  
FINANCIAL YEAR 2021-22.**

<b>Sl. No.</b>	<b>Emphasis of Matter</b>	<b>Management Reply</b>
1	Note no. 23 a) & 24.i of the standalone Ind AS financial statement regarding payment made by the company to the then AIL for its disinvestment amounting to Rs.8,31,949.58 million (excluding government grants amounting to Rs.74,296.70 million transferred to the then AIL for servicing interest of identified debts) and against such amount total assets (net of liability) transferred by the then AIL to the company amounting to Rs.1,54,431.34 million and difference of Rs.6,77,518.25 million has been classified as a separate line item under Equity & Liabilities. However, details about the component of differential amount (viz. provision of ECL/doubtful debts, provision for non-moving/scraped inventories, any other provision of assets etc.) has not been provided by the then AIL hence could not be verified.	<p>The Company is a SPV formed for the specific purpose of inter-alia warehousing Assets and Liabilities of Air India and the Company does not have any commercial operations. During the current year, the GoI had infused an Equity capital of Rs 6,23,654.60 million for settling guaranteed/other past dues/overdues of the then AIL. The then AIL had transferred the Assets and liabilities to the company amounting to Rs 1,54,421.28 million as per GoI decisions and as per the restated framework agreement dated 5<sup>th</sup> Jan 2022 executed between AIL and the Company. The amount paid to the then AIL over and above the assets/liabilities transferred to the company has thus been shown as 'Other Equity'. These transactions are unique and non-recurring and do not pertain to the company. These assets will be monetized/disinvested by the company in due course and hence the Company has shown these assets in the Financial Statements as "Assets held for Sale" as per IND AS 105.</p> <p>Request received from the Auditors for providing information regarding the provisions made by the then AIL towards ECL/doubtful debts, provision for non-moving/scraped inventories, any other provision of assets, etc. has been forwarded to AIL. The information sought is awaited.</p>
2	Noteno.23.c.IIIofthestandalone Ind AS financial statement regarding book transfer of the movable and immovable assets of Rs. 77,533.76 million through debit note/invoices without having any physical handover-takeover.	AIL has book transferred the assets to the Company. However, as per clause 2.8 of the restated framework agreement dated 5 <sup>th</sup> Jan 2022 executed between the Company and the then AIL, these assets have been held in trust by AIL on behalf of the company. Such assets are under transfer to the company and same shall be monetized in due course.

Sl. No.	Emphasis of Matter	Management Reply
	<p>Further, the title and physical possession of these assets are still with the AIL held in trust on behalf of the company and dues against taxes/state levy have not been provided for. Further, the above immovable properties includes cost of one flat at 6B, Shriram Apartments, Middleton Street, Kolkata for Rs.10.09 million, which was sold by the then AIL before the date of disinvestment, but its cost was transferred to the company through debit notes. The company had relied on the debit notes/ credit notes for recording of assets/liabilities transferred from AIL, with the exception to above wherein this immovable property transferred reversed by the company on the basis of documents shared by AIL, without corresponding credit note from AIL.</p>	<p>Regarding movable assets, the Company has hired an external agency selected through a tender process to carry out the tagging of all the assets located at several locations. The agency has so far tagged about 90% of the assets. The agency is in the process of submitting the reports to the company. The accounting impact for discrepancies, if any based on the findings in the report shall be given in the subsequent year(s).</p> <p>The property located at 6B, Shriram Apartments Middleton street, Kolkata has been sold in Oct 2021 by the then AIL and therefore the company has not accounted for this property in the books.</p> <p>The company is following up with AIL for the necessary accounting documents for records.</p> <p>As a business continuity plan, the properties are still in the possession and use of the then AIL. The legal title still lies with them. Also, no such details have been received by the Company.</p> <p>The necessary accounting impact, if any shall be provided in the subsequent year(s).</p>
3	<p>Note no. 23.III.a.ii of the standalone Ind AS financial statement regarding assets received from the then AIL has been classified as “Assets included in disposal group held for sale”. However, these assets have been accounted for at carrying value instead of at lower of carrying cost or fair value less cost to sell.</p>	<p>The assets have been transferred to the company by the then AIL at their respective carrying (Book) values. The same have been accounted for in the books of the company at these values.</p> <p>It was also decided in the meeting held on 01.12.2021 in MoCA, that “since the properties are being transferred from one Government Organization to another, hence transfer be effected on “Book Value basis” and there does not arise any need of valuation of the property at this stage.”</p>



Sl. No.	Emphasis of Matter	Management Reply												
4	Note nos. 9, 17, 25.v of the standalone Ind AS financial statement regarding certain movable and immovable assets transferred by the then AIL classified under “Assets included in disposal group held for sale” for which either lease period has been expired or assets are under encroachment /legal disputes. Further, regarding surrender of the remaining lease right to the lessor on compensation basis though as stated to us in few cases, the lessor is denying for any compensation taking the ground that there is no clause in the agreement for the compensation.	<p>The company is vigorously pursuing with the respective State governments /authorities to monetize these assets.</p> <p>There are certain properties where lease period have expired. The company is taking up the matter with the State Governments/Local Allotting Authorities to renew the lease/surrender back the properties.</p> <p>As per certain lease deeds, no compensation is payable by Allotting authorities, and therefore the Allotting Authorities have expressed an inability to offer any compensation. However, the company is corresponding with the State Governments/Local Authorities to favorably consider Company’s request for compensation.</p> <p>There are 3 properties that have been encroached. The Company is exploring the options to get these properties vacated in consultation with AIL, since the legal title of these properties lies with AIL.</p> <p>The accounting impact, if any shall be given in the books in the subsequent year(s) after a final decision is conveyed by State Governments /Local Authorities.</p>												
5	Note no 44.i of the standalone Ind AS financial statement regarding Rs.6,839.24 million (net of advances) shown as recoverable by the company from AIL, whereas AIL has confirmed only Rs.9.36 million only as payable to the company, and differential amount of Rs.6,829.88 million has been either charged by the then AIL as expenses or not acknowledged by the AIL as payable to the company.	<p>A reconciliation statement of all identified components leading to differences in balance is incorporated in the notes (refer point no 44)</p> <table><tr><th>S. No</th><th>Reason</th><th>Rs. in Mill</th><th>Remarks</th></tr><tr><td>1</td><td>HSG Colony Maintenance exp. claimed by AI</td><td>18.55</td><td>As per MoCA letter dt 29.09.21 addressed to AIL, wherein it is stated that there will be no obligation on the part of the GoI/AIAHL for upkeep &amp; maintenance of housing colonies post disinvestment</td></tr><tr><td>2</td><td>Recoverable from DRDO related transaction</td><td>889.47</td><td>Amount is recoverable from DRDO for 2 aircraft. AIAHL has received Rs 449.48 million during the CY on 16th June 2022. The balance amount is likely to be received during the current FY.</td></tr></table>	S. No	Reason	Rs. in Mill	Remarks	1	HSG Colony Maintenance exp. claimed by AI	18.55	As per MoCA letter dt 29.09.21 addressed to AIL, wherein it is stated that there will be no obligation on the part of the GoI/AIAHL for upkeep & maintenance of housing colonies post disinvestment	2	Recoverable from DRDO related transaction	889.47	Amount is recoverable from DRDO for 2 aircraft. AIAHL has received Rs 449.48 million during the CY on 16th June 2022. The balance amount is likely to be received during the current FY.
S. No	Reason	Rs. in Mill	Remarks											
1	HSG Colony Maintenance exp. claimed by AI	18.55	As per MoCA letter dt 29.09.21 addressed to AIL, wherein it is stated that there will be no obligation on the part of the GoI/AIAHL for upkeep & maintenance of housing colonies post disinvestment											
2	Recoverable from DRDO related transaction	889.47	Amount is recoverable from DRDO for 2 aircraft. AIAHL has received Rs 449.48 million during the CY on 16th June 2022. The balance amount is likely to be received during the current FY.											

Sl. No.	Emphasis of Matter	Management Reply			
		S. No	Reason	Rs. in Mill	Remarks
		3	Rental Income from 3 AIAHL properties	0.66	3 properties were given on rent to AI on a business continuity plan for a period of 2 years from the date of disinvestment. AIAHL has provided rental income for these properties on an accrual basis.
			(Airline house, Delhi & Kolkata , CTE Hyderabad)		The same not been accounted for by AIL. Rental income is Rs 0.10 million per month per property which AIL has considered in the current FY. The amount has been received in the CY
		4	Sale proceeds of Scrappage	0.09	This pertains to sale proceeds of an asset & is recoverable from AIL. The company is following up with AIL.
		5	Interest on NCD not considered by AIAHL	1,288.57	Further to the explanation given in note 44.i., the company has sought clarification from the GoI in this regard on its admissibility.
		6	Maintenance of 6 aircraft	3,000.00	Amount has been shown as receivable from AIL and details of maintenance expenses for 6 aircraft are being obtained from AIL.
		7	PSS AMADUES Implementation fee Prov	309.61	The company has sought details from AIL and hence has been shown as recoverable.
		8	Recoverable of Garnishment Funds from IATA	1,322.93	the Supreme Court of Quebec passed ex-parte garnishment order hereby collections of AIL were garnished. The decision has been challenged by AIL and a final decision on this matter is awaited. Accounting impact shall be given in the current year based on final order.
			Total	6,829.88	
The accounting impact, if any shall be given in the subsequent year(s).					

Sl. No.	Emphasis of Matter	Management Reply
6	<p>Note no 29 and 23.c.II of the standalone Ind AS financial statement regarding charging interest of Rs.916.05 million at the rate of 9% p.a. on old outstanding recoverable amount of Rs.49,839.76 million from the subsidiaries transferred from the then AIL to the company. Since, the company was not able to repay the outstanding recoverable in past to then AIL hence the same have been transferred to the company and in spite of the fact that the net worth of these subsidiaries (except AIASL) have already been eroded, the company has charged interest (from the date of transfer of shares of the subsidiaries to 31st March, 2022) from these subsidiaries. The company has also taken an independent opinion from consultant on this matter and in their opinion also the interest should not be charged as impact of the same will be on cash outflow of the company against GST and Income tax liabilities on such notional income (if the subsidiaries are not able to repay).</p>	<p>Air India during the course of business with its subsidiaries had given advances for a period of time which were shown recoverable in AILs books. AIL used to charge 9% p.a ROI on the average balance of overdue amounts. AIL was charging interest by claiming that it had borrowed interest bearing funds and had a cost which should be recovered. During the disinvestment of AIL, the subsidiaries were transferred to the company including such advances.</p> <p>AIAHL had raised funds through NCDs at rates varying from 6.99% to 7.39% p.a and thus also has a cost. Requests were received from subsidiaries for waiver on charging interest on the overdue advances.</p> <p>The matter was discussed in the 15<sup>th</sup> Audit Committee/36<sup>th</sup> Board Of Directors meeting held on 6<sup>th</sup> June 2022. It was suggested in the meeting that the matter may be referred to MoF. A reference was made to MoF through MoCA for their examination. DEA, MoF vide OM dated 22/07/2022 conveyed that <i>“These subsidiaries were already paying interest on the loans to Air India, these subsidiaries may pay at the same rate to AI Assets Holding Limited (AIAHL). First charge on income should be payment of interest”</i>.</p> <p>In terms of the above-referred OM, the company has charged 9% interest on the outstanding recoveries from its subsidiaries.</p>
7	<p>Note no 29 of the standalone Ind AS financial statement regarding interest charged by the company in contrary to the requirement of the section 186(7) of the Companies Act, 2013. The company had charged only @ 1% per annum on advance of Rs 562.50 million given by them to one of its subsidiaries which is well below the then prevailing yield on Government Security.</p>	<p>The Board of Directors of the Company in its 33<sup>rd</sup> meeting dated 24/01/2022 had accorded approval to charge an annual interest rate of 1% on the advance amount lent to M/s Alliance Air Aviation limited. The terms of this advance do not define any repayment period and therefore is repayable on demand.</p> <p>However, the Company is examining this issue, and adjustments, if any shall be made in the subsequent year(s) with the approval of the Board of Directors of the Company.</p>

Sl. No.	Emphasis of Matter	Management Reply
8	<p>Note no 23.c.II, 25.ix and 26 of the Standalone Ind AS financial statement regarding non provision as doubtful/impairment against investment in the subsidiaries of Rs.8,179.41 million and outstanding recoverable amounting to Rs.49,839.76 million classified under “Assets included in disposal group held for sale” though the net worth of the subsidiaries (except AIASL) has been eroded completely.</p>	<p>The Company has not provided impairment against investments in the subsidiaries.</p> <p>A detailed write-up on the current status of all the subsidiaries has been given in the notes to accounts- Note no 23.c.II highlighting that these companies are steadily improving their financial and operational performance over the past few years.</p> <p>Despite the effect of the pandemic across the globe and on aviation-related companies in particular the performance of the subsidiary companies namely AAAL and AIESL during the FY 2021-22 has been better as mentioned below:</p> <p><b>A. AAAL:</b></p> <p>The Company has full support from Gol and expects improved performance in future. The company has emerged as a major player in the Gol scheme UDAN. The company is poised to lead the regional connectivity in India in the next decade and be a leading carrier.</p> <p><b>B. AIESL:</b></p> <p>AIESL is the largest MRO set up in India that can serve as a one-stop shop for all aircraft engineering requirements. The company has got hanger facilities available at all major airports in Mumbai, Delhi, Chennai, Hyderabad, Kolkatta, Trivandrum and Nagpur. The company has posted a profit after tax of Rs 8371.17 million during the FY 2021-22 and the trend is expected to continue.</p> <p><b>C. AIASL:</b></p> <p>AIASL’s net worth is positive and the company is making improvements in its operations every year.</p> <p><b>D. HCI:</b></p> <p>The management of HCI is of the view that though the company is in a loss but continuous support of the Holding Company, as well as Gol, will ensure that the Company runs its business as a Going concern. The company has signed Service Level Agreements with Air India valid up to 31.03.2024 which ensures that the Company will be able to run its business as a going concern in the near future.</p>

Sl. No.	Emphasis of Matter	Management Reply
		Further, all the subsidiary companies (except HCI) are already undergoing disinvestment as per the Gol decision. The Gol has planned the disinvestment of these companies in a phased manner and the same is targeted to be completed in the next 1-2 years. Looking at this disinvestment plan, the company has disclosed its investments in these subsidiaries as 'Assets held for sale', which is in compliance with the requirements of IND AS 105. Therefore, no impairment has been provided on these assets.
9	Note no 44.ii of the standalone Ind AS financial statement regarding difference of Rs.1.34 million in balances between AIASL and the company as at 31st March, 2022, on account of short provision of interest by AIASL on outstanding recoverable transferred by then AIL to the company. We report that to that extent, the accounts are unreconciled between the company and AIASL.	The difference is reconciled, and the accounting impact shall be given in the subsequent year(s).
10	Note 17 of the standalone Ind AS financial statements, the company has classified Rs.1,227.99 million under "Liabilities against assets included in disposable group held-for- sale". These liabilities were transferred by the then AIL to the company on the basis of debit notes/credit notes only, however other supporting/confirmation for the said amount are not available.	<p>The liabilities have been provided in the books of the company on the basis of the Debit/Credit notes provided by the then AIL.</p> <p>The Company has sought the supporting documents against these liabilities and the same are awaited. The company shall take appropriate action on receipt of documents from the then AIL in the subsequent year(s).</p>
11	Note 22.I.iv of the standalone Ind AS financial statements regarding non provision of Rs. 0.45 million as firm liability as against shown as contingent liability towards demand received from BSE for delay in submission of half yearly/ quarterly returns.	The Company has requested BSE to consider the waiver of the penalty amount. The Ministry of Civil Aviation has also made a request to BSE vide letter dated 25/10/2022 to consider waiver of penalties. In anticipation that the demand will be waived off, no liability has been provided.

Sl. No.	Emphasis of Matter	Management Reply
12	Note 25.viii of standalone Ind AS financial statements regarding GST ITC of Rs.226.48 million against assets located in those states where the company was not registered under GST act through invoices issued to the company at company's Delhi GSTIN. The company has availed GST ITC on those invoices, whereas on the GST portal the amount appearing as ineligible ITC.	The Company has obtained an opinion from a GST Consultant (KPMG) dated 15 <sup>th</sup> Oct 2022 wherein they have suggested the GST ITC credit shall be available once the Company obtains GST registration in the respective states and on filing form ITC-01. Based on this opinion, the company has availed GST Input credit in its books. The company has already obtained the GST registrations in 10 states and has made applications with 5 other states. Further, the company is under the process of submitting form ITC-01 for these registrations to avail the input credit.
13	Note 23.c.III.c.iv of the standalone Ind AS financial statements regarding non accounting of certain benefits (including house rent recoveries of housing colonies) accruing to AIL, AIXL or AI-SATS post disinvestment closing date on account of remaining assets including interest accrued thereof will be paid to the Government of India or such other person as nominated by the Government of India.	<p>As per the Restated Framework Agreement dated 5<sup>th</sup> Jan 2022, any benefit accruing to AIL, AIXL, OR AI Sats post disinvestment, including any interest accrued shall be paid to the GoI or to a person nominated by the GoI.</p> <p>The company has taken up the matter with the then AIL and sought the details in this regard. On receipt of the requested details, appropriate action shall be taken in the subsequent year(s).</p>
14	Note 44 of the standalone Ind AS financial statements regarding recovery/adjustment made by AIL from the company amounting to Rs.2,244.48 million towards interest on identified debts for the period prior to 1st October 2018 in two parts Rs.955.91 million as interest in AIL recoverable account and Rs.1,288.57 million in AIL settlement account for which the company has no mandate for payment of interest for this period & not accounted for in company books.	The Company has not accepted the claim and has taken up the matter with AIL. The Company has also sought a clarification from the GoI in this regard vide email dated 18 <sup>th</sup> Oct 2022 to ascertain whether a claim of Rs 2244.48 million towards interest on identified debts for the period prior to 1 <sup>st</sup> Oct 2018 is admissible. Subsequent to receiving clarification from GoI, accounting impact shall be given in the subsequent year(s).

**Key Audit Matters**

<b>S. No.</b>	<b>Key Audit Matters</b>	<b>How Our Audit addressed the key audit matters</b>	<b>Management Reply</b>
1	<b>Transactions relating to disinvestment of Air India Limited</b> <i>(refer note no 23 to the standalone Ind AS financial statements)</i> We consider this matter to be of most significance in our audit due to the materiality of the balances of such assets in the financial statements: -		
	In terms of decision of Government of India for financial assistance to the then AIL for the disinvestment, the company had transferred Rs.8,31,949.58 million (excluding Grant of Rs.74,296.70 million, against this assets/liabilities/monetization proceeds for Rs.1,54,431.33 million were transferred by the then AIL. The company has accounted for the funds transferred to the then AIL over and above the assets/liabilities amounting to Rs.6,77,518.25 million as separate line item under "Equity & Liabilities". Further, AIL has not provided the details of above balance amount and detail of current assets equal to current liabilities retained by AIL in their books.	We have relied on the records relating to approvals by the Government of India through the various letters referred in the notes and restated framework agreement for the disinvestment of the then AIL and its subsidiaries. These assets and liabilities of the then AIL transferred to the company shall be monetized for the utilization of repayment of debts paid by the company to then AIL. Further, it was also explained to us that the purpose for which the company was created as SPV is for the said matter, hence we have relied on the same. Further the current assets equals to current liabilities retained by the AIL for which details were not provided, however, we have relied the self-certified documents provided by AIL.  We have relied on the information/documents provided by the management as received from AIL. We have not been provided any Utilization certificate of funds utilized by AIL for the purpose these were intended to by either statutory auditors of AIL or from any independent agency.	This is a matter of fact.
2.	<b>Recognition of revenue and expenditure</b> <i>(refer note no 27 to the standalone Ind AS financial statements)</i> We consider this matter to be of most significance in our audit due to the materiality of the balances of such assets in the financial statements -		

S. No.	Key Audit Matters	How Our Audit addressed the key audit matters	Management Reply
	<p>Income from operation includes in the last financial year as rental income which has been classified during the year as Other income including rental income of Rs. 837.07 million against Rent of Air India Nariman Point Building, the title of such property remains with AIL.</p> <p>Other Income includes an income of Rs. 356.53 million credited by AIL towards revenue share of a subsidiary company.</p> <p>Expenses towards Reimbursement of interest costs, surveillance &amp; other fees, maintenance expenses, salaries have also been debited by Air India Limited to the company.</p>	<p>We have relied on contention of the management regarding classification of such income from income from operation to other income, as the income is from the assets which have been classified as assets included in disposal group held for sale and are under process of disinvestment.</p> <p>We have relied on the debit/credit notes received from AIL 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 onus of compliance of the statutory provisions to 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 AIL, as such we are not able to comment on such statutory compliances.</p>	This is a matter of fact.
3.	<b>Independent Director under Companies Act, 2013</b> <i>(refer Note 41 to the standalone Ind AS financial statements)</i>		
	Appointment of independent directors as the company's NCDs are listed 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 two independent directors on their Board of Directors. The Company does not have any independent director since the date of its listing of NCDs on stock exchange.</p>	This is a matter of fact.



S. No.	Key Audit Matters	How Our Audit addressed the key audit matters	Management Reply
4.	Total Grant in aid received from Govt. of India of Rs.13,780 million towards servicing of interest for the three NCDs series of Rs.2,19,850 million issued by the company and for serving interest on identified debt of AIL of Rs.74,000 million as described in note no 24 of the financial statements.		
	Transfer of Identified debts from Air India Limited to company:  GOI Grant in aid of Rs.13,780 million towards serving of interest on the identified debts and treatment of receipts of grant and its utilization in the financial statements.	The note no 24 of the notes to standalone Ind AS financial statements of the company describe the purpose of formation of the company as “SPV” for transfer of identified debts of AIL to “SPV” duly approved by the Government of India and Board of Directors of both the companies.  The Budgetary support / grant received during the year is accounted as “other income” aggregating to Rs.13,780.00 million to the extent of the equivalent amount expensed off during the year as the Debt servicing expenses and other expenses (including Interest expenses, surveillance fees and credit rating agency expenses for servicing of the Identified debts).	This is a matter of fact.
5	<i>Sub para 3 of para 3 “Undertaking” of Reinstated Framework Agreement dated 05.01.2022 executed between AIL &amp; the company stipulates that “notwithstanding anything to the contrary contained in this agreement, in case of any inconsistency between the provision of this agreement (or any agreement executed pursuant to this agreement) and the provisions of the SPA, the provisions in the SPA shall override and prevail over such inconsistent provisions as contained in this agreement) or any agreement executed pursuant to this agreement.</i>	Copy of SPA has not been provided to us, hence we have relied on the restated framework agreement signed between the company and then AIL for all the transactions made between AIL and the Company.	This is a matter of fact.

S. No.	Key Audit Matters	How Our Audit addressed the key audit matters	Management Reply
6	An amount of Rs.5,891.10 million withheld by AIL against security deposit stated to have been forfeited by the lessors against termination of the SLB of 21 B787 aircraft along with payment to be made by AIL for amounting to Rs.528.20 million towards JDC arrears payment withheld by AIL. Since, there was no actual cash outflow on such forfeited security deposit and on account of recoveries of flying and other allowances out of JDC arrears, however, the then AIL has adjusted said amounts by showing utilization against such security deposit and JDC arrears payment in their utilization statement submitted to the company.	We have relied on the utilized certificate shared by the then AIL and letter number dated 8 <sup>th</sup> August 2022, wherein it is mentioned that against these payments, there was no actual cash flow.	This is a matter of fact.

## Annexure-A

**Referred to in paragraph under the heading Report on “Other Legal and Regulatory Requirements” of our Independent Auditor’s Report of even date on the Standalone Financial Statement of AI Assets Holding Ltd. (The “Company”) for the year ended on 31<sup>st</sup> Mar 2022**

Sl. No.	Audit Observations	Management Comments
i.	<p>a. A. The Company had maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment's. For “Assets included in disposable group held for sale”, the erstwhile AIL had transferred identified immovable and movable properties to the Company as per the framework and restated framework agreement executed between AIL and the Company, and these assets were transferred without physical handover and takeover and without transferring the ownership of the assets, and no fixed assets register w.r.t “Assets included in disposable group held for sale” was made available for our verification. (refer note no. 23.c.III.a of the standalone Ind AS financial statements).</p> <p>(B) According to the information and explanation give to us, the Company doesn't have any intangible assets.</p>	<p>The then AIL has book transferred the assets to the Company. However, as per clause 2.8 of the Restated Framework Agreement dated 5th Jan 2022 executed between the Company and the then AIL, these assets have been held in trust by the then AIL on behalf of the company. Such assets are under transfer to the company. Regarding the Fixed Assets Register (FAR) for assets classified under “Assets included in disposable group held for sale”, it is submitted that Fixed Assets register is being maintained by respective subsidiary companies for their assets and for holding Company as per para 6 of Ind AS 16 these assets are not in the nature of Property, Plant and Equipment (PPE) of the Company.</p> <p>A complete list of assets transferred has been provided by the then AIL. Physical verification / tagging of movable assets is under process. On completion of such exercise FAR will be updated.</p> <p>Statement of Fact</p>
	<p>b. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the property, plant and equipment have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification. For “Assets included in disposable group held for sale” for which physical handover - takeover was not taken place at the time of transfer from erstwhile AIL to the Company, no physical verification for these assets was carried out at the reporting date. (refer note 23.c.III.a of the financial statements)</p>	<p>Statement of Fact. However, in respect of Assets classified as held for sale, are the PPE which were book transferred by the then AIL to the Company and as complete list of assets transferred by the then AIL was provided. Physical verification/ tagging of these movable assets is under process.</p>
	<p>c. According to the information and explanations given to us as the “Assets included in disposal group held-for-sale” disclosed in the standalone Ind AS financial statements were transferred to the company by then AIL at their carrying value on the date of disinvestment of AIL i.e 27.01.2022 (refer note 23.c.III.a.i &amp; 47.b of the standalone Ind AS financial statements).</p>	<p>As per clause 2.8 of the Restated Framework Agreement dated 5<sup>th</sup> Jan 2022 executed between the Company and the then AIL, these assets have been held in trust by AIL on behalf of the company.</p> <p>Title deeds of such assets are under</p>

Sl. No.	Audit Observations	Management Comments																												
	<p>As per information and explanation given to us, we report that, that the title in respect of immovable properties, disclosed in the standalone Ind AS financial statements under “Assets included in disposal group held-for-sale” were not held in the name of the company, (refer note 47.b of the standalone Ind AS financial statements), the details of such properties is given below:</p> <table><tr><th>Sr. No.</th><th>Description of a property</th><th>Gross carrying value (in Rs million)</th><th>Held in the name of</th><th>Whether promoter, director or their relative or employee</th><th>Period held: indicate a range, where appropriate</th><th>Reason for not being held in the name of company *</th></tr><tr><td>1</td><td>Freehold</td><td>3,927.19</td><td>Air India Limited</td><td>No.</td><td>31<sup>st</sup> March, 2022</td><td>Refer Note No. — 23.III of Standalone Ind AS Financial Statements</td></tr><tr><td>2</td><td>Other than Freehold</td><td>68,795.60</td><td>Air India Limited</td><td>No.</td><td>31<sup>st</sup> March, 2022</td><td>Refer Note No. — 23.III of Standalone Ind AS Financial Statements</td></tr><tr><td>3</td><td>Other Structures</td><td>3,316.49</td><td>Air India Limited</td><td>No.</td><td>31<sup>st</sup> March, 2022</td><td>Refer Note No. 23.III of Standalone Ind AS Financial Statements</td></tr></table> <p>* Since, we were not made available the title deeds of immovable properties, hence we are unable to comment on the period for which the properties were held.</p>	Sr. No.	Description of a property	Gross carrying value (in Rs million)	Held in the name of	Whether promoter, director or their relative or employee	Period held: indicate a range, where appropriate	Reason for not being held in the name of company *	1	Freehold	3,927.19	Air India Limited	No.	31 <sup>st</sup> March, 2022	Refer Note No. — 23.III of Standalone Ind AS Financial Statements	2	Other than Freehold	68,795.60	Air India Limited	No.	31 <sup>st</sup> March, 2022	Refer Note No. — 23.III of Standalone Ind AS Financial Statements	3	Other Structures	3,316.49	Air India Limited	No.	31 <sup>st</sup> March, 2022	Refer Note No. 23.III of Standalone Ind AS Financial Statements	process of transfer to the company from AIL.
Sr. No.	Description of a property	Gross carrying value (in Rs million)	Held in the name of	Whether promoter, director or their relative or employee	Period held: indicate a range, where appropriate	Reason for not being held in the name of company *																								
1	Freehold	3,927.19	Air India Limited	No.	31 <sup>st</sup> March, 2022	Refer Note No. — 23.III of Standalone Ind AS Financial Statements																								
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3	Other Structures	3,316.49	Air India Limited	No.	31 <sup>st</sup> March, 2022	Refer Note No. 23.III of Standalone Ind AS Financial Statements																								
	d. The company had not revalued any of its Property, Plant and Equipment’s (including “Assets included in disposable group held for sale”) during the year.	Statement of Fact																												
	e. No proceedings have been initiated during the year or are pending against the Company as at 31st March, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.	Statement of Fact																												
ii.	(a) The Company has not carried any inventory as on 31st March, 2022 as defined under Indian Accounting Standard (Ind AS 2) - Inventories. Accordingly, the provisions of clause 3 (ii) (a) of the of the order is not applicable to the Company.	Statement of Fact																												

Sl. No.	Audit Observations	Management Comments																					
	(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not been sanctioned any working capital limit during any point of time of the year from banks or financial institutions. Accordingly, the provision of clause 3 (ii) (b) of the Order is not applicable to the Company.	Statement of Fact																					
iii.	<p>(a) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company has provided loans or advances in the nature of loans, or stood guarantee, or provided security to other entities, (refer note no 22.II of the standalone Ind AS financial statements.)</p> <p>A.</p> <table border="1"> <thead> <tr> <th>Particulars</th><th></th><th>(Amount in Rs. )</th></tr> </thead> <tbody> <tr> <td>Aggregate amount granted/ provided during the year</td><td></td><td></td></tr> <tr> <td>- Subsidiary</td><td>Corporate Guarantees</td><td>Rs.3,456.14 million</td></tr> <tr> <td>- Subsidiary</td><td>SBLC</td><td>Rs.1,443.85 million</td></tr> <tr> <td>- Subsidiary</td><td>BG</td><td>Rs.537.37 million</td></tr> <tr> <td>- Subsidiary</td><td>Advance in the nature of Loan</td><td>Rs.562.50 million</td></tr> <tr> <td>Balance outstanding as at balance sheet date in respect of above cases</td><td></td><td>Rs.562.50 million</td></tr> </tbody> </table>	Particulars		(Amount in Rs. )	Aggregate amount granted/ provided during the year			- Subsidiary	Corporate Guarantees	Rs.3,456.14 million	- Subsidiary	SBLC	Rs.1,443.85 million	- Subsidiary	BG	Rs.537.37 million	- Subsidiary	Advance in the nature of Loan	Rs.562.50 million	Balance outstanding as at balance sheet date in respect of above cases		Rs.562.50 million	Statement of Fact
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Aggregate amount granted/ provided during the year																							
- Subsidiary	Corporate Guarantees	Rs.3,456.14 million																					
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- Subsidiary	Advance in the nature of Loan	Rs.562.50 million																					
Balance outstanding as at balance sheet date in respect of above cases		Rs.562.50 million																					
	(B) The company has not given any loans or advances in the nature of loans to other than subsidiaries, therefore reporting under clauses (iii) (a) (B) of paragraph 3 of the said order is not applicable to the Company.	Statement of Fact																					
	(b) According to the information and explanations given to us and on the basis of our examination of the records of the company, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are prima facie not prejudicial to the company's interest except loan in the nature of advance of Rs.562.50 million given to one of its subsidiary at interest @ 1% p.a. (refer note no 29 of the standalone Ind AS financial statements.)	The Board of Directors of the Company in its 33rd meeting dated 24/01/2022 had accorded approval for advance of Rs. 562.50 million @ 1% per annum to M/s Alliance Air Aviation limited in view of the impending transfer of ownership of M/s Alliance Air Aviation limited to Holding Company																					

Sl. No.	Audit Observations	Management Comments
	<p>(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans and advance in the nature of loan given, for Rs.562.50 million given to one of its subsidiary, there is no stipulation of interest and terms of conditions for the repayment of principal and payment of interest, hence we are able to comment as whether the repayments or receipts are regular.</p> <p>(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, since there are no term &amp; conditions of such arrangement and it doesn't not stipulate any repayment schedule, hence we are unable to comment whether the amount is overdue or not.</p> <p>(e) No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the over-dues of existing loans given to the same parties.</p> <p>(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has granted loans or advances in the nature of loans repayable on demand or without specifying any terms or period of repayment for which details are as under (refer note no 47 (a), 33B(i), 29 and 23(c)(II) of the standalone Ind AS financial statements.)</p> <p>Advances to subsidiaries amounting to Rs 51,327.18 million (including transferred from the then AIL amounting to Rs.49,839.76 million) classified as "Assets included in disposal group held for sale.</p> <ul style="list-style-type: none"> <li>• Aggregate amount of loans or advances of above nature given during the year is Rs.51,327.18 million (including accrued for Rs.916.05 million)</li> <li>• Percentage thereof to the total loans granted is 100%.</li> <li>• Aggregate amount of loans granted to Promoters, related parties as defined in clause (76) of section 2 of the Companies Act, 2013 is Nil.</li> </ul>	

<b>Sl. No.</b>	<b>Audit Observations</b>	<b>Management Comments</b>
iv	According to the information and explanations given to us and on the basis of our examination of the records, the company has given advance in the nature of loan to one of its subsidiary (refer note no 29 of the standalone Ind AS financial statements) on which interest at the rate of 1% per annum has been charged, which is in contravention to Section 186(7) of the Companies Act, 2013.	The Board of Directors of the Company in its 33rd meeting dated 24/01/2022 had accorded approval to charge an annual interest rate of 1% on the advance amount lent to M/s Alliance Air Aviation Limited. The terms of this advance do not define any repayment period and therefore is repayable on demand.  However, the Company is examining this issue, and adjustments, if any shall be made in the subsequent year(s) with the approval of the Board of Directors of the Company.
v	According to information and explanation give to us, the company has not accepted any deposits from the public within the meaning of the directives issued by Reserve Bank of India, provisions of section 73 to 76 of the Act, any other relevant provisions of the act and the relevant rules framed thereunder. According, the provisions of paragraph 3(v) of the Order is not applicable to the Company.	Statement of Fact
vi	In our opinion and according to the information and explanation give to us, maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013. Accordingly, the provisions of paragraph 3 (vi) of the order is not applicable to the Company.	Statement of Fact
vii	(a) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company is regular in depositing undisputed statutory dues including Goods and Services Tax, TDS and any other statutory dues to the extent applicable to the appropriate authorities.  According to the information and explanation given to us, no undisputed amounts in respect of above were in arrears as at 31st of March, 2022 for a period of more than six months from the date they became payable.  (b) According to the information and explanations given to us and on the basis of our examination of the records of the company, the provisions of paragraph 3 (vii) (b) of the order is not applicable to the Company.	Statement of Fact

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



Sl. No.	Audit Observations	Management Comments
x	<p>(a) The company has not raised moneys by way of initial public offer or further public offer (including debt instrument) during the year and hence reporting under clause 3 (x) (a) of paragraph 3 of the order is not applicable.</p> <p>(b) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has issued during the year 62,365,400,000 no. of equity shares of Rs. 10 each to the Government of India for amounting to Rs. 6,23,654.00 million and such fund has been utilized for the purpose for which such fund has been raised and all the provisions of the Companies act have been complied with. (Refer to note 10 and 23.b.II of the standalone Ind AS financial statements.)</p>	Statement of Fact
xi	<p>(a) During the course of our examination of the books and records of the company carried out in accordance with generally accepted auditing practice in India, and according to the information and explanations given to us, no fraud by the Company and on the Company has been noticed or reported during the year.</p> <p>(b) No report on any matter under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.</p> <p>(c) As represented to us by the management, there are no whistle-blower complaints received by the company during the year.</p>	Statement of Fact
xii	In our opinion, the company is not a Nidhi Company. Accordingly, the provisions of clause 3 (xii) (a), 3 (xii) (b) and 3 (xii) (c) of the Order is not applicable.	Statement of Fact
xiii	As per information and explanation given to us and on the basis of our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, where applicable and all the details have been disclosed in the standalone Ind AS financial statements, as required by the applicable Ind AS. (refer note no. 33 of the standalone Ind AS financial statements).	Statement of Fact

Sl. No.	Audit Observations	Management Comments
xiv	<p>(a) According to the information and explanation given to us and on the basis of examination of the records, the company has an internal audit system commensurate with the size and nature of its business which should however be further strengthened.</p> <p>(b) We have considered, the internal audit reports for the year under audit, issued to the Company.</p>	Statement of Fact
xv	According to the information and explanation given to us and on the basis of examination of the records, the company has not entered into any non-cash transactions within the meaning of section 192 of the Companies Act, 2013, with directors or persons connected with them. Accordingly, the provision of clause 3 (xv) of the order is not applicable to the Company.	Statement of Fact
xvi	<p>(a) In our Opinion and according to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3 (xvi) (a to c) of the Order is not applicable to the Company.</p> <p>(d) In our Opinion and according to the information and explanation given to us, the group does not have any Core Investment Company as defined in the regulation made by the Reserve Bank of India as part of the group. Accordingly, the provision of clause 3(xvi) (b) of the order are not applicable to the Company.</p>	Statement of Fact
xvii	According to the information and explanations given to us and based on our examination of the records of the Company, the Company has incurred cash losses of Rs.10,574.67 million in current financial year & no cash losses are found incurred in the immediately preceding financial year.	Statement of Fact
xviii	According to the information and explanations given to us, there is no resignation of the statutory auditors during the year in the Company. Accordingly, clause 3 (xviii) of the Order is not applicable to the Company.	Statement of Fact

Sl. No.	Audit Observations	Management Comments
xix	According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.	Statement of Fact
xx	According to the information and explanations given to us and base on our examination of the records of the Company, section 135 of the Companies Act, 2013 is not applicable on the Company. Accordingly, the provision of clause 3 (xx) of the Order is not applicable to the company .	

Referred to in paragraph under the heading Report on “Other Legal and Regulatory Requirements” of our Independent Auditor’s Report of even date on the Standalone Financial Statement of AI Assets Holding Ltd. (The “Company”) for the year ended on 31<sup>st</sup> Mar 2022

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

Sl. No.	Audit Observations	Management Comments
1	<p><b><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 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>	Statement of Fact
2	<p><b>Auditors’ Responsibility</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”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.</p>	Statement of Fact

Sl. No.	Audit Observations	Management Comments
	<p>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.</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>	
3	<p><b>Meaning of Internal Financial Controls Over Financial Reporting</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 authorizations of management and directors of the company; and</li> <li>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.</li> </ol>	Statement of Fact

Sl. No.	Audit Observations	Management Comments
4.	<p><b>Inherent Limitations of Internal Financial Controls Over Financial Reporting</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 may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.</p>	Statement of Fact
5	<p><b>Opinion</b></p> <p>The company has appointed independent firm of chartered accountant for the evaluation of Internal Financial Controls Over Financial Reporting, and as per our opinion on the same, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, 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>	Statement of Fact

## Annexure C

**Referred to in paragraph under the heading Report on “Other Legal and Regulatory Requirements” of our Independent Auditor’s Report of even date on the Standalone Financial Statement of AI Assets Holding Ltd. (The “Company”) for the year ended on 31<sup>st</sup> Mar 2022**

<b>Sl. No.</b>	<b>Directions under Section 143(5) of the Companies Act,2013</b>	<b>Auditor’s Comments</b>	<b>Management Comment</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	Statement of Fact
<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.	Statement of Fact
<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 for the purpose it was intended for, Further, the company had received Rs.450 million towards medical expenses for eligible employees of AIL, the company had paid Rs.391.18 million to CGHS as annual subscription for the financial year 2022-23, against this, balance grant of Rs.58.82 million was remain unspent till 31 <sup>st</sup> March, 2022.	Statement of Fact

## STANDALONE BALANCE SHEET AS AT MARCH 31, 2022

(₹ in million)

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
<b>I <u>ASSETS :</u></b>			
<b>1 <u>Non-current Assets</u></b>			
(i) Property, Plant and Equipment	2	0.04	-
(ii) Financial assets:			
a) Cash and Cash equivalents	7	-	-
b) Bank balances other than (a) above	8	2,079.26	-
c) Recoverable from Air India Limited/Govt. of India	3	-	217,549.51
d) Other Financial Assets	4	117.04	-
<b>Total Non-Current Assets</b>		<b>2,196.34</b>	<b>217,549.51</b>
<b>2 <u>Current Assets</u></b>			
(i) Financial assets:			
a) Cash and Cash equivalents	7	16,823.19	40.33
b) Bank balances other than (a) above	8	437.03	5,662.88
c) Other Financial Assets	4	443.10	4.86
d) Air India Limited Reconciliation A/c	3	7,244.48	5,879.52
(ii) Current Tax Assets (Net)	5	279.40	121.92
(iii) Other Current Assets	6	234.67	7.84
<b>Total Current Assets</b>		<b>25,461.87</b>	<b>11,717.35</b>
<b>3 Assets included in Disposal group held-for-sale</b>	9	136,788.83	-
<b>Total Assets</b>		<b>164,447.04</b>	<b>229,266.86</b>

<b>II <u>EQUITY AND LIABILITIES :</u></b>			
<b>1 <u>Equity</u></b>			
a) Equity Share Capital	10	623,654.50	0.50
b) Other Equity	11	-8,797.50	1,777.17
		614,857.00	1,777.67
c) Fund transferred to the then AIL over and above assets/ liabilities received	3	-677,518.25	-
<b>Total Equity</b>		<b>-62,661.25</b>	<b>1,777.67</b>



(₹ in million)

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
<b>2 Liabilities :</b>			
<b>(i) Non-current Liabilities</b>			
a) Financial Liabilities			
i) Borrowings	12	149,850.00	219,850.00
ii) Other Financial Liabilities	13	-	-
b) Provisions	15	-	-
<b>Total Non-Current Liabilities</b>		<b>149,850.00</b>	<b>219,850.00</b>
<b>(ii) Current Liabilities</b>			
a) Financial Liabilities			
i) Borrowings	12	70,000.00	-
ii) Trade Payables	14		
(a) Total outstanding, dues of micro and small enterprises		-	-
(b) Total outstanding, dues of creditors other than micro and small enterprises		0.97	1.16
iii) Other Financial Liabilities	13	5,576.20	5,185.72
b) Provisions	15	1.81	0.44
c) Unspent Grant-in-Aid from GOI	16	450.00	2,451.40
d) Other Current Liabilities	16	1.32	0.47
<b>Total Current Liabilities</b>		<b>76,030.30</b>	<b>7,639.19</b>
<b>3 Liabilities against assets included in disposal group held for sale</b>	17	1,227.99	-
<b>Total Equity &amp; Liabilities</b>		<b>164,447.04</b>	<b>229,266.86</b>

**Notes no. 1-51 forming integral part of the Financial Statement**

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

For and on behalf of the Board of Directors

Sd/-  
**Vikram Dev Dutt**  
Chairman and Managing Director  
DIN 02055541

Sd/-  
**S.K.Mishra**  
Director  
DIN 07728790

Sd/-  
**Ashwani Sood**  
Partner  
M.No.084242

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

Sd/-  
**Kavita Tanwar**  
Company Secretary

Place: Delhi  
Date: 03 November 2022

**STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022**

(₹ in million)

	Particulars	Note No.	2021-22	2020-21
I	Revenue from Operations		-	-
II	Other Income :			
	Rent from properties held for sale	18	838.67	1,252.49
	Other Misc. Income	18.1	19,102.70	22,115.71
III	<b>Total Income (I + II)</b>		<b>19,941.37</b>	<b>23,368.20</b>
IV	<b>Expenses:</b>			
	Employee Benefit Expenses	19	5.49	3.31
	Finance Cost	20	30,316.17	22,651.06
	Depreciation & Amortization	2	0.001	-
	Other Expenses	21	194.38	86.61
V	<b>Total Expenses</b>		<b>30,516.04</b>	<b>22,740.98</b>
VI	<b>Profit/ (Loss) before exceptional items and Tax (III-V)</b>		<b>(10,574.67)</b>	<b>627.22</b>
VII	Exceptional Items		-	-
VIII	<b>Profit/ (Loss) before Tax (VI-VII)</b>		<b>(10,574.67)</b>	<b>627.22</b>
IX	<b>Tax Expense</b>			
	1. Current Tax		-	169.16
	2. Short/ (Excess) Provision of Tax		-	21.10
	3. Deferred Tax Liability / (asset)		-	-
X	<b>Profit/ (Loss) for the Year (VIII-IX)</b>		<b>(10,574.67)</b>	<b>436.96</b>
XI	Other Comprehensive Income		-	-
	<b>Total Other Comprehensive Income</b>		<b>-</b>	<b>-</b>
XII	<b>Total Comprehensive Income for the year</b>		<b>(10,574.67)</b>	<b>436.96</b>
XIII	<b>Earning per Equity Share of Rs. 10 each</b>	38		
	Basic (Rs.)		<b>(0.60)</b>	<b>8,739.20</b>
	Diluted (Rs.)		<b>(0.60)</b>	<b>8,739.20</b>

Notes no. 1-51 forming integral part of the Financial Statement

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

For and on behalf of the Board of Directors

Sd/-  
**Vikram Dev Dutt**  
Chairman and Managing Director  
DIN 02055541

Sd/-  
**S.K.Mishra**  
Director  
DIN 07728790

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

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

Sd/-  
**Kavita Tanwar**  
Company Secretary

Place: Delhi  
Date: 03 November 2022

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022**

	(₹ in million )	
Particulars	2021-22	2020-21
<b>A Cash Flow From Operating Activities</b>		
Net Profit / (Loss) Before tax	-10,574.67	627.22
Adjustments for:		
Depreciation / Amortisation	0.001	-
Finance Cost	30,316.17	22,651.06
Interest Income	1,287.19	72.00
<b>Operating profit before working capital changes</b>	<b>18,454.31</b>	<b>23,206.28</b>
(Increase) / Decrease in Trade Receivables	-	-
(Increase) / Decrease in Other Current & Non Current Assets	-141,172.64	-858.27
Increase / (Decrease) in Trade Payables	-0.19	0.98
Increase / (Decrease) in other Current & Non current Liability	-380.71	-537.04
<b>Cash Generated from Operations</b>	<b>-123,099.23</b>	<b>21,811.95</b>
Income Tax Paid (net of refund)		-312.18
<b>Net Cash from Operating Activities</b>	<b>-123,099.23</b>	<b>21,499.77</b>
<b>B Cash Flow From Investing Activities</b>		
Acquisition of fixed assets	-0.04	-
Sale of fixed assets	-	-
Receipt of Monetization Proceeds	904.85	885.33
Receipt of assets/investment in consideration of financial assistance to AIL (Refer Note 3 & 23.c)	150,906.41	-
<b>Net Cash From Investing Activities</b>	<b>151,811.22</b>	<b>885.33</b>
<b>C Cash Flow From Financing Activities</b>		
Proceeds from Borrowings	-	-
Proceeds from issue of Share Capital	623,654.00	-
Proceeds from Government Budgetary Support	13,780.00	21,836.20
Interest Income	1,287.19	72.00
Addition support provided to AI during the FY 2021-22	-611,780.00	-
Reimbursement of interest/expenses	-30,316.17	-22,651.06
Payment for Reimbursement of interest Debt servicing/expenses	-13,780.00	-21,836.20
<b>Net Cash From Financing Activities</b>	<b>-17,154.98</b>	<b>-22,579.06</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>	<b>11,557.01</b>	<b>-193.96</b>

(₹ in million )

Particulars	2021-22	2020-21
Add: Cash and Cash Equivalents at the beginning of the Year	5,703.21	5,897.17
<b>Cash and Cash Equivalents at the end of the Year</b>	<b>17,260.22</b>	<b>5,703.21</b>
<b>Component of Cash and Cash Equivalents</b>		
Cash on hand	Nil	Nil
Balance in Current Account	40.70	40.33
Other Deposit Account	17,219.52	5,662.88
	<b>17,260.22</b>	<b>5,703.21</b>

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

#### Notes no. 1-51 forming integral part of the Financial Statement

as per our report of even date attached  
**For Ashwani Sood & Associates**  
Chartered Accountants  
**ICAI Firm Registration No. 005036N**

For and on behalf of the Board of Directors

Sd/-  
**Vikram Dev Dutt**  
Chairman and Managing Director  
DIN 02055541

Sd/-  
**S.K.Mishra**  
Director  
DIN 07728790

Sd/-  
**Ashwani Sood**  
Partner  
M.No.084242

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

Sd/-  
**Kavita Tanwar**  
Company Secretary

Place: Delhi  
Date: 03 November 2022

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

(₹ in million)

<b>A. Equity Share Capital</b>	<b>As at 31 MARCH, 2022</b>	<b>As at 31 MARCH, 2021</b>
Balance at the beginning of the reporting year	0.50	0.50
Changes in equity share capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	0.50	0.50
Changes in equity share capital during the year		
Add: Equity Shares allotted during the year	623,654.00	-
Less: Buybacks	-	-
<b>Balance at the end of reporting year</b>	<b>623,654.50</b>	<b>0.50</b>

(₹ in million)

Particulars	Other Equity		Total equity attributable to equity Holders of the company
	Reserves and Surplus	Other comprehensive income - Reserve	
	Retained Earnings	Remeasurement of defined benefit plans	
<b>Balance as at 31 March 2021</b>	1,777.17	-	<b>1,777.17</b>
Effect of Deferred Tax Asset of earlier years	-	-	-
Profit for the Year	-10,574.67	-	<b>-10,574.67</b>
Other Comprehensive Income/(loss)	-	-	-
<b>Balance as at 31 March 2022</b>	<b>-8,797.50</b>	-	<b>-8,797.50</b>
Funds transferred to the then AIL over and above assets/ liabilities received	-677,518.25	-	-677,518.25
<b>Balance as at 31 March 2020</b>	1,340.21	-	<b>1,340.21</b>
Effect of Deferred Tax Asset of earlier years	-	-	-
Profit for the Year	436.96	-	<b>436.96</b>
Other Comprehensive Income/(loss)	-	-	-
<b>Balance as at 31 March 2021</b>	<b>1,777.17</b>	-	<b>1,777.17</b>

## Notes no. 1-51 forming integral part of the Financial Statement

As Per Our Report Of Even Date Attached

For and on behalf of the Board of Directors

## For Ashwani Sood &amp; Associates

Chartered Accountants

ICAI Firm Registration No. 005036N

Sd/-  
**Vikram Dev Dutt**  
 Chairman and Managing Director  
 DIN 02055541

Sd/-  
**S.K. Mishra**  
 Director  
 DIN 07728790

Sd/-  
**Ashwani Sood**  
 Partner  
 M.No.084242

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

Sd/-  
**Kavita Tanwar**  
 Company Secretary

Place: Delhi  
 Date: 03 November 2022

## Notes to Standalone Financial Statements for the year ended 31st March, 2022

## NOTE NO. - 1

## 1. COMPANY INFORMATION / OVERVIEW:

## (i) Corporate Information:

AI Assets Holding Limited, “the Company” (a 100% Government of India Company) is a special purpose vehicle company (SPV) incorporated in India on 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.

The Standalone Financial Statements for the year ended 31st March, 2022 have been approved by the Board of directors of the Company in their meeting held on 03 November 2022.

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

## (i) Statement of Compliance:

The Financial Statements of the company for the year ended 31st March 2022 have been prepared in accordance with Indian Accounting Standards (Ind AS). under the historical cost convention on accrual basis except for certain financial assets and liabilities which are measured at fair values, the provisions of the Companies Act, 2013 (“the Act”) (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, and relevant amendment rules issued thereafter. Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. As the year-end figures are taken from the source and rounded to the nearest digits, the figures reported for the previous quarters might not always add up to the yearend figures reported in this statement.

## (ii) Basis of preparation and presentation:

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

**Notes to Standalone Financial Statements for the year ended 31st March, 2022**

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

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

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

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

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

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

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

The Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below:

**a. Ind AS 16, *Property Plant and equipment* :**

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognized in the profit or loss but deducted

**Notes to Standalone Financial Statements for the year ended 31st March, 2022**

from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

**b. Ind AS 37, *Provisions, Contingent Liabilities, and Contingent Assets*:**

The amendment specifies that the 'cost of fulfilling a contract comprises the 'costs that relate directly to the contract. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, and materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant, and equipment used in fulfilling the contract).

**c. Ind AS - 103 Business Combination:**

The amendment specifies that for identified assets and liabilities to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired, and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date.

**d. Ind AS 109 - Financial instruments :**

The amendment clarifies while performing the '10 percent test' for de-recognition of financial liabilities; borrower includes only fees paid or received between borrower and lender directly or on behalf of the other's behalf.

**e. Ind AS 116-Annual Improvement to Ind AS-** The amendment removes the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration.**(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 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) Functional Currency**

Currency of the primary economic environment in which the Company operates ("the Functional Currency") is Indian Rupee (Rs.) in which the Company primarily generates



**Notes to Standalone Financial Statements for the year ended 31st March, 2022**

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

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

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

**3. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS****I. PROPERTY, PLANT AND EQUIPMENT**

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

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

**b. Physical Verification of Assets:**

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

**Notes to Standalone Financial Statements for the year ended 31st March, 2022****II. DEPRECIATION / AMORTIZATION**

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

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

**III. DISPOSAL GROUP HELD FOR SALE**

Assets included and identified for sale / divestment purposes are classified as held for sale if it is highly probable that they will be recovered primarily through sale in its present condition rather than through continuing use and are measured at the lower of carrying amount and fair value less costs to sell. The same are measured at the lower of carrying amount and fair value less cost to sell except for assets such as deferred tax assets, assets arising from employee benefits, financial assets which are specifically exempt from this requirement. No depreciation is provided, while the asset is classified as held for sale. The assets held for sale and assets of a disposal group classified as held for sale are presented separately from the other assets in the Balance sheet and the liabilities of a disposal group classified as held for sale are presented separately from the other liabilities in the Balance sheet. A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately in the Statement of Profit and Loss.

**IV. LEASES****As a lessee:**

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

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

**Notes to Standalone Financial Statements for the year ended 31st March, 2022**

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

**As a Lessor:**

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease, transfers substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the ROU asset arising from the head lease. For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

**V. REVENUE RECOGNITION**

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

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

- Identifying the contract;
  - Identifying the performance obligations in the contract;
  - Determining the transaction price;
  - Allocating that transaction price to the performance obligations; and
  - Finally recognizing the revenue as those performance obligations are satisfied.
- a) Revenue grants received from Government with conditions and obligations has been accounted for as income approach showing grant as income to the extent grant fund used and matched with associated expenses, which the grant is intended to compensate. However, if the grants are in the nature of promoters' contribution, the same will be credited directly to the Shareholder's Fund as per capital approach.
  - b) Interest income is recognized on a time proportion basis as per effective interest rate.

**Notes to Standalone Financial Statements for the year ended 31st March, 2022**

- c) Rental and Maintenance Income:- Revenue in respect of rental and maintenance services is recognized on an accrual basis, in accordance with the terms of the respective contract as and when the Company satisfies performance obligations by delivering the services as per contractual agreed terms.
- d) Revenue from sale of properties is recognized at the Point in Time w.r.t. sale of real estate units, including land, plots, apartments, commercial units etc. as and when the control passes on to the customer which coincides with handing over of the possession to the customer. However, Cost of constructed properties includes cost of land (including cost of development rights/ land under agreements to purchase), estimated internal development costs, external development charges, borrowing costs, overheads, construction costs and development/ construction materials, which is charged to the statement of profit and loss based on the revenue recognized as explained above in consonance with the concept of matching costs and revenue.
- e) The claim receivable from Insurance Company is accounted for on the acceptance by the Insurance Company of such claims.
- f) Credit notes received are recognized on acceptance of claim/receipt of credit note.

**VI. BORROWING COST**

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

**VII. IMPAIRMENT OF NON FINANCIAL ASSETS**

The Company assesses at each Balance Sheet date whether there is any indication that carrying amount of its non - financial asset has been impaired. If any such indication exists, the provision for impairment is made in accordance with IND AS-36. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. If such assets are considered to be impaired,

**Notes to Standalone Financial Statements for the year ended 31st March, 2022**

the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognized for the asset in prior years.

**VIII. TAX ON INCOME****Current income tax**

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

**Deferred Tax**

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

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

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

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

**Minimum alternate tax (MAT)** paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognizes MAT credit available as an asset

## Notes to Standalone Financial Statements for the year ended 31st March, 2022

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

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

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

### IX. EMPLOYEES BENEFITS

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

b. **Post-employment benefits:**

**Defined Contribution Plans** consists of contribution to Employees Provident Fund. Salaries of the employees of the Company are exceeding the threshold limit as prescribed in Employees' Provident Fund Scheme, 1952. Hence the same is not applicable including ESI.

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

### X. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

- i. Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events, and it is probable that there will be an outflow of resources.
- ii. Contingent liabilities are not provided for and are stated by way of notes to accounts. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.
- iii. Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent asset is disclosed, when an inflow of economic benefits is probable.

## Notes to Standalone Financial Statements for the year ended 31st March, 2022

**XI. CASH AND CASH EQUIVALENTS**

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

**XII. EARNINGS PER SHARE**

Basic earnings per equity share are computed by dividing the net profit after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing adjusted net profit after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares during the year.

**XIII. FINANCIAL INSTRUMENTS**

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

**(a) Financial assets****(i) Classification**

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

**(ii) Initial recognition and measurement**

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

**(iii) Subsequent measurement**

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

- **Financial assets carried at amortized cost**

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

## Notes to Standalone Financial Statements for the year ended 31st March, 2022

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

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

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

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

**(iv) Derecognition**

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

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

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

**(vi) Write-off**

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

**(b) Financial Liabilities**

**(i) Initial recognition and measurement**

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



## Notes to Standalone Financial Statements for the year ended 31st March, 2022

**(ii) Classification**

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

**(iii) Subsequent measurement**

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

- **Financial liabilities at amortized cost**

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

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

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

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

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

**(iv) Derecognition**

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

**(v) Offsetting of financial instruments**

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

**Notes to Standalone Financial Statements for the year ended 31st March, 2022****XIV. CASH FLOW STATEMENT**

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

**XV. CONTRACT BALANCES:****i) Contract assets**

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

**ii) Contract Liabilities**

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

**iii) Refund Liabilities**

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

**XVI. MATERIALITY THRESHOLD LIMITS:**

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

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

## Statement of Significant Accounting Policies and other Explanatory Notes

## Notes To Standalone Financial Statements For The Year Ended March 31, 2022

## NOTE 2: PROPERTY, PLANT &amp; EQUIPMENT

(₹ in million)

Particulars	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	As at April 01, 2021	Additions	Other Adjustments	Disposals / Adjustments	As at March 31, 2022	As at April 01, 2021	For the year	Deductions/ Adjustments	Total Upto March 31, 2022	As at March 31, 2022	As at March 31, 2021
<b>TANGIBLE ASSETS :</b>											
a) Office Equipment	-	0.040	-	-	0.040	-	0.001	-	0.001	0.039	-
<b>TOTAL FOR TANGIBLE ASSETS</b>	-	0.040	-	-	0.040	-	0.001	-	0.001	0.039	-
<b>PREVIOUS YEAR</b>	-	-	-	-	-	-	-	-	-	-	-

## NOTE 3: RECOVERABLE FROM AIR INDIA LIMITED

(₹ in million)

Sl. No.	Particulars	Non - Current		Current	
		As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
<b>A</b>	<b>FUNDS TRANSFERRED TO THE THEN AIL</b>				
i	NCDs proceeds (including ₹ 790 million monetization proceeds) transferred by the company in the FY 2019-20 to the then AIL towards repayment of identified Loans (Refer Note No. 23.b.I)	220,640.00	220,640.00	-	-
ii	Add:- Additional support provided to AI during the FY 2021-22 (Refer Note No. 23.b.II)	611,780.00	-		
iii	Less:- Fund unspent refunded by the then AIL in the FY 2021-22 (Refer Note No. 23.b.II)	470.42	-		
	<b>Net Fund Transferred to the then AIL {excluding Government grants as referred in Note No. 24} (A)</b>	<b>831,949.58</b>	<b>220,640.00</b>	<b>-</b>	<b>-</b>
<b>B</b>	<b>ASSETS/MONETIZATION PROCEEDS/ LIABILITY TRANSFERRED BY THE THEN AIL TO THE COMPANY</b>				
i	Monetization Proceeds (Net) from sale of Identified Properties (Refer Note No. 23.c.I)	3,995.34	3,090.49	-	-
ii	Investment into four Subsidiaries from the then AIL to the AIAHL (Refer Note No. 23.c.II)	8,179.41			
iii	Recoverable outstanding with Subsidiaries of the then AIL transferred to the Company (Refer Note No. 23.c.II)	49,839.76	-	-	-

(₹ in million)

Sl. No.	Particulars	Non - Current		Current	
		As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
iv	Immovable properties transferred to the company (Refer Note No. 23.c.III)	76,039.28	-	-	-
	Less:-Adv. Received from AIL against sale of immovable properties transferred to the company (Refer Note No. 25.ii)	-385.76	-	-	-
v	Movable Assets (workshop equipment, Plant & Machinery, Ground Handling, Ramp Equipment, Furniture & Fixture, Electrical Fittings and Office Appliances) inclusive of GST (Refer Note No. 23.c.III)	1,494.48	-	-	-
vi	Recoverable of Garnishment of Fund by IATA in Devas Case (Refer Note No. 23.c.IV)	1,322.93	-	-	-
vii	Recoverable from DRDO by the then AIL transferred to the Company (Refer Note No. 23.c.V)	2,657.43	-	-	-
viii	Prepayment charges paid on NCDs of ₹74000million of the then AIL (pending novation in the name of the Company) (Refer Note No. 23.c.VI)	8,918.68	-	-	-
ix	Sale proceeds of investment in shares of Air Mauritius transferred to the Company (Refer Note No. 23.c.VII)	45.61	-	-	-
x	Advance paid by the then AIL to MADC for MRO Nagpur Land (Refer Note No. 23.c.VIII)	114.00	-	-	-
xi	Amount withheld against PSS (AMADEUS) implementation fees as on 31-12-2021 (Refer Note No. 23.c.IX)	309.61	-	-	-
xii	Amount withheld against Provision for 6 aircraft maint.. Given short in flying condition (\$40 Million) (Refer Note No. 23.c.X)	3,000.00	-	-	-
xiii	Scrap proceeds recoverable from AI	0.09	-	-	-
xiv	Monetization proceeds Samata Nagar Property payable (Refer Note No. 23.c.XI)	-50.28	-	-	-
xv	Advance Nerul HSG Project Payable (Refer Note No. 23.c.XII)	-415.33	-	-	-
xvi	CIDCO Expense Payable (Refer Note No. 23.c.XIII)	-376.62	-	-	-
xvii	Profit on Sale of 13 Properties after disinvestment of the then AIL (Refer Note No. 30)	-257.30	-	-	-

(₹ in million)

Sl. No.	Particulars	Non - Current		Current	
		As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
	Value of assets/liabilities transferred by the then AIL (B)	154,431.33			
	Fund transferred to the then AIL over and above assets/liabilities received has been grouped under the "Other Equity" (A-B)#	677,518.25	-	-	-
C	Air India Limited Reconciliation A/c (Refer Note No - 44.i)	-	-	7,244.48	5,879.52
	Net Recoverable from Air India Limited	-	217,549.51	7,244.48	5,879.52

#The above data are based on the information provided by the then AIL to the company and the excess amount transferred by the company over the assets/liabilities received amounting to ₹6,77,518.24 million has been grouped under the "other equity". However, the company has not accepted a asset/liability transferred to the company as mentioned below in note no. 23.c.III and 44.i. (i.e. cost of one flat located at 6B, Shriram Apartments, Middleton Street, Kolkata for ₹10.09 million and corresponding sale consideration as advance of ₹ 20.15 million and adjustment of ₹ 955.91 million interest prior to 1st October 2018 adjusted by AIL in its RFATR A/c). Hence there will a difference to that extent in Air India Recoverable A/c in the books of the company and signed RFATR A/c as submitted by AIL on 12th October, 2022.

The company has reminded AIL vide emails, latest dated 20 Oct 2022 to provide the details of remaining assets and liabilities (other than above), if any, to be transferred by the then AIL, as per government decisions, for which details/information is yet to be provided. Further, AIL has not provided the breakup of the above balance amount and the details of current assets equal to current liabilities etc.

Further, as per Note 23.b.II, total amount of ₹6,11,309.58 million transferred by the Company to the then AIL during the FY 2021-22 and utilization thereof by the then AIL are based on the information/documents provided by the management of the AIL.

#### NOTE 4: OTHER FINANCIAL ASSETS

(₹ in million)

Particulars	Non - Current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Security Deposits#	-	-	0.01	0.01
Interest Accrued but not due on FDs	3.04	-	50.35	4.85
Other-Imprest Advance	-	-	-	-
Prepaid Expenses (Refer Note No - 24.ii)	-	-	391.18	-
Accrued Rental Income (Refer Note No 27.i)	-	-	1.56	-
Advance Paid to MADC for MRO Nagpur Land (Refer Note No 23.c.VIII)	114.00	-	-	-
<b>Total</b>	<b>117.04</b>	<b>-</b>	<b>443.10</b>	<b>4.86</b>

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

**NOTE 5: INCOME TAX ASSETS (Net)**

(₹ in million)

Particulars	Non - Current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Tax Deducted at source	-	-	127.99	3.18
Advance Self Assessment Tax	-	-	26.00	287.90
Less: Provision for Tax	-	-	-	-169.16
Income Tax Refund	-	-	125.41	-
<b>Total</b>		-	<b>279.40</b>	<b>121.92</b>

Refer Note no. 36

**NOTE 6: OTHER CURRENT ASSETS**

(₹ in million)

Particulars	Non - Current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
GST ITC Balance	-	-	234.67	7.84
<b>Total</b>	-	-	<b>234.67</b>	<b>7.84</b>

**NOTE 7: CASH AND CASH EQUIVALENTS**

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Cash and Cash Equivalents</b>		
Cash on hand	-	-
Balance with Bank :		
Current Account	40.70	40.33
Fixed Deposits less than 3 months*	16,782.49	-
<b>Total</b>	<b>16,823.19</b>	<b>40.33</b>

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

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

(₹ in million)

Particulars	Non - Current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Fixed Deposit against Margin Money for Alliance Air Aviation Ltd.'s SBLC/BG (Refer Note No - 22.II)	2,079.26	-	-	-
Earmarked balances as Fixed Deposit**	-	-	-	5,521.80
Other Fixed Deposits***	-	-	437.03	141.08
<b>Total</b>	<b>2,079.26</b>	-	<b>437.03</b>	<b>5,662.88</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.

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

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

₹ in million

Particulars	31-Mar-22	31-Mar-21
<b>1. Properties</b>		
a) Movable Properties (Refer Note No 25.viii and 23.c.III)	1,268.00	-
b) Immovable Properties # (net of impairment and advances) (Refer Note No 25. i to vii, 23.c.III & 42)	76,014.25	-
<b>2. Investment in Subsidiary Companies (Refer Note No 25.ix &amp; 23.c.II)</b>		
a) 138,424,200 Equity Shares of Rs.10 each fully paid up in AI Airport Services Limited	1,384.24	-
(Previous Year : Nil Equity Shares)		
b) 166,666,500 Equity Shares of Rs.10 each fully paid up in AI Engineering Services Limited	1,666.66	-
(Previous Year : Nil Equity Shares)		
c) 40,225,000 Equity Shares of Rs 100/- each fully paid up in Alliance Air Aviation Limited	4,022.50	-
(Previous Year : Nil Equity Shares)		
d) 11,060,000 Equity Shares of Rs.100 each fully paid up in Hotel Corporation of India Limited	1,106.00	-
(Previous Year : Nil Equity Shares)		
<b>3.i. Recoverable from Subsidiaries Companies transferred by the then AIL (Refer Note No 25.ix and 23.c.II)</b>		
a) Recoverable From AAAL	23,345.27	
b) Recoverable From AIASL	386.56	
c) Recoverable From AIESL	21,175.63	
d) Recoverable From HCI	4,932.30	
<b>3.ii. Other Recoverable from Subsidiaries</b>		
a) Advance to AAAL (Refer Note No 29)	562.50	
b) Interest on Recoverable from Subsidiaries Companies t/f by AI) (Refer Note No 29)	924.92	
<b>Total</b>	<b>136,788.83</b>	<b>-</b>

Also refer Note No. 23 and 25

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

			₹ in million
Sl.No.	Particulars	31-Mar-22	31-Mar-21
1	03 Flats, Gazdar Schemes, Khar, Mumbai	24.93	-
2	04 Flats, Sterling Apts., 3, Rao Tularam Marg, Sector 12, R.K. Puram, New Delhi	0.00	-
3	06 Residential Plots, Charkop, Kandivali, Mumbai	0.00	-
4	08 Flats at Asiad Village Complex, New Delhi	128.34	-
5	08 Flats, Jharneshwar Housing Complex, TT Nagar, Bhopal	0.00	-
6	12 Flats at Sardar Colony, Jamnagar	0.00	-
7	12 Residential Apts., 13 Mullen Street, Ballygunge, Kolkata	164.69	-
8	13 Flats, Aquarius-Taurus, CHSL Maurya Rd., Mumbai (W)	7.38	-
9	13 Residential Apts., Sohini Apts. 18/2A – 1 Ddai Shankar Sarani, Golf Greens, Kolkata	2.53	-
10	14 Exec. Flats, Pali Hill Bandra, Mumbai	294.00	-
11	20 Residential Exec. Flats, JVPD- Vile Parle, Mumbai	0.00	-
12	60 Flats at Samta Nagar, Kandivali (E) Mumbai	198.95	-
13	A1B, Plot No.235, CSKO, 1909 of Fort Division, Nariman Point, Mumbai	5,620.94	-
14	AI Housing Colony, Vasant Vihar, New Delhi	51,399.85	-
15	AI Plot of Land at Baba Kharak Singh Marg, New Delhi	4,770.66	-
16	Air India Hqrs., Airlines House, 113, Gurudwara Rakabganj Road, New Delhi	468.59	-
17	Airlines House, 39, C.R. Avenue, Kolkata	95.14	-
18	Airlines House, CBO, Hat Hill, Lal Baug, Mangalore	92.78	-
19	Booking Office, Museum Rd., Vellayambalam, Thiruvananthapuram	0.00	-
20	Bungalow Plot No. ASL-56 Survey No. 925 in Ashwin L at New Nashik	0.00	-
21	CBO, 10/59 Bhadbhada Road, TT Nagar, Bhopal	0.00	-
22	CBO, 169/152, Yadunath Marg, Varanasi	0.00	-
23	CBO, Civil Lines, Nagpur	146.79	-
24	CBO Cum 06 Residential Qtrs. at 2, West Patel Nagar, Circuit House Road, Jodhpur	0.00	-
25	CBO, Durbar Hall Road, Cochin and Collis Estate, MG Road, Cochin	0.00	-
26	CBO, Plot No.8 Type VII/2.7 Area Unit I in the New Capital Area, Bhubaneswar	0.00	-
27	CBO, Sector-34A, Chandigarh	0.00	-
28	CBO, Sy No – 2309/5, Aberdeen Village, Tagore Road, Port Blair	0.00	-
29	City Booking Office, Mascot Junction, Thiruvananthapuram	38.25	-
30	Commercial Land at Ganeshguri, Guwahati	2.77	-
31	Commercial Land at Plot Nos. 951, 953 & 954, Ward No. 1, Street No. 46, Revenue Village – Muharrampur, East Gandhi Maidan, Patna	0.00	-
32	Commercial Land at Rail Head Complex, Rakh Bahu, Residency Rd., Jammu	0.00	-
33	Commercial Land for Booking Office at Jamnagar	0.00	-
34	Commercial Office at Slough Mathisen Way, Colnbrook, London	410.95	-



			₹ in million
Sl.No.	Particulars	31-Mar-22	31-Mar-21
35	Commercial Space for CBO, IInd Floor, Dr. B.R. Ambedkar Market Complex, Hill Curt Road, Dist. Darjeeling (WB), Bagdogra (Siliguri)	0.44	-
36	Flat-102, Diana Apt, Mangalore	2.69	-
37	Flat No.31/1, Dr. M.G. Ramchandran Road, Besant Nagar, Chennai	5.18	-
38	Flat S1, Madhuvan Apt. Mangalore	0.53	-
39	Indian Airline Housing Colony & Sports Stadium, Mennambakkan, Chennai	1,336.74	-
40	Land At Nerul Purchased From CIDCO (NB)	24.58	-
41	Land & Bldg. at AI Unity Complex, Chennai	129.10	-
42	Land & Building for Booking Office, Airlines House, Ganga Jalia Talav, Bhavnagar	0.00	-
43	Land & Building for Booking Office, Airlines House, Lal Darwaja, Ahmedabad	0.00	-
44	Land & Building for Booking Office, Airlines House, Station Road, Near SBI, Bhuj	16.81	-
45	Land For Aircraft Maint Base Trivandrum	282.60	-
46	Land for Booking Office & Air Cargo Complex, Polo View, Near Sher-I- Kashmir Park, Maisuma Tehsil Khas, Srinagar	0.00	-
47	Land for Booking Office, T.P. Scheme No.9, Plot No.1, Vadodara	0.00	-
48	Land for Housing Colony (13 Flats), Vidyadhar Housing Colony, Khasra No.16C & 17K, SADA, Khajuraho	0.00	-
49	Land for Housing Colony at Gangamuthanahalli, Bengaluru	43.58	-
50	Land for Housing Colony at NCC Nagar, Thiruvananthapuram	12.86	-
51	Land for Staff Quarters at Sardar Nagar, Site No.1 Vibhag-1, Hansol, Near Indira Bridge, Ahmedabad	0.00	-
52	Land for Staff Quarters, No.1 to 11, Moti Magri Scheme, Udaipur	0.00	-
53	Manager's Residence, House No.24, Mugumo Rd., Lavington, Nairobi	28.78	-
54	Other Structure & Buildings including New Operation Building Kolkata	3,316.49	-
55	Residential Complex, Central Training Establishment	2,262.40	-
56	Residential Land at 26/607, Maharani Laxmi Bai Road, Gwalior	49.61	-
57	Residential Land at Malviya Nagar Scheme B-Block Railway Station Road, Jaipur	0.00	-
58	Residential Land at Sector-3, Trikuta Nagar, Jammu	0.00	-
59	Residential Land, E Type Staff Quarters, Unit VIII in New Capital Area, Bhubaneswar	0.00	-
60	Residential Plot for Staff Quarters at Khaikhali, Kolkata	100.90	-
61	Residential Plot No.24, Sector 27, CIDCO, Nerul, Navi Mumbai	4,558.46	-
62	Residential Plot No-43, 44, 78 & 79, Village Nana Mava Rajkot	0.00	-
63	Share in Krupanidhi Bldg., Mumbai.	0.00	-
64	Space for CBO, Nehru Place Commercial Complex, Tonk Road, Jaipur	0.00	-

			₹ in million
Sl.No.	Particulars	31-Mar-22	31-Mar-21
65	Vacant Land at Plot No. 1 & 4 Under Dag No. 404 & 405 of Patta No. 180, Mouza Dibrugarh Town, Ward – Gabherupathar, Dist, Lakhimpur, Sub- District - Dibrugarh, (Assam)	0.00	-
66	Vacant Residential Land at Dag No. 487, Village Borjhar, Mouza – Kakhin Rani Under Palasbari Circle, Guwahati (Assam)	0.00	-
<b>Total</b>		<b>76,039.29</b>	-
<b>Less: Impairment</b>		<b>25.03</b>	-
<b>Total Net of Impairment</b>		<b>76,014.26</b>	-

**NOTE 10: EQUITY SHARE CAPITAL**

Particulars	As at 31-Mar-22		As at 31-Mar-21	
	Number in Million	₹ in million	Number in Million	₹ in million
<b>Authorised Capital</b>				
Equity Shares of Rs 10/- each	70,000.00	700,000.00	0.05	0.50
<b>Issued, Subscribed and Fully Paid up Capital</b>				
Equity Shares of Rs 10/- each	62,365.45	623,654.50	0.05	0.50
	<b>62,365.45</b>	<b>623,654.50</b>	<b>0.05</b>	<b>0.50</b>

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

Name of Shareholder	As at 31-Mar-22		As at 31-Mar-21	
	Number of shares held in million	%	Number of shares held in million	%
Min. of Civil Aviation Representatives, Govt. of India, on behalf of the President of India	62,365.45	100%	0.05	100%

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

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

Particulars	As at 31-Mar-22		As at 31-Mar-21	
	Number in Million	₹ in million	Number in Million	₹ in million
At the beginning of the year	0.05	0.50	0.05	0.50
Issued during the Year	62,365.40	623,654.00	-	-
<b>Outstanding at the end of the year</b>	<b>62,365.45</b>	<b>623,654.50</b>	<b>0.05</b>	<b>0.50</b>

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, 2018 to the date of Balance Sheet.

Share allotted pursuant to contract without payment being received in cash and share bought back during the period of 5 year immediately preceding the reporting date is Nil (Previous Year: Nil).

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

**Promoter's shareholding\***

Name of Promoter	As at 31-Mar-22		As at 31-Mar-21	
	Number of shares held (in million)	%	Number of shares held (in million)	%
Min. of Civil Aviation Representatives, Govt. of India, on behalf of the President of India	62,365.45	100%	0.05	100%

\*There has been no change in the % of promoter holding during the year. The Company has only one class of equity shares (Refer note 10).

**NOTE 11: OTHER EQUITY**

Particulars	₹ in million		₹ in million	
	As at 31-Mar-22		As at 31-Mar-21	
<b>Surplus in Profit and Loss Account:</b>				
Balance as per last Balance Sheet	-	1,777.17		1,340.21
Profit for the year	-10,574.67		436.96	
Less:				
Transfer to General Reserve	-	-	-	-
Add: Prior Period Adjustments	-	-	-	-
Less: Prior Period Adjustments	-	-	-	-
Net Surplus		-10,574.67		436.96
<b>Total Reserves &amp; Surplus</b>		<b>-8,797.50</b>		<b>1,777.17</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.

**NOTE 12: BORROWINGS**

(Refer Note No - 22.III)

Particulars	(₹ in million)			
	Non - Current		Current	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
6.99% Debentures Series I-Tenure 3 Yrs 3 months-Gol fully serviced*	-	70,000.00	70,000.00	-
7.39% Debentures Series II-Tenure 10 Yrs-Gol assured for servicing and repayment	70,000.00	70,000.00	-	-
7.39% Debentures Series III-Tenure 10 Yrs-Gol assured for servicing and repayment	79,850.00	79,850.00	-	-
<b>Total</b>	<b>149,850.00</b>	<b>219,850.00</b>	<b>70,000.00</b>	<b>-</b>

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

\*Series I, 6.99% Debentures will be repaid in December, 2022.

**NOTE 13: OTHER FINANCIAL LIABILITIES**

(₹ in million)

Particulars	Non - Current		Current	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Interest Accrued on Bonds but not due for payment	-	-	5,185.72	5,185.72
Deposit transferred - JDC arrears against housing colonies*	-	-	390.48	-
<b>Total</b>	-	-	<b>5,576.20</b>	<b>5,185.72</b>

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

**NOTE 14: TRADE PAYABLES**

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Trade Payables		
- Micro Small and Medium Enterprises	-	-
- Other Payables	0.97	1.16
<b>Total</b>	<b>0.97</b>	<b>1.16</b>

**NOTE 14.1: AGEING OF TRADE PAYABLES**

(₹ in million)

**AS AT MARCH 31, 2022**

Particulars	Unbilled	Outstanding for following periods				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed dues (MSME)	-	-	-	-	-	-
(i) Undisputed dues (Others)	-	0.93	0.04	-	-	<b>0.97</b>
(iii) Disputed dues (MSME)	-	-	-	-	-	-
(iv) Disputed dues (Others)	-	-	-	-	-	-
<b>Total</b>	-	<b>0.93</b>	<b>0.04</b>	-	-	<b>0.97</b>

**AS AT MARCH 31, 2021**

(₹ in million)

Particulars	Unbilled	Outstanding for following periods				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed dues (MSEs)	-	-	-	-	-	-
(i) Undisputed dues (Others)	-	1.16	-	-	-	<b>1.16</b>
(iii) Disputed dues (MSEs)	-	-	-	-	-	-
(iv) Disputed dues (Others)	-	-	-	-	-	-
<b>Total</b>	-	<b>1.16</b>	-	-	-	<b>1.16</b>

**NOTE 15: PROVISIONS**

(₹ in million)

Particulars	Non - Current		Current	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Provision for Tax	-	-	-	-
Provision for Expenses	-	-	1.81	0.44
<b>Total</b>	-	-	<b>1.81</b>	<b>0.44</b>

**NOTE 16: OTHER CURRENT LIABILITIES**

(₹ in million)

Particulars	As at 31-Mar-22	As at 31-Mar-21
<b>A. Unspent Grant as on 31-03-2022</b>		
Unspent Grant-in-aid from Government of India towards servicing of interest of NCDs Series-1, Series-2 and Series-3 of AIAHL	-	408.26
Unspent Grant-in-aid received from Government of India towards servicing of interest obligation of the then AIL issued Rs.7400 cr. NCDs pending Novation to AIAHL	-	2,043.14
Grant-in-Aid for CGHS	400.00	-
Grant-in-Aid for NHA	50.00	-
<b>Total A (Refer Note no. 24.i &amp; ii)</b>	<b>450.00</b>	<b>2,451.40</b>
<b>B. Other Current Liabilities</b>		
Salary Payable	1.06	0.23
Statutory Dues	0.16	0.24
Other	0.10	-
<b>Total B</b>	<b>1.32</b>	<b>0.47</b>
<b>Total (A+B)</b>	<b>451.32</b>	<b>2,451.87</b>

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

(TRANSFERRED BY THE THEN AIL):-

(₹ in million)

Particulars	31-Mar-22	31-Mar-21
Advance Received against sale of Properties (Refer Note No - 25.ii)	385.76	-
Advance CIDCO Nerul HSG Project (Refer Note No 23.c.XII)	415.33	-
Expense Payable - CIDCO Nerul Properties (Refer Note No 23.c.XIII)	376.62	-
Monetization Proceeds Samata Nagar Property (Refer Note No 23.c.XI)	50.28	-
<b>Total</b>	<b>1,227.99</b>	<b>-</b>

**NOTE 18: OTHER INCOME**

(₹ in million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Rent from properties held for sale (Refer Note No 27.i)	838.67	1,252.49
<b>Total</b>	<b>838.67</b>	<b>1,252.49</b>

**NOTE 18.1: OTHER MISC. INCOME**

(₹ in million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Grant-in-aid from Gol (Refer Note No-24.i)	16,231.41	21,830.08
Revenue share of AIASL transferred by the then AIL (Refer Note No 27.ii)	356.53	213.57
Interest Income on FDRs (Refer Note No-28)	1,287.19	72.00
Interest on outstanding recoveries of subsidiaries (Refer Note No. - 29)	916.05	-
Advance Forfeited by the then AIL transferred to the company	50.69	-
Profit on Properties sold (Refer Note No. 30)	257.30	-
Misc. Income	3.53	0.06
<b>Total</b>	<b>19,102.70</b>	<b>22,115.71</b>

**NOTE 19: EMPLOYEE BENEFIT EXPENSES**

(₹ in million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Salaries and Wages	5.49	3.31
<b>Total</b>	<b>5.49</b>	<b>3.31</b>

**NOTE 20: FINANCE COST**

(₹ in million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Interest on Bonds of AIAHL	15,966.91	15,944.09
Reimbursement of Interest of Identified Debts of the then AIL	5,430.58	6,706.97
Prepayment Charges on the then AIL's NCDs (Refer Note No. - 23.c.VI)	8,918.68	-
<b>Total</b>	<b>30,316.17</b>	<b>22,651.06</b>

**NOTE 21: OTHER EXPENSES**

(₹ in million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
NCD's & Equity Related Expenses	37.54	7.54
Legal and Professional Expenses (Refer Note No - 27.i)	2.64	0.87
Meeting Related Expenses	0.09	-
Advertisement Expenses	1.75	0.01
Bank Charges	0.01	0.01
Conveyance & Fuel Expenses	0.09	0.02
Building Maintenance Expenses (Refer Note No - 27.i)	100.82	77.64
Impairment of Assets included disposal group held for sale	25.03	-
Manpower Supply services	0.18	-
Printing & Stationary	0.25	0.09
ROC Filing Fees	25.01	0.01
Telephone Expenses	-	-
Travel Expenses	0.16	-
Office Expenses	0.13	-

Particulars	(₹ in million)	
	Year ended March 31, 2022	Year ended March 31, 2021
Misc. Expenses	0.07	0.10
<b>Remuneration To Statutory Auditor</b>		
- Audit fees	0.30	0.15
- Out of Pocket Expenses	0.03	0.02
Other audit fees (Tax, Internal Audit & Limited Review Fees)	0.28	0.15
<b>Total</b>	<b>194.38</b>	<b>86.61</b>

In the Notes of the Financial Statements, "the then "AIL" represents "AIL" before "Privatization" and "AIL" represents "after Privatization".

## 22. CONTINGENT LIABILITY, CONTINGENT ASSETS & CAPITAL COMMITMENTS:

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

#### Claims against the Company not acknowledged as debts:

- Income tax department has raised demands under section 143(1) for the assessment year 2020-21 amounting to ₹ 461.84 million. In the opinion of the Company, there was an apparent error in the demand, hence the Company has applied on 2<sup>nd</sup> November 2021 for the rectification of the error under section 154 of the Income Tax Act. However, the department has issued a notice under section 142(1) for the said the assessment year 2020-21 for the scrutiny assessment. The assessment is pending.
- The then Air India/subsidiaries' employees' union/employees have filed cases in various courts against AIL/subsidiaries/Union of India relating to various matters, making the Company also a party. In the opinion of the management, the Company should not be made a party to these cases.
- Properties have been book transferred to the Company by the then AIL and the title and physical possession of these properties are with the AIL. Hence, the dues, if any, towards property taxes/ house Tax and/or any other claim as on the date of transfer against these properties to the Company has not been provided for as it is not ascertainable.
- In terms of the requirement of SEBI regulation 52(1), LODR Regulation 2015, BSE has raised a demand for delayed submission of half-yearly/quarterly financials for an aggregate amount of ₹ 0.45 million. The Company has requested for waiver of such demands vide letters dated 5<sup>th</sup> August 2021 and 8<sup>th</sup> July 2022. Further, the Ministry of Corporate Affairs has also requested BSE to consider waiver of these penalties vide letter dated 25.10.2022. In anticipation that demand will be waived off, no liability has been provided.

### II. Guarantee given by the Company:

As per the approval granted by the Board of Directors in its 29<sup>th</sup> meeting held on 27<sup>th</sup> December 2021 the Company has given guarantees of USD 71.74 million (equivalent to ₹ 5,437.35 million). Out of this, USD 45.60 million (equivalent to ₹ 3,456.14 million) is the Corporate Guarantee, USD 19.05 million (equivalent to ₹ 1,443.85 million) is in the form SBLC, and

USD 7.09 million (equivalent to ₹ 537.37 million) in the form of BG issued on behalf of a subsidiary M/s Alliance Air Aviation Limited (AAAL) for lease agreements executed with M/s DAE, M/s Elix and M/s AVAP for leasing of 18 number of ATR-72 aircraft. Against such SBLC/BG a cash margin of ₹ 2079.26 million in the form of fixed deposit has been given by the Company to the bank. The total exposure of corporate guarantee and SBLC given to DAE shall not exceed USD38.10 million (equivalent to ₹ 2,887.69 million). FEDAI spot rate (75.7925) as on 31<sup>st</sup> March 2022 has been adopted for the conversion of USD into ₹.

The expenses in relation to the same incurred by the Company amounting to ₹8.86 million have been transferred to the subsidiary for reimbursement of the same.

### III. Capital & Other Long-Term Commitments:

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

S. No.	Particular	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>1</b>	<b>Due Dates of Principal Repayments</b>		
	1. 6.99% Series – I dated 16-12-2022	₹70,000	₹70,000
	2. 7.39% Series – II dated 12-10-2029	₹70,000	₹70,000
	3. 7.39% Series – III dated 22-10-2029	₹79,850	₹79,850
<b>2</b>	9.08% NCDs of ₹74,000 million of Air India Limited (one of the Identified Debts) as obligation/commitment of the Company for servicing of interest and repayment of principal.	Nil*	₹74,000

\* Premature repayment fully by AIL in January 2022 out of funds provided by the Company.

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

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

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

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

- i) Its shares held in AIASL, AAAL, AIESL, and HCI
- ii) Paintings artifacts and other non-operational assets as may be decided by Air India Ltd and the Government of India
- iii) Non-core assets as may be decided by Air India Ltd and the Government of India
- iv) Immoveable properties whether leasehold or freehold



- v) Accumulated working capital loans not backed by any asset and
- vi) Other assets/liabilities or of its subsidiaries, as may be decided by Air India Ltd/ Government of India

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

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

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

Sl. No.	PARTICULARS	₹ in million
<b>A</b>	<b>FUNDS TRANSFERRED TO THE THEN AIL</b>	
i	NCDs proceeds (including ₹ 790 million monetization proceeds) transferred by the Company in the FY 2019-20 to the then AIL towards repayment of identified Loans (Refer Note No. 23.b.I)	2,20,640.00
ii	Add:- Additional support/fund provided to the then AIL during the FY 2021-22 (Refer Note No. 23.b.II)	6,11,780.00
iii	Less:- Fund unspent refunded by the then AIL in the FY 2021-22	470.42
	<b>Net Fund Transferred to the then AIL {excluding Government grants as referred in Note No. 24} (A)</b>	<b>8,31,949.58</b>
<b>B</b>	<b>ASSETS/LIABILITIES/MONETIZATION PROCEEDS TRANSFERRED BY THE THEN AIL TO THE COMPANY</b>	
i	Monetization Proceeds (Net) from the sale of Identified Properties (Refer Note No. 23.c.I)	3,995.34
ii	Investment into four Subsidiaries transferred from the then AIL to the Company (Refer Note No. 23.c.II)	8,179.41
iii	Recoverable outstanding with four Subsidiaries of the then AIL transferred to the Company (Refer Note No. 23.c.II)	49,839.76
iv	Immovable properties transferred to the Company (Refer Note No. 23.c.III)	76,039.28
	Less:- Adv. Received from AIL against sale of immovable properties transferred to the Company (Refer Note No. 25.ii)	-385.76
v	Movable Assets (workshop equipment, Plant & Machinery, Ground Handling, Ramp Equipment, Furniture & Fixture, Electrical Fittings, Office Appliances. (Refer to Note No. 23.c.III)	1,494.48
vi	Recoverable of Garnishment of Fund by IATA in Devas Case transferred to the Company (Refer Note No. 23.c.IV)	1,322.93
vii	Recoverable from DRDO by the then AIL transferred to the Company (Refer Note No. 23.c.V)	2,657.43
viii	Prepayment charges paid on NCDs of ₹74000 million of the then AIL (pending novation in the name of the Company) (Refer Note No. 23.c.VI)	8,918.68

Sl. No.	PARTICULARS	₹ in million
ix	Sale proceeds of investment in shares of Air Mauritius transferred to the Company (Refer Note No. 23.VII)	45.61
x	Advance paid by the then AIL to MADC for MRO Nagpur Land (Refer Note No. 23.c.VIII)	114.00
xi	Amount withheld against PSS (AMADEUS) implementation fees as on 31-12-2021 (Refer Note No. 23.c.IX)	309.61
xii	Amount withheld against Provision for maintenance of 6 aircraft Given short in flying condition (\$40 million) (Refer Note No. 23.c.X)	3,000.00
xiii	Scrap proceeds recoverable from AI	0.09
xiv	Monetization proceeds Samata Nagar Property payable (Refer Note No. 23.c.XI)	-50.28
xv	Advance Nerul HSG Project Payable (Refer Note No. 23.c.XII)	-415.33
xvi	CIDCO Expense Payable (Refer Note No. 23.c.XIII)	-376.62
xvii	Profit on Sale of 8 Properties after disinvestment of the then AIL (Refer Note No. 30)	-257.30
	<b>Value of assets/liabilities transferred by the then AIL (B)</b>	<b>1,54,431.34</b>
	<b>Fund transferred to AI over and above assets/liabilities received has been grouped under the "Other Equity" (A-B) #</b>	<b>6,77,518.24</b>

Note:-# The above data are based on the information provided by the then AIL to the Company and the excess amount transferred by the Company over the assets/liabilities received amounting to ₹6,77,518.24 million has been grouped under the "other equity". However, the Company has not accepted asset/liability transferred to the Company as mentioned below in note no. 23.c.III and 44.i. (i.e. cost of one flat located at 6B, Shriram Apartments, Middleton Street, Kolkata for ₹10.09 million and corresponding sale consideration as an advance of ₹ 20.15 million and adjustment of ₹ 955.91 million interest prior to 1st October 2018 adjusted by AIL in its RFATR A/c). Hence there will be a difference to that extent in Air India Recoverable A/c in the books of the Company and signed RFATR A/c as submitted by AIL on 12th October 2022.

The Company has reminded AIL vide emails, latest dated 20th October 2022 to provide the details of remaining assets and liabilities (other than above), if any, to be transferred by the then AIL, as per government decisions, for which details/information is yet to be provided. Further, AIL has not provided the breakup of the above balance amount and the details of current assets equal to current liabilities, etc.

Further, as per the table in para 23(a) above, total amount of ₹6,11,309.58 million (net of ₹6,11,780.00 million and ₹470.42 million i.e. refunded by the then AIL) transferred by the Company to the then AIL during the FY 2021-22 and utilization thereof by the then AIL are based on the information/documents provided by the management of the AIL.

**b. Funds transferred to the then AIL by the Company along with explanatory details are as under: -**

**i. Funds transferred for the repayment of the Identified Debts of the then AIL - ₹2,94,640.00 million**

As it was decided in the above-stated meeting (refer in para 23(a) above) that the identified debts of the then AIL amounting to ₹2,94,640.00 million would be

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

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

- i. 6.99% NCD Series-1 (Gol fully serviced) of ₹70,000 million,
- ii. 7.39% NCD Series-2(Gol assured for servicing and repayment) of ₹70,000 million; and
- iii. 7.39% NCD Series-3(Gol assured for servicing and repayment) of ₹79,850 million

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

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

**II. Funds transferred for the settlement of guaranteed/other past dues/overdues of the then Air India Limited-₹6,11,309.58 million:**

In addition to the para-I above, Gol has approved further financial assistance to the then AIL for settling guaranteed/other past dues/overdues for ₹ 6,22,220 million vide para no.-2 of the office memorandum of Ministry of Finance No.16(6)-B(P&A)/2020-Pt. dated 22 November 2021 and for the said required fund, the Government of India (Gol) has infused equity capital of ₹ 6,23,654.00 million in the Company (AIAHL) against 62,36,54,00,000 equity shares of ₹ 10 per equity share.

Out of these funds, the Company has transferred an amount of ₹ 6,11,309.58 million (net of ₹ 470.42 million refunded by the then AIL) to the then AIL. The balance amount of ₹ 12,344.42 million is lying in the fixed deposit to be utilized in accordance with the letter issued by the Ministry of Civil Aviation (MoCA) dated 31<sup>st</sup> March 2022.

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

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

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

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

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

(₹ in million)			
S. No.	Particulars	FY 2021-22	FY 2020-21
1.	Opening balances at the beginning of the year	1,102.44	1892.44
2.	Add: Monetization proceeds during the year credit given by AIL	904.85	885.33
	<b>Total fund with AI against monetization proceeds</b>	<b>2,007.29</b>	<b>2,777.77</b>

1.	Less: Monetization proceeds funds transferred by AIL to AIAHL Escrow Bank Account during the year	904.85	885.33
2.	Less: Adjustment out of lumpsum payment received from the then AIL of ₹ 5500 million against the monetization proceeds.	1102.44	-
3.	Less: Monetization proceeds utilized by Air India for the payment of identified debts, monetization proceeds payable reduced (Adjustment approved by MoCA, GOI vide their letter dated 18 <sup>th</sup> June 2021)	-	790.00
4.	<b>Total amount paid by AIL against monetization proceeds</b>	<b>2,007.29</b>	<b>1675.33</b>
5.	<b>Closing balance with AIL against monetization proceeds</b>	<b>-</b>	<b>1,102.44</b>

## II. Investment and outstanding recoverable from Subsidiary Companies:

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

S. No.	Name of the Subsidiaries	No. of equity shares	Value of equity shares (₹ in million)	Date of transfer	Outstanding recoverable (₹ in million)
1	AI Airport Services Limited	138,424,200 Equity Shares of ₹10 each fully paid up	1,384.24	13 <sup>th</sup> Jan, 2022	386.56
2	AI Engineering Services Limited	166,666,500 Equity Shares of ₹10 each fully paid up	1,666.67	12 <sup>th</sup> Jan, 2022	21,175.63
3	Alliance Air Aviation Limited	40,225,000 Equity Shares of ₹ 100/- each fully paid up	4,022.50	25 <sup>th</sup> Jan, 2022	23,345.28
4	Hotel Corporation of India Limited	11,060,000 Equity Shares of ₹100 each fully paid up	1,106.00	11 <sup>th</sup> Jan, 2022	4,932.30
	<b>Total</b>		<b>8,179.41</b>		<b>49,839.76</b>

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

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

The Company was operationalized in February 2013 and commenced its autonomous operationalization from F.Y 2014-15, the Company since its stand-alone operationalization has been a profitable Company excepting the F.Y 2020-21 and 2021-22. During the FY 2020-21, the operations of the Company were majorly affected due to the advent of COVID-19 pandemic, resulting in losses of ₹ 2,230.85 million.

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

AIESL is the largest MRO set up in India that can serve as a one-stop-shop for all aircraft engineering requirements. The Company has got hangar facilities available in all major

airports in Mumbai, Delhi, Chennai, Hyderabad, Kolkata, Trivandrum, and Nagpur. AIESL commenced its operations from January 2015 after receiving its DGCA License. MRO business is a highly capital-intensive industry, and it generally has a gestation period of 4 to 5 years for consolidation of operations.

AIESL has taken various initiatives to improve its overall revenues such as signing of activity-based SLA with the then Air India Ltd, starting MRO facility in Sharjah and plans to expand the same to Dubai, developing dedicated marketing teams to capture MRO business, offering training services, handling VVIP flights to generate additional revenue. Further to the above, Government of India under its recent initiatives under its 'Make in India' program, has reduced the GST rate from 18% to 5% w.e.f. 1<sup>st</sup> April 2020, which is likely to boost up the revenue from MRO Services in the coming days. During the Financial Year 2021-22 the Company turns into the profit making and in the current year it is showing improvement in its performance on a year-to-year basis. With a steady increase in revenue and the Make in India thrust of the Govt. of India which will ensure that maintenance of aircraft is within the country, the rapid growth of Aviation in the country and a large number of aircraft orders by Indian carriers, AIESL is best poised for taking advantage of the growth in maintenance activities and MRO business within India. In view of this AIESL is likely to earn enhanced revenues and be profitable in the near future.

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

AAAL has emerged as a major player in the Government of India's premier scheme UDAN, which connects to various Tier - II and Tier - III cities with the development of unserved / underserved airports. The growth in Tier - II and Tier - III cities is still largely untapped and AAAL is likely to emerge as a largest player with its ATR 72-600 fleet suitable for serving these smaller airports. The Company has continued to operate to the Northeastern region like Guwahati, Lilabari, Tezpur in Assam, Shillong in Meghalaya and Agatti and Diu on request from NEC, MHA and Diu Administration under Viability Gap Funding (VGF) arrangements. These routes are operationally profitable. The Company has strategized itself to invest major resources in Government of India's UDAN scheme. The performance of the airline under UDAN has been excellent wherein the Company has been operationally positive. Alliance Air is in the threshold of turnaround and poised to lead the regional connectivity in India in the next decade and be a leading regional carrier of Asia. Alliance Air is on its way to reverse the trend of adverse financial parameters in this financial year 2021-22 and thereafter further consolidate the gains. The Company is in operating profit. Further, the Company has also implemented cost saving measures for the reduction of costs.

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

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

The Company faces uncertainties due to COVID-19 which have impacted the operations of the Company adversely starting from the month of March 2020. Management has assessed

the impact of existing and anticipated effects of COVID -19. However, in spite of the negative Net Worth of the Company as at 31st March 2022, considering the continuous support of the Government and the then holding Company, the Company is and will continue to be able to meet its financial obligations as they fall due. Accordingly, the Company has prepared its accounts on a "Going Concern" basis. Various initiatives have also been taken by the management for improving the operational performance of the Company and increasing the revenues of the Company.

### III. Movable and immovable properties transferred to the Company by the then AIL:

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

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

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

S. No.	Class of Assets	Transferred Value/Cost (₹ in million)	Nos. of Items/Assets
<b>A</b>	<b>IMMOVABLE ASSETS</b>		
<b>1</b>	Freehold	3,927.19	22
<b>2</b>	Other than Freehold	68,795.60	43
<b>3</b>	Other Structures	3,316.49	416
	<b>TOTAL</b>	<b>76,039.28</b>	<b>481</b>
<b>B</b>	<b>OTHER MOVABLE ASSETS</b>		
	Electrical Fitting	26.43	8448
	Furniture	59.42	35291
	Ground Handling	127.21	2131
	Office Appliances	72.92	22885

S. No.	Class of Assets	Transferred Value/Cost (₹ in million)	Nos. of Items/Assets
	Plant & Machinery	517.39	2645
	Workshop Equipment	667.34	2063
	Vehicles	23.79	535
	<b>TOTAL</b>	<b>1494.48*</b>	<b>73,998</b>

\*Inclusive of GST

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

- i. Title and Physical possession of the immovable Assets are still with the AIL. As per para 2.8 of the restated framework agreement these properties will be held in trust by AIL.
- ii. All the assets, referred in para 23(c)(III) above, received by the Company have been accounted for on the basis of value/cost at which it has been transferred by the then AIL to the Company vide debit note dated 31<sup>st</sup> March 2022 and invoices dated 1<sup>st</sup> January 2022.
- iii. The movable and immovable assets have been book transferred without any physical handover-takeover. The Company has appointed an external agency for identification and tagging of the movable assets which is under process. In the case of deviation/discrepancies, if any, found on reconciliation of book transfer of the assets by the then AIL with tagging/physical identification report of such assets will be adjusted on approval from the appropriate authority in due course.

**b. Other Structures:**

Other Structures include temporary structures, structures on license land owned by Airport operators etc. for which Company is in the process of verification and identifying the status of these structures. The structures are very old and as per the license agreement, the licensor i.e the airport operator may ask to return the land in original condition i.e without these structures. On completion of the identification and verification, accounting impact required, if any, in this regard will be given in due course on approval from the competent authority.

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

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

- i. In terms of letter no- HQ/CMD/2021/3263 Dated 27<sup>th</sup> October, 2021 three office building viz. Airlines house Delhi, Airlines house Kolkata and Central Training Establishment (CTE) Hyderabad are to be used by AIL for a period of not less than 2 years from the closing date. The rent for these buildings is of ₹0.10 million per building per month.
- ii. Office building at Nariman point Bombay has been given on rent to third parties by AIL and rent accrued against the said property collected by AIL, being the lessor, is being transferred to the Company by AIL in the escrow bank account.



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

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

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

In 2012, Mauritius Entities commenced arbitration against India and Mauritius Bilateral Agreement and arbitral award of 2020 in this matter was granted in favor of the Mauritius entities. The petitioners treated AIL as “alter ego” of the Indian Government and adjudging AIL should be jointly and severally liable for the amount and the Supreme Court of the provinces of Quebec, passed an ex-parte garnishment order on IATA. Under this garnishment order, all the collection of Air India, on global basis, settled by IATA, were required to be garnished and not paid to Air India, in the regard to the litigation of Devas with Government of India. The ex-parte garnishment was challenged by AIL through its counsel in Canada and the Supreme Court of Quebec passed an order on 8<sup>th</sup> January, 2022 whereby the garnishment amount was reduced to 50% of the collections and the final decision on this matter is pending Further, in terms of GoI letter ref. 17046/15/2020-AI dated 31<sup>st</sup> March 2022 liability or any further sums as may be necessary to be paid on the basis of the final order of Superior Court, Quebec, Canada. Accordingly accounting impact of the same will be given on receipt of the demand against the same.

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

AIL has also transferred a recoverable from DRDO by the then AIL amounting to ₹ 2,657.43 million against which the Company has received ₹1,611.76 million from AIL during the financial year 2021-22 and a balance amount of ₹1,045.67 million is yet to be paid by AIL to the Company i.e. on receipt from DRDO by AIL.

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

The then AIL 9.08% Non-Convertible Debentures (NCDs) of ₹74,000 million, were to be novated in the name of the Company but due to the pending approval for novation of these NCDs to the Company by the majority bond holder, NCDs continued to be accounted in the books of the then AIL. The due dates for the repayments of series I, II and III were from November/December 2027 to November/ December 2031 but the same has been prepaid on 20<sup>th</sup> January, 2022 (by the then AIL out of funds transferred by the Company) as a result of which prepayment charges of ₹8,918.68 million has been paid for early redemption of NCDs.

However, the then AIL has adjusted prepayment charges of ₹ 9,874.59 million against ₹74000 million of the then AIL (pending novation in the name of the Company) including ₹ 955.91 million interest prior to 1st October 2018 (out of ₹ 2,244.48 million ₹ 955.91 million interest adjusted in RFATR and ₹ 1,288.57 million in AIL Settlement A/c) for which there is no mandate of the GoI hence the Company has not accepted the adjustment. (Refer Note No. 44.i as well)

**VII. Sale proceeds of investment in shares of Air Mauritius transferred to the Company:**

The then AIL has transferred in Escrow Account of the Company an amount of ₹ 45.61 million against the sale of the equity investment of the then AIL made in Air Mauritius.

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

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

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

As per the letter dated 17<sup>th</sup> September 2022 provided by the AIL, the then AIL had provided a liability of ₹ 309.61 million towards implementation cost payable to AMADEUS, the amount is payable even if AIL decides to terminate the contract. Such provision against the commitment made in January 2022 by the then AIL is routed through "Recoverable from AIL". However, the Company has not accepted such amount withheld by AIL. Since the amount withheld by AIL is not paid hence the Company has accounted the amount as recoverable from AIL.

**X. Amount withheld by AIL towards maintenance of 6 aircraft:**

As per AIL letter/email dated 23<sup>rd</sup> September 2022, it has been stated that in terms of Share Purchase Agreement (SPA), signed between the then AIL and M/s Talace

Private Limited (SP), the then AIL was obliged to provide 58 aircraft of A320 family in an airworthy condition out of which not more than 5 aircraft are grounded for schedule maintenance. However as on the date of transfer of ownership, AIL could hand over only 52 A320 aircraft, as against 58 A320 aircraft. The engineering department of the then AIL has estimated expenditure of ₹ 3,000 million to be incurred for recovery of these 6 A320 aircraft in airworthy condition and accordingly to that extent the then AIL has retained this estimated amount as on 31<sup>st</sup> March 2022.

Since the actual expenditure to be incurred against estimated amount of ₹3,000 million withheld by the then AIL is not known hence the same has been shown under current assets in the books of the Company. The Company has requested AIL vide email dated 30<sup>th</sup> September 2022 to provide tail-wise details of total maintenance expenses incurred along with supporting documents by AIL in respect of these aircraft. On receipt of the statement of actual expenditure, such estimated amount withheld by AIL will be adjusted.

**XI. Monetization Proceeds Samata Nagar Property Payable:**

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

**XII. Advance Nerul CIDCO HSG Project Payable:**

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

**XIII. CIDCO Expense Payable:**

The then AIL has transferred expense payable of ₹376.62 million to CIDCO towards beautification of Nerul HSG property etc. The said expense payable has been transferred to the Company and Company has also sought details from AIL.

**24. GOVERNMENT GRANTS:**

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

The details of Budgetary support / Grants given by the Government of India to the Company for servicing the Interest of identified debts of the then AIL from 1<sup>st</sup> October 2018 to till the date of repayment of such identified debts including interest of AI's 9.08% Bonds/debentures of ₹74,000 million and servicing the Interest on bonds issued by AIAHL.

(₹ in million)

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

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

As per the decision of Government of India (MoCA) vide letter dated 16<sup>th</sup> February, 2022 (File No. 17046/65/2-19-AI) a scheme has been approved for providing medical facilities to the eligible permanent retired/retiring beneficiaries of AIL including eligible permanent employees of AI Engineering Services Limited (AIESL) and AI Airport Services Limited (AIASL) post disinvestment. In line with the said scheme, Government of India vide letter dated 28<sup>th</sup> March, 2022 released ₹ 450.00 million to the Company. The Company has remitted ₹ 391.18 million to CGHS on account of the annual subscription charges for the financial year 2022-23 and ₹ 50.00 million will be utilized towards Inward Patient Department (IPD) expenses of the eligible employees after due execution of MoU.

**iii. Summary of grant received by the Company and its utilization during the financial year 2021-22 are as under: -**

(₹ in million)

S. No.	Particulars	FY 2021-22	FY 2020-21
1.	Opening Un-spent Grant-in-aid	2451.40	2426.55
2.	Total of budgetary support/Grants received by the Company from Min. of Civil Aviation, GOI	13780.0	21,811.35
3.	Grant utilized for Interest expenses of AI Bond f or the FY	(5,430.59)	(6707.0)
4.	Grant utilized for Interest expenses of AIAHL Bond for the FY	(10797.36)	(15,116.0)
5.	Utilization of Fund for bond expenses debited by AI for 9.08% ₹74,000 million NCDs obligation of AIAHL	(3.46)	(7.08)
6.	Balance Unspent Grant in Aid with the then AIL	2603.00	2451.40
7.	Balance of Grant-in-aid available with the then AIL adjusted against receipt of ₹ 5,500 million	2603.00	-
Balance of Grant-in-aid available with Air India Limited		Nil	2043.14
Balance of Grant-in-aid available with AIAHL		Nil	408.26
Grant-in-aid for CGHS Subscription		400.0#	-
Grant-in-aid for NHA Subscription		50.0	-
<b>Total Unspent Grant in Aid</b>		<b>450.00</b>	<b>2451.40</b>

# Out of this ₹400 million ₹391.18 million has been paid to CGHS as annual subscription for the financial year 2022-23.

**25. ASSETS INCLUDED IN DISPOSAL GROUP HELD FOR SALE****i. Immovable Assets:**

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

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

The remaining unsold properties (61 full, 3 partial\* MRO Land at Thiruvananthapuram and 416 structures built on Airport land) classified as held for sale by the then AIL in their books of accounts are transferred to the Company at carrying value of the respective assets held for sale as on 31<sup>st</sup> March 2022. Hence the same have been classified as assets held for sale. The values of these properties are as under: -

S. No.	Class of Assets	Transferred Value/Cost (₹ in million)	Nos. of Items/Assets
1	Freehold	3,927.19	22
2	Other than Freehold	68,795.60	43
3	Other Structures	3,316.49	416
	<b>Total</b>	<b>76,039.28</b>	<b>481</b>

\* CTE, Hyderabad; Sohini Apartment, Kolkata; and AGVC Delhi

- ii. Out of the unsold properties (freehold/ other than freehold) as stated above (63 full and 3 partial) the then AIL had initiated the process of monetization and then AIL has transferred an advance as liability of ₹ 405.9 million against sale of 13 properties out of unsold properties. The monetization of these properties is yet to be completed. However, advance of ₹ 405.9 million includes ₹ 20.15 million sale consideration of one of the flat/property located at 6B, Shriram Apartments, Middleton Street, Kolkata. The AIL has transferred the cost of the property for ₹10.09 million along with the sale consideration as advance although as the copy of sale agreement provided to the Company such flat was already sold by the then AIL in the month of October 2021. Since the monetization was completed prior to the disinvestment of the then AIL (i.e. 27th January 2022), and hence the Company has adjusted/reversed the cost of such flat and advance and balance of advance of ₹ 385.76 million has been shown as liabilities against assets included in disposal group held for sale in its books of accounts.
- iii. Further, out of 111 identified properties, assets held for sale includes 2 properties (namely AI Housing Colony Vasant Vihar, New Delhi, and AI Plot of Land at Baba Kharak Singh Marg New Delhi). A meeting was held on 1<sup>st</sup> June 2017 under the chairmanship of

Hon'ble Finance Minister, and it was decided vide O.M. No-LIIA/1(140&427)/347 dated 17<sup>th</sup> August, 2017 that the above said land shall be handed over to Ministry of Housing Urban Affairs (MoHUA) and it was also agreed that MoHUA shall monetize the land and proceeds received there from shall be utilized solely for the purpose of liquidation of AIL liabilities. Accordingly, the above said lands were handed over to MoHUA on 21<sup>st</sup> August, 2017.

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

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

- v. The Company has decided to surrender some of lease hold properties (which does not have provision for monetization/ properties having issues) on the basis of compensation from lessor due to the surrender of the right to use. However, some of the lessors have not agreed to offer any compensation taking the ground that there was no clause in the lease deed for any compensation. Accordingly, the Company is in the process of surrendering 4 immovable properties without any compensation. The carrying value of these 4 properties transferred by the then AIL is ₹1.00 per property. These 4 properties belong to the respective state governments to whom properties will be surrendered. Further the Company had requested 27 lessors to offer suitable compensation against surrendering the properties. 5 lessors have agreed to offer a suitable compensation to the Company whereas the response from remaining 22 lessors is awaited.
- vi. Company has also initiated e-auction of 4 properties (out of 111 properties) during the FY 2022-23 which are under the process of monetization.
- vii. The then AIL had paid an advance of ₹ 24.6 million to CIDCO for purchase of another plot of leasehold land at Nerul for the purpose of construction of staff quarters. The possession of the plot allotted by CIDCO in this regard has not been handed over to the then AIL and agreement/ lease deed has not been executed till date. However, the same has been transferred by the then AIL as immovable properties and as classified under "Assets held for Sale".

**viii. Movable Assets:**

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

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

\*Excluding GST

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

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

**ix. Investment in Subsidiaries and outstanding recoverable from Subsidiaries:**

The then AIL has classified its investments in Subsidiaries and outstanding recoverable from subsidiaries as “Assets Held for Sale” have also been transferred to the Company and disinvestment process of such subsidiaries (AIASL, AIESL, and AAAL) is under process.

Details of the same are as under: -

S. No.	Name of the Subsidiary	No. of equity shares	Value of equity shares (₹ in million)	Date of transfer	Outstanding recoverable (₹ in million)
1	AI Airport Services Limited	138,424,200 Equity Shares of ₹10 each fully paid up	1,384.24	13 <sup>th</sup> Jan, 2022	386.56
2	AI Engineering Services Limited	166,666,500 Equity Shares of ₹10 each fully paid up	1,666.67	12 <sup>th</sup> Jan, 2022	21,175.63
3	Alliance Air Aviation Limited	40,225,000 Equity Shares of ₹ 100/- each fully paid up	4,022.50	25 <sup>th</sup> Jan, 2022	23,345.28
4	Hotel Corporation of India Limited	11,060,000 Equity Shares of ₹100 each fully paid up	1,106.00	11 <sup>th</sup> Jan, 2022	4,932.30

## 26. DISINVEST PLAN OF THE SUBSIDIARIES

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

Consequent to the Strategic Disinvestment of Air India the government has initiated the process of disinvestment of three subsidiaries of AIAHL (AI Airport Services Ltd., AI Engineering Services Ltd., & Alliance Air Aviation Ltd.). Committees have been constituted to oversee the disinvestment process and DIPAM has commenced the exercise of investor meetings for the disinvestment. PIM (Preliminary Information Memorandum) shall be issued in due course and interested bidders will submit their Expression of Interest (EOI) to DIPAM and qualified bidders will submit the Financial Bids after due diligence. The Strategic partner will be selected after following the due process of disinvestment.

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

## 27. INCOME FROM IDENTIFIED ASSETS:

### i. Rental Income from identified Properties:

In terms of the decisions of the Government and Framework Agreement, income of the identified assets is to be transferred to the Company. Accordingly, the rental incomes credited to the Company in respect of Air India Nariman Building, one of the listed properties in Schedule II of the Framework Agreement, is ₹ 837.07 million (Previous Year ₹1252.5 million) out of total rental income ₹ 838.67 million including maintenance recovery of ₹38.7 million (Previous Year ₹37.0 million) and ₹4.6 million towards misc. receipts (Previous Year ₹4.4 million).

AIL has debited the Maintenance and other utilities expenses for such rental building equivalent to ₹98.5 million (Previous Year ₹ 77.6 million), accounted as maintenance expense. Further the then AIL has also debited property related expenses against property located at London & Nairobi which has been grouped under maintenance expenses amounting to ₹ 2.33 million and ₹ 2.09 million under legal expenses (Previous Year ₹ Nil).

Further as per the GoI decision, the Company has accounted rental revenue of ₹0.71 million (previous year Nil) for Airlines House Rakabganj-Delhi, CTE Hyderabad Building and Kolkata Building from 27<sup>th</sup>January, 2022 to 31<sup>st</sup>March, 2022 at the rate of ₹ 0.01 million per month per building. An office order to this effect has been issued dated 27<sup>th</sup>October, 2021 by the then AIL vide reference No. HQ/CMD/2021/3263 giving reference to clause 8.7 of the Share Purchase Agreement between AIL and M/s Talace Private Limited.

### ii. Transfer of Revenue share from Subsidiaries:

As part of the Framework agreement for transfer of income/distribution of the subsidiaries identified for transfer to the Company, the then AIL has credited to the Company, the



Revenue share under their agreement with AIASL for 20% share of their 3<sup>rd</sup> party handling revenue, amounting to ₹ 356.53 million (Previous Year ₹213.58 million) for the period 1<sup>st</sup> April 2021 to 13<sup>th</sup> January, 2022. This credit has been accounted as “other income” by the Company during the year. As per the decision of the Board of Directors of the Company in the meeting held on 22<sup>nd</sup> July, 2022, revenue share shall not be charged / recovered by the Company from 13<sup>th</sup> January, 2022 onwards i.e. after the date of transfer of holding of AIASL to the Company.

## **28. INTEREST INCOME ON FDRs:**

- a. During the year, the Company has earned interest income of ₹ 1271.65 million (previous year ₹41.90 million) on FDs. Funds realized from the interest credited by the bank have been utilized for the servicing bond interest and recurring expenses of AIAHL and hence recognized as interest income of the Company.
- b. During the year, Air India has credited ₹15.54 million (previous year ₹30.1 million) as the Interest on short-term FDRs created by the then AIL out of GoI grant received from the Company towards servicing the interest payments of their NCDS for ₹74,000 million. The amount has been shown as income.

## **29. INTEREST ON RECOVERABLE FROM SUBSIDIARIES:**

Under the strategic disinvestment of the then AIL, outstanding recoverable balances from subsidiaries has also been transferred to the Company. On the outstanding recoverable balances, the then AIL used to charge interest at the rate of 9% per annum on average of outstanding balances. Department of Economic Affairs (DEA), Ministry of Finance (MoF) vide letter dated 22<sup>nd</sup> July, 2022 issued an Office Memorandum (file No – 7/1/2022-PPU) directing the Company to charge same rate of interest to its subsidiaries as was being charged by the then AIL. Accordingly, the Company has charged 9% interest on the average balance of outstanding recoveries as per prevailing practice (i.e. opening balance plus closing balance divided by two). Accordingly in the FY 2021-22 ₹ 916.05 million (Previous Year Nil) has been accounted as interest income. In addition to this, as per the decision of Board of Directors, the Company had advanced an amount of ₹ 562.50 million to its subsidiary M/s Alliance Air Aviation limited and the Company is charging 1% per annum rate of interest on the above said amount and in the FY 2021-22 amounting to ₹ 1.03 million (Previous Year Nil).

## **30. PROFIT ON SALE OF PROPERTIES:**

Consequent to the Strategic Disinvestment of the then AIL as on 27<sup>th</sup> January, 2022 the Company being the beneficial owner of the properties and based on the credit note received from the AIL has accounted for the profit on sale of the identified properties (considering associated Real estate activities envisaged for the Company for monetization/transfer of the Identified properties) for the sales of the properties took place after the disinvestment the then AIL. Accordingly, the Company from the date of disinvestment to till 31<sup>st</sup> March 2022 has accounted for ₹257.30 million as profit on sale of 8 properties (Net Book Value of these properties were ₹ 231.32 million and sale proceeds of these properties were ₹488.62 million).

**31. PHYSICAL VERIFICATION AND RECONCILIATION:**

- I. As per the policy of the Company, physical verification of property, plant & equipment (PPE) has been conducted by the management during the year 2021-22 and no discrepancy on physical verification has been found.
- II. For Physical verification of assets classified as held for sale for which physical handover-takeover was not carried out at the time of transfer from the then Air India Limited to the Company. An external agency has been appointed for the identification and tagging which is under process. In case any discrepancies are found on completion of verification and tagging, the same will be adjusted on approval from the competent authority.

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

There has been no transaction with a MSME during the year. Hence, the information on the outstanding as at 31<sup>st</sup> March 2022 is NIL.

(₹ in million)

	Particulars	31st March, 2022	31st March, 2021
a.	Principal amount due and remaining unpaid	-	-
b.	Interest due on above	-	-
c.	Payment made beyond the appointed day during the year	-	-
d.	Interest paid	-	-
e.	Interest due and payable for the period of delay	-	-
f.	Interest accrued and remaining unpaid	-	-
g.	Amount of further interest remaining due and payable in succeeding years	-	-

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

**33. RELATED PARTY DISCLOSURES:**

Disclosure of the names and designations of the Related Parties as required by Indian Accounting Standard (Ind AS 24) during the year 2021-22.

**A. Key Managerial Personnel & Relatives****i. Key Managerial Personnel & Relatives**

Sr No	Name of Director	Designation	Date of Appointment / Cessation
1	Shri Vikram Dev Dutt	Chairman	27.01.2022 (Appointment)
2.	Shri Rajiv Bansal	Chairman	11.02.2022 (Cessation)
3.	Shri Vinod Shanker Hejmadi	Director	31.12.2021 (Cessation)
4.	Shri Satyendra Kumar Mishra	Director	22.01.2018 (Appointment)
5.	Shri Vimlendra Anand Patwardhan	Director	28.01.2020 (Appointment)
6.	Shri Baldeo P Baldeo Purushartha	Director	18.11.2021 (Cessation)
7.	Smt. Parama Sen	Director	10.06.2021 (Appointment)
8.	Shri Peeyush Kumar	Director	18.11.2021 (Appointment)

Sr No	Name of Director	Designation	Date of Appointment / Cessation
9.	Shri Krishan Chander Anand	CFO	12.11.2021 (Cessation)
10.	Shri Rajiv Kapoor	CFO	12.11.2021 (Appointment)
11.	Ms. Shilpi Singh	CS	31.03.2022 (Cessation)

iii. Transactions with Key Managerial Personnel

There are no transactions with Key Managerial Personnel except for the Salaries or remuneration paid to the KMPs as under during the year FY 2021-22. Details for the same are as under: -

- Shri Vikram Dev Dutt, CMD ₹ 0.65 million (prev. year Nil)
- Shri Krishan Chander Anand, CFO ₹1.16 million (prev. year ₹1.12 million)
- Shri Rajiv Kapoor, CFO ₹0.70 million (prev. year ₹Nil)
- Ms. Shilpi Singh, CS ₹0.90 million (prev. year ₹ 0.70 million)

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

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

(i) Name and relationship of group companies:

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

Transactions with Group Companies: -

(₹ in million)			
S. No.	Transactions	2021-22	2020-21
1.	<b>Alliance Air Aviation Limited (AAAL)</b>		
a.	<b>Revenue</b>		-
i.	Interest @ 1% p.a. on advances to AAAL	1.0	-
ii	Interest on Outstanding Recoveries	403.02	-
b.	<b>Expenditure</b>		-
i.	Bank Charges on SBLC to be reimbursement by AAAL	8.86	-
c.	<b>Closing Balance as on 31<sup>st</sup> March</b>		
	- Advance to AAAL	562.50	-
	- Outstanding Recoverable	23,748.30	-
	- Reimbursement from AAAL	8.86	-
	- Investments	4,022.50	-
2.	<b>AI Engineering Services Limited (AIESL)</b>		
a.	<b>Revenue</b>		
i.	Interest on Outstanding Recoveries	407.27	-
b.	<b>Closing Balance as on 31<sup>st</sup> March</b>		
	- Outstanding Recoverable	21,175.63	-
	- Investments	1,666.67	-

S. No.	Transactions	2021-22	2020-21
<b>3.</b>	<b>AI Airport Services Limited (AIASL)</b>		
<b>a.</b>	<b>Revenue</b>		
i.	Interest on Outstanding Recoveries	7.43	-
<b>b.</b>	<b>Closing Balance as on 31<sup>st</sup> March</b>		
	- Outstanding Recoverable	393.99	-
	- Investments	1,384.20	-
<b>4.</b>	<b>Hotel Corporation of India Limited (HCI)</b>		
<b>a.</b>	<b>Revenue</b>		
i.	Interest on Outstanding Recoveries	97.29	
<b>b.</b>	<b>Closing Balance as on 31<sup>st</sup> March</b>		
	- Outstanding Recoverable t/f from AIL	5,029.59	-
	- Investments	1,106.00	-

## (iii) Others (Government and Government Related Entities)

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

Transactions with Government and Government related parties: -

(₹ in million)

Name of Entity-Air India	For the year ended March 31, 2022	For the year ended March 31, 2021
Amount of budgetary support / grant received from Gol	13,780.00	21,836.2
Equity Capital Received from Government of India	6,23,654.00	-
Funds transferred to the then AIL (net of refund)	6,11,309.58	-
Amount of GOI grant transferred to Air India Limited towards servicing the Identified Debts	6,719.16	6,719.2
Reimbursement of Interest expenses including withholding taxes, Penal and default interest debited to the Company by Air India advising utilization of Grant for servicing the Identified debts – obligation of AIAHL	5,430.59	6,707.0
Reimbursement of and other charges including legal expenses to the Company by Air India advising utilization of Grant for servicing the Identified debts – obligation of AIAHL	3.46	7.1
Rental Income and Revenue Sharing credited by AI	838.67	1,466.1
Interest on FDR credited by AI	15.54	30.1
Monetization Proceeds received/receivable from AI	904.85	885.3
Maintenance, Utilities, taxes, etc. debited to the Company by AIL	100.82	77.6
Salary of Deputed employee of AIL	-	0.9
Amount Recoverable from Air India under AI Reconciliation account (Net of payable).	7,244.48	5,879.5
Immovable properties t/f to AIAHL by the then AIL	76,039.28	-
Movable properties t/f to AIAHL by the then AIL	1,494.48	-
Outstanding recoverable of the then subsidiaries of AIL	49,839.76	-
Transfer of investments of the then subsidiaries of AIL	8,179.41	-

\*For more details refer note number 23.

**34. IN COMPLIANCE WITH IND AS 27 “SEPARATE FINANCIAL STATEMENTS” THE REQUIRED INFORMATION ARE AS UNDER:**

S. No.	Transactions	% of ownership interest	
		As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
1	AI Airport Services Limited (AIASL)	100%	-
2	AI Engineering Services Limited (AIESL)	100%	-
3	Alliance Air Aviation Limited (AAAL)	100%	-
4	Hotel Corporation of India Limited (HCI)	80.38%	-

**35. CORPORATE SOCIAL RESPONSIBILITY-CSR:**

Section 135 (1) of the Companies Act 2013 requires provision for CSR to be made for a Company having a threshold Net Worth of ₹5000 million or ₹ 10,000 million Turnover or ₹50 million Net profit during the immediately preceding financial year.

However, the Company, being an SPV specifically incorporated for the limited purposes of enabling specified transactions for the Disinvestment of Air India and not being a commercial business entity dependent upon the Govt. of India grant funds, has sent a request to the Min. of Corp. Affairs, Govt. of India through Ministry of Civil Aviation, vide AIAHL letter dated 25<sup>th</sup> March 2021 to consider exemption for the SPV from the applicability of such provisions to the Company including constitution of a Board CSR Committee and request the Govt. of India for considering whether the applicability of these requirements of CSR for commercial operational business entity, can be considered for being exempted for the SPV. The decision of the government is awaited. In view of loss incurred by the Company, Section 135 (1) of the Companies Act 2013 shall not be applicable.

**36. 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 the such option once exercised to continue forever.

Considering the nature of SPV, 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 2022: -

(₹ in million)

Sl. No.	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
1	Net Taxable Profit	(10,574.67)	646.00
2	Tax Payable @ 22% plus 10 Surcharge and 4% Cess	-	162.60
3.	Net Tax Payable/(Refund) after TDS deducted claimed	-	(121.9)*
4.	Short Provision of Income tax for FY2019-20 due Interest u/s 234C	-	-
5	*Interest u/s 234A, B and C included above	-	6.6

\* The Company has deposited an Advance tax of ₹ 26.00 million in December 2021, for FY 2021-22 based on the estimated taxable profit of ₹98.80 million. However no advance tax was paid in the later part of the year based on the estimated annual Net Loss of ₹ 2038.10 million.

### 37. DEFERRED TAX ASSETS/LIABILITY:

The Company has losses in the current financial year and may not be in profit in the future year. In the absence of convincing evidence that sufficient taxable profit will be available against which the unused tax losses, deductible timing differences or unused tax credit can be utilized by the entity in near future. Hence in line with Ind AS 12 "Income Taxes," the existence of tax losses is strong evidence that future taxable profit may not be available. Hence based on the same Deferred Tax Assets / Liabilities have not been created.

### 38. EARNINGS PER SHARE:

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

Details	As at March 31, 2022	As at March 31, 2021
Profit/(Loss) After tax for the year (as numerator)	(10,574.67)	436.96
Weighted Average no. of equity shares of ₹10 each (as denominator)	17,524.31	0.05
<b>EPS Basic &amp; Diluted After Tax</b>	<b>(0.60)</b>	<b>8,739.22</b>

### 39. REMUNERATION TO STATUTORY AUDITORS:

The details of the audit fees and out of pocket expenses for the year 2021-22 are as under:

(₹ in million)

Particulars	FY 2021-22	FY 2020-21
Audit Fees including quarterly review	0.40	0.23
Out of Pocket Expenses	0.03	0.01
Tax audit fees provision	0.10	0.10
<b>Total</b>	<b>0.53</b>	<b>0.34</b>

### 40. DIVIDEND:

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

### 41. INDEPENDENT DIRECTOR:

The appointment of the Independent Directors on the Board of AIAHL in terms of the Section 149 of the Companies Act 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 has been requested.

**42. IMPAIRMENT:**

The Company on disinvestment of AIL has received various assets and the Company on the balance sheet date identify that its non-financial asset i.e. one of the property at CBO Mangalore has carrying amount higher than its recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use). Accordingly, the Company has made the provision for impairment of ₹ 25.03 million (Previous Year Nil) in accordance with IND AS-36.

**43. 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.

**44. CONFIRMATIONS / RECONCILIATIONS:**

The Company has sought the confirmation of balances for major receivables and payables as on 31<sup>st</sup> March 2022. However, some of the parties have responded and their balances are in agreement with the balances shown in the books of the Company except in case of AIASL and AIL for which details are as under:

- i. Regarding balance confirmation from AIL, the amount of ₹ 9.36 million confirmed by AIL is not in agreement with the balance shown in the books of the Company. The reconciliation of the same with AIL is under process. The details of the reconciliation along with the reason for the differences are as under: -

(₹ in million)		
<b>A</b>	Net balance recoverable from AIL as per the books of the Company	7,244.48
	Less:	405.91
	i. Amount transferred by AIL against advance received for sale of 13 immovable properties	
	Add:	0.67
	ii. Rental Income not considered by the then AIL	
	<b>Net (A.(i-ii)) Balance recoverable from AIL</b>	<b>6,839.24</b>
<b>B</b>	Net balance payable by AIL to the Company as per the confirmation of AIL	9.36
<b>C</b>	<b>Difference (A-B)</b>	<b>6,829.88</b>
	<b>Reasons for the differences</b>	
<b>I</b>	Excess expenses charged by AIL for maintenance of Housing Colony	18.55
<b>II</b>	Difference between debit note less amount received from the then AIL vs. amount not considered by AIL in their reconciliation statement against DRDO-related transactions	889.47
<b>III</b>	Rent accrued for HYD building, Kolkata & Airlines house (net of TDS) not considered by AIL in their reconciliation statement	0.66
<b>IV</b>	Sale proceeds of the scrappage pending transfer by AIL	0.09
<b>V</b>	Reimbursement of Interest (amount transferred for NCD bond expenses less expenses pass on to AIAHL) not considered by AIL in their reconciliation statement	1,288.57
<b>VI</b>	Amount withheld against expense for maintenance of 6 aircraft	3,000.00

<b>VII</b>	Amount withheld against PSS (AMADEUS) implementation fees as on 31-12-2021 (Refer Note No. 23.c.IX)	309.61
<b>VIII</b>	Recoverable of Garnishment of Fund debited by AIL.	1,322.93
	<b>Total difference as per “C” above</b>	<b>6,829.88</b>

Further, the AIL vide its credit note no. 3 dated 31<sup>st</sup> March 2022 has claimed ₹ 2,244.48 million towards the interest on 9.08% NCDs Bonds of the then AIL period prior to 1<sup>st</sup> October 2018. The Company has disputed this credit note amounting to ₹ 2,244.48 million as there was no mandates available for the payment of interest prior to 1<sup>st</sup> October, 2018 of the identified debts of the then AIL. However, AIL is contesting that interest on identified debts i.e. NCDs is payable by AIAHL against interest due for payment (actual payment) i.e. interest for the period last due before 1<sup>st</sup> October, 2018 to till immediate due date after 1<sup>st</sup> October, 2018 shall be considered for the interest reimbursement instead of calculating from 1<sup>st</sup> Oct, 2018 to immediate due date after 1<sup>st</sup> October, 2018. The AIL has adjusted ₹ 2,244.48 million in two part viz. ₹ 955.91 million interest in its RFATR a/c and ₹ 1,288.57 million in its AIL Settlement A/c for which there is no mandate of the GoI hence the Company has not accepted the adjustment. As a result of this, there is difference to that extent i.e. ₹ 1,288.57 million in AIL Settlement A/c as compared to AIL Reconciliation A/c in the books of the Company and ₹ 955.91 million interest in RFATR a/c as compare to AIL Recoverable A/c in the books of the Company.

- ii. Regarding balance confirmation from AIASL, there is a difference of ₹ 1.34 million is due to short provision of interest by AIASL payable on outstanding recoveries (transferred by the then AIL) to the Company.
- iii. Tax Deducted at Source (TDS) receivable and payable, GST liability and inputs are in reconciliation with the books of accounts of the Company.

#### 45. EMPLOYEES BENEFITS:

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

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

46. Following are the details of Foreign Currency earned and expended by the Company during the Financial Year 2021-22:

(₹ in million)		
Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Foreign Exchange Earnings	-	-
Foreign Exchange expended	-	-
<b>Net Foreign Exchange Earnings</b>	<b>-</b>	<b>-</b>



**47. ADDITIONAL REGULATORY INFORMATION:**

- a) Loans and advances to specified persons which are repayable on demand or without specifying any terms or period of repayment:

(₹ in million)

Type of Borrower	Current period		Previous period	
Related Party	Amount outstanding (including interest)	% Of Total Loans and Advances	Amount outstanding	% Of Total Loans and Advances
Subsidiaries	51,327.18	100%	-	-

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

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative# of promoter*/ director or employee of promoter/ director	Property held since which date	Reason for not being held in the name of the Company
Asset held for sale	Freehold	3,927.19	Air India Limited	No	31 March 2022	Refer Note No. – 23.III
	Other than Freehold	68,795.60	Air India Limited	No	31 March 2022	Refer Note No. – 23.III
	Other Structures	3316.49	Air India Limited	No	31 March 2022	Refer Note No. – 23.III

- c) Details of Benami property held:

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

- d) Willful Defaulter

Not Applicable

- e) Relationship with Struck off Companies:

The Company has no outstanding balances as on 31.03.2022 (previous period: Nil) with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.

- f) Registration of charges or satisfaction with Registrar of Companies (ROC)

All borrowings of the Company are fully assured by GoI for interest and principal repayments and no charge has been created with ROC. However, the Company has given SBLC/Bank Guarantee for one of its subsidiaries i.e. Alliance Air Aviation Limited's lessors namely Elix Aviation Capital, DAE Leasing, and AVAP for which the bank has kept margin deposit in the form of Fixed Deposit amounting to ₹ 2079.3 million.

- g) The number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017. Such Compliance with number of layers of companies is not applicable for PSUs.

## h) Ratios

Current ratio		(₹ in millions)
Particular	As at March 31, 2022	As at March 31, 2021
Total current assets	25,462	11,717
Total current liabilities	76,030	7,639
Ratio	0.33	1.53
% Change	-78%	
Reason	Due to a decrease in current assets as well as current liability as compared to previous year.	
Debt equity ratio		(₹ in millions)
Particular	As at March 31, 2022	As at March 31, 2021
Total debt	2,19,850	2,19,850
Shareholder's equity	-62,661	1,778
Ratio	-3.51	123.67
% Change	-102.84%	-
Reason	Due to negative net-worth of the Company in the current year, due to excess of fund transferred to AI over assets/ liabilities received charged to other equity.	
Debt service coverage ratio		(₹ in millions)
Particular	As at March 31, 2022	As at March 31, 2021
Earnings available for debt service (EBIDTA)	19,741.5	23,278.3
Total debt	2,19,850.0	2,19,850.0
Ratio	0.09	0.11
% Change	-15.2%	-
Reason	Due to a decrease in total income of the Company.	
Return on equity		(₹ in millions)
Particular	As at March 31, 2022	As at March 31, 2021
Net profits after tax	-10,575	437
Average Shareholders' equity	-32,219	9,556
Ratio	0.33	0.05
% Change	618%	
Reason	Due to net loss during the year as compared to net profit during the previous year	
Inventory turnover ratio		(₹ in millions)
Particular	As at March 31, 2022	As at March 31, 2021
Cost of goods sold	-	-
Average inventory	-	-
Ratio	-	-
% Change	-	
Reason	No inventory or COGS	

Particular	As at March 31, 2022	As at March 31, 2021
<b>Trade receivable turnover ratio</b>	<b>(₹ in millions)</b>	
<b>Particular</b>	<b>As at March 31, 2022</b>	<b>As at March 31, 2021</b>
Revenue from operations	839	1,252
Closing trade receivables	-	-
Ratio	-	-
<b>% Change</b>	-	
<b>Reason</b>	Nil Trade Receivables of the Company.	
<b>Trade payable turnover ratio</b>	<b>(₹ in millions)</b>	
<b>Particular</b>	<b>As at March 31, 2022</b>	<b>As at March 31, 2021</b>
Other expenses	194	87
Closing trade payables	1.0	1.2
Ratio	<b>200.04</b>	<b>74.44</b>
<b>% Change</b>	<b>169%</b>	
<b>Reason</b>	Due to an increase in other expenses and a decrease in closing trade payables after covid as compared to previous year.	
<b>Net capital turnover ratio</b>	<b>(₹ in millions)</b>	
<b>Particular</b>	<b>As at March 31, 2022</b>	<b>As at March 31, 2021</b>
Revenue from operations	839	1,252
Working capital	-50,568	4,078
Ratio	-0.017	0.307
<b>% Change</b>	<b>-105%</b>	
<b>Reason</b>	Due to decrease in revenue after covid as compared to previous year.	
<b>Net profit ratio</b>	<b>(₹ in millions)</b>	
<b>Particular</b>	<b>As at March 31, 2022</b>	<b>As at March 31, 2021</b>
Net Profit for the year	-10,575	437
Revenue from operation	839	1,252
Ratio	-12.61	0.35
<b>% Change</b>	<b>-3714%</b>	
<b>Reason</b>	Due to a decrease in revenue after covid as compared to the previous year and a comparatively huge loss mainly due to prepayment charges of bonds.	
<b>Return on capital employed</b>	<b>(₹ in millions)</b>	
<b>Particular</b>	<b>As at March 31, 2022</b>	<b>As at March 31, 2021</b>
Profit before exceptional item & tax plus finance cost	19,742	23,278
Capital employed	1,57,189	2,21,628
Ratio	0.126	0.105

% Change	20%	
Reason	Due to equity infusion by Gol in the CY and decrease in profit before exceptional item & tax plus finance cost	
Return on investment	(₹ in millions)	
Particular	As at March 31, 2022	As at March 31, 2021
Income from investment	Nil	Nil
Closing balance of investment	Nil	Nil
Ratio	Nil	Nil
% Change	Nil	Nil
Reason	No investment made	
1. Total debt = Non-current borrowings + Current borrowings		
2. Earnings before interest & tax (EBIT) = Profit before exceptional item & tax + Finance costs		
4. Working capital = Total current assets - Total current liabilities		
5. Capital employed = Total equity + Borrowings		
6. Total equity = Total equity excluding non-controlling Interest (less) / add (deferred tax assets) / deferred tax liability (net)		

**i) Compliance with approved Scheme(s) of Arrangements**

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

**j) Utilization of Borrowed funds and share premium**

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

**48. FAIR VALUE MEASUREMENT AND FINANCIAL INSTRUMENTS:**

**a. Capital Management**

The Company's objective when managing capital is to:

- Safeguard its ability to continue as going concern so that the Company is able to provide return to stakeholders and benefits for other stakeholders; and
- Maintain an optimal capital structure of debt and equity balance.
- The capital structure of the Company consists of borrowings and total equity of the Company.
- The Company's Audit Committee and BoD review the capital structure of the Company from time to time. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.
- During the financial year ended 31 March 2022, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

**a. Financial instruments – by category and fair value hierarchy**

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

As on 31st March 2022

(₹ in million)

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

As on 31<sup>st</sup> March, 2021

(₹ in million)

Particulars	Carrying Value				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
<b>Financial Assets</b>					-	-	-
<b>Non-Current</b>					-	-	-
Recoverable from AIL/Govt. of India	-	-	2,17,549.51	2,17,549.51	-	-	-
<b>Current</b>							
Trade Receivable*	-	-	-	-	-	-	-
Cash & Cash Equivalents*	-	-	40.34	40.34	-	-	-
Bank Balances other than cash and cash equivalents*	-	-	5662.88	5662.88	-	-	-
AI Reconciliation Account/ Recoverable from AIL	-	-	5879.52	5879.52			
Other Financial Assets	-	-	4.86	4.86	-	-	-
<b>Total</b>	-	-	<b>2,29,137.11</b>	<b>2,29,137.11</b>	-	-	-
<b>Financial liabilities</b>					-	-	-
<b>Non-Current</b>					-	-	-
Borrowings	-	-	2,19,850	2,19,850	-	-	-
<b>Current</b>					-	-	-
Borrowing	-	-	-	-	-	-	-

Particulars	Carrying Value				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Trade Payables	-	-	1.16	1.16	-	-	-
<b>Other Financial Liabilities</b>					-	-	-
Interest Accrued but not due on debenture	-	-	5185.72	5185.72	-	-	-
Other Financial Assets	-	-	-	-	-	-	-
<b>Total</b>	-	-	<b>2,25,036.88</b>	<b>2,25,036.88</b>	-	-	-

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

\* The carrying amount of trade receivables, trade payables, cash and cash equivalents, bank balances other than cash and cash equivalents, and other current financial assets, approximates the fair values, due to their short-term nature. The other non-current financial assets represent the carrying value which approximates the fair values as on the reporting date.

Valuation technique were used to determine fair value using discounted cash flow method.

### Fair Value Hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: Inputs are other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs are based on unobservable market data. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

## 49. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES:

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

- (i) Credit Risk
- (ii) Liquidity Risk
- (iii) Market Risk

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

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

The Company's management oversees the management of these risks. The Board of Directors has reviewed the policies for managing each of these risks, which are summarized as under:

**(i) Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation.

Being 100% Government owned Company and the 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 ₹17,260.22 million as at 31<sup>st</sup> March 2022 (Previous Year ₹5703.22 million) anticipated future internally generated funds from government and interest, and its full availability, will enable it to meet its future known obligation in the ordinary course of business. However, if 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.

(₹ in million)

As at 31st March 2022	Carrying amount	Contractual Cash Flows				
		Upto 1 year	1-3 Year	3-5 Year	More than 5 years	Total
Non-Convertible Debentures (Series-1 AIAHL issued NCD full repayment assured by Min. of Fin, GOI vide letter No.12(29)-B(SD)/2018 dated 18.6.19 due for 100% repayment on 16 Dec 2022)	70,000	70,000	-	-	-	70,000
Trade Payables	0.10	0.10	-	-	-	0.10
Interest Accrued but not due on Borrowings/NCDs	5185.72	5185.72	-	-	-	5185.72
Others	-	-	-	-	-	-
<b>Totals</b>	<b>75,185.82</b>	-	-	-	-	<b>75,185.82</b>
As at 31st March 2021	Carrying amount	Contractual Cash Flows				
		Upto 1 year	1-3 Year	3-5 Year	More than 5 years	Total
Non-Convertible Debentures (Series-1 AIAHL issued NCD full repayment assured by Min. of Fin, GOI vide letter No.12(29)-B(SD)/2018 dated 18.6.19 due for 100% repayment on 16 Dec 2022)	70,000.00	-	70,000.00	-	-	70,000.00
Trade Payables	0.20	-	-	-	-	0.02
Interest Accrued but not due on Borrowings/NCDs	5,185.72	5,185.72	-	-	-	5,185.72
Others	-	-	-	-	-	-
<b>Totals</b>	<b>75,185.92</b>	<b>5,185.72</b>	<b>70,000.00</b>	-	-	<b>75,185.92</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.

**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.

- 50.** The Company has consistently applied its accounting policies in the preparation of the financial statements. During this year, there has been no change in the accounting policies being followed by the Company.
- 51.** Previous year figures have been reclassified/regrouped, wherever considered necessary. Further, the Company has reclassified the Rental Income classified as "income from operation" in the previous year as "Other Income" as the income from the properties transferred by the then AIL has been classified as assets included in disposal group held for sale. Accordingly, previous year Revenue from operation is now Nil and other income has increased to that extent of rental income of ₹1,252.49 million and total income is now ₹ 23,368.21 million of previous year.

**For and on behalf of**

Ashwani Sood & Associates

Chartered Accountants

**ICAI Firm Registration No. 005036N**

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

**Sd/-**

**Ashwani Sood**

**Partner**

Mem. No. 084242

**Sd/-**

**Vikram Dev Dutt**

**Chairman and Managing Director**

DIN 02055541

**Sd/-**

**S.K. Mishra**

**Director**

DIN 07728790

**Sd/-**

**Rajiv Kapoor**

**Chief Financial Officer**

**Sd/-**

**Kavita Tanwar**

**Company Secretary**

Place: New Delhi

Date: 03 November 2022

**CONSOLIDATED FINANCIAL  
STATEMENTS OF AI ASSETS HOLDING  
LIMITED GROUP**



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (B) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF AI ASSETS HOLDING LIMITED FOR THE YEAR ENDED 31 MARCH 2022**

The preparation of Consolidated Financial Statements of **AI ASSETS HOLDING LIMITED** for the year ended 31 March 2022 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(7) read with Section 129(4) of the Act is responsible for expressing opinion on the financial statements under section 143 read with Section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 10 February 2023.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of **AI ASSETS HOLDING LIMITED** for the year ended 31 March 2022 under section 143(6)(a) read with Section 129(4) of the Act. We conducted a supplementary audit of the financial statements of AI Engineering Services Limited, AI Airport Services Limited, Alliance Air Aviation Limited and Hotel Corporation of India Limited (subsidiaries) for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) read with section 129(4) of the Act, which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report: -

**A. Comments on Financial Position**

**Assets**

**Assets included in disposal group held-for-sale (Note 9) — ₹ 1,32,450.18 million**

- (i) During 2020-21, an amount of ₹ 146.80 million (USD 19,50,000) was capitalized in Property, Plant & Equipment towards procurement of Aero Engine Rotables from M/s Pratt & Whitney, Canada. The total cost of the new engine was 234.30 million. However, Alliance Air Aviation Limited (AAAL) purchased this new engine in exchange of the two old engines at a final negotiated price of 146.80 million. Accordingly, the new engine should have been booked at cost value of 234.30 million instead of the net settlement amount of 146.80 million. Further, there was understatement of other Income by 87.5 million on account of profit/gain on disposal of old engines as well as understatement of depreciation by 2.5 million during 2020-21. However, no corrective action has been taken by the management in the financial year 2021-22 also. This has resulted in understatement of Assets included in disposal group held-for-sale and Other Equity by 81.00 million [₹ 87.5 million — ₹ 2.5 million (i.e. short booking of depreciation for 2020-21)- ₹ 4.0 million (i.e short booking of depreciation for 2021-22)].

- (ii) AI Airport Services Limited (AIASL) has purchased three Main Deck Container/Pallet Loader costing 140.87 million from M/s. TLD Europe. Due to delay in delivery of machines, AIASL withheld an amount of 12.20 million on account of penalty. However, instead of capitalization of entire cost of 140.87 million from the date of commissioning (June 2021) of these assets, AIASL capitalized the assets on 14 January 2022 considering the historical cost as 128.67 million (after deducting penalty of 12.20 million). This has resulted in understatement of Assets included in disposal group held-for-sale by 6.75 million [i.e. 12.20 million (short booking of assets) - ₹ 5.74 million (short booking of depreciation)] and Other Equity (negative balance)/ depreciation by 5.45 million and Current Liability by 12.20 million.

**B. Comments on Cash Flow Statement**

**(i) Cash and Cash Equivalent at the end of the year- ₹ 17,260.22 million**

The above Cash and Cash equivalents includes an amount of ₹ 437 million (Bank Balances other than cash and cash equivalents) though the maturity of the related fixed deposit was more than three months from the date of balance sheet. Further, this amount should have been included under changes in the Other Current & Non-Current Asset. Thus, Net Cash from Operating Activities is understated and the cash and cash equivalents are consequently overstated by 437 million.

**(ii) Net cash from Operating activities — ₹ (1,23,099.23) million**

**Net cash from Investing activities — ₹ 1,51,811.22 million**

During the year 2021-22, AI Airport Services Limited (AIASL) had purchased fixed assets costing 162.80 million and made payment of 159.20 million to the vendors, leaving a balance amount of 3.60 million shown under Financial Liabilities as on 31 March 2022. However, the AIASL has shown total purchase price of ₹ 162.80 million under 'Purchase of property, plant and equipment' while calculating Cash Flow from Investing Activities instead of ₹ 159.20 million i.e. on net cash outflow basis and the impact of ₹ 3.60 million has taken under 'Increase/decrease in Trade Payables' while calculating Cash Flow from Operating Activities.

This has resulted in overstatement of cash generated from operating activities and overstatement of net cash used in investing activities by ₹ 3.60 million.

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

**Place: New Delhi**  
**Dated: 19.05.2023**

**Sd/-  
(Atoorva Sinha)  
Principal Director of Audit (Infrastructure)  
New Delhi**

**MANAGEMENT REPLIES TO THE COMMENTS OF THE COMPTROLLER AND AUDITOR  
GENERAL OF INDIA UNDER SECTION 143(6)(B) OF THE COMPANIES ACT, 2013 ON THE  
CONSOLIDATED FINANCIAL STATEMENTS OF**

**AI Assets Holding Limited for the year ended 31<sup>st</sup> March 2022**

S. No	Government Audit Query	Management Reply
A.	<p><b>Comments on Financial Position Assets</b></p> <p><b>Assets included in disposal group held-for-sale (Note 9) – ₹ 1,32,450.18 million</b></p> <p>(i) During 2020-21, an amount of ₹146.80 million (USD 19,50,000) was capitalized in Property, Plant &amp; Equipment towards procurement of Aero Engine Rotables from M/s Pratt &amp; Whitney, Canada. The total cost of the new engine was 234.30 million. However, Alliance Air Aviation Limited (AAAL) purchased this new engine in exchange of the two old engines at a final negotiated price of 146.80 million. Accordingly, the new engine should have been booked at cost value of 234.30 million instead of the net settlement amount of 146.80 million. Further, there was understatement of other Income by 87.5 million on account of profit/gain on disposal of old engines as well as understatement of depreciation by 2.5 million during 2020-21. However, no corrective action has been taken by the management in the financial year 2021-22 also. This has resulted in understatement of Assets included in disposal group held-for-sale and Other Equity by 81.00 million [₹87.5 million - ₹ 2.5 million (i.e. short booking of depreciation for 2020-21) - ₹ 4.0 million (i.e short booking of depreciation for 2021-22)].</p>	<p>The query and transaction referred to in the audit para pertains to a Subsidiary of AIAHL, viz Alliance Air Aviation Ltd (AAAL). The management of AAAL has replied to their Govt Audit Team explaining reasons for the same.</p> <p>The consolidation was made by the Holding Company on the basis of line-by-line items of the audited accounts of such subsidiary and as per the requirement of IND AS 110 issued by ICAI for the same. No deviations have been made by the Holding Company in preparation of its CFS. However, said para has also been raised to the Holding Company on its Consolidated Financial Statement (CFS).</p> <p>The reply given by the management of the AAAL to their Govt Audit party is reproduced below:</p> <p>As per the company policy of AAAL and Accounting Standards, any capital item purchased is accounted for in the Books of Accounts based on the invoices being raised by the vendor.</p> <p>AAAL received the invoice from M/s Pratt &amp; Whitney, Canada for the purchase of the engine bearing number ED-1881 amounting to US\$ 1.95 million.</p> <p>In the airline industry, there is always a wide variation of the catalog price and actual purchase price depending upon the market situation and present/future committed business awarded to the respective vendor.</p> <p>The purchase price was derived based on the negotiations and other future commitments duly accepted by both parties. In the said case, the invoices raised by M/s Pratt &amp; Whitney is US\$ 1.95 million and as per rules, the company has taken into consideration for capitalization of the engine at the invoice price raised by the manufacturer.</p>

S. No	Government Audit Query	Management Reply
		<p>The exchange of the engine as noted in the para is a separate incident and has no bearing on this purchase. The engine in question bearing the serial no. 121163 and 121261 were pertaining to ATR-42 aircraft, which was leased from M/s ABRIC. As per the lease agreement, the aircraft will be returned to the lessor after fulfillment of the specified conditions. The cost of the redelivery as projected was considered very high; hence, management started a dialogue with the lessor to arrive at the compensation in lieu of the redelivery of the aircraft.</p> <p>The compensation amount was duly agreed upon by both parties considering the fact that the aircraft has already consumed its total life cycle and could not be operated in the future. The compensation amount paid to the lessor was booked as redelivery cost in the year 2015-16.</p> <p>The aircraft was parked at Kolkata as scrap and subsequently, it has been sold to MSTC Ltd., after fulfilling the procedure. No value has been assigned against this aircraft in the Books of Account of Alliance Air. The return of the engine to Pratt &amp; Whitney is a deal made by Alliance Air considering the total business involvement with them and not specific to a particular incident.</p> <p>The government auditor has recommended booking the engine at a Cost value of Rs. 23.43 crore.</p> <p>The Cost value is determined based on the invoice amount raised by the vendor.</p> <p>In this case, the invoice value is USD 1.95 million issued by P&amp;WC (OEM of the engine) and AAAL has booked the same based on the invoice value, which is as per ICAI guidelines.</p> <p>In view of the above, the action taken by Alliance Air is considered in conformity with the accounting policy and guidelines being issued by a regulatory authority.</p>

<b>S. No</b>	<b>Government Audit Query</b>	<b>Management Reply</b>
	<p>(ii) AI Airport Services Limited (AIASL) has purchased three Main Deck Container/Pallet Loader costing 140.87 million from M/s. TLD Europe. Due to delay in delivery of machines, AIASL withheld an amount of 12.20 million on account of penalty. However, instead of capitalization of entire cost of 140.87 million from the date of commissioning (June 2021) of these assets, AIASL capitalized the assets on 14 January 2022 considering the historical cost as 128.67 million (after deducting penalty of 12.20 million). This has resulted in understatement of Assets included in disposal group held-for-sale by 6.75 million [i.e 12.20 million (short booking of assets) - ₹ 5.45 million (short booking of depreciation)] and Other Equity (negative balance)/depreciation by 5.45 million and Current Liability by 12.20 million.</p>	<p>The query &amp; transaction pertains to a Subsidiary of AIAHL, viz AI Airport Services Ltd (AIASL). The management of AIASL has replied to their Govt Audit Team explaining reasons for the same.</p> <p>The consolidation was made by the Holding Company on the basis of line-by-line items of the audited accounts of such subsidiary and as per the requirement of IND AS 110 issued by ICAI for the same. No deviations have been made by the Holding Company in preparation of its CFS. However, said para has also been raised to the Holding Company on its Consolidated Financial Statement (CFS).</p> <p>The reply given by the management of the AIASL to their Govt Audit Team is reproduced below:</p> <p>AIASL has noted the Comments of Govt. Audit and agreed to the observations made. AIASL would ensure that such an error is not repeated in the financial year 2022-23 and thereafter.</p> <p>Necessary corrective action would be taken by passing the required accounting entries in the financial year 2022-23 by capitalizing the assets worth Rs. 12.20 million after discussion with Statutory Auditors.</p>
<b>B.</b>	<p><b>Comments on Cash Flow Statement</b></p> <p><b>(i) Cash and Cash Equivalent at the end of the year- ₹ 17,260.22 million</b></p> <p>The above Cash and Cash equivalents includes an amount of ₹ 437 million (Bank Balances other than cash and cash equivalents) though the maturity of the related fixed deposit was more than three months from the date of balance sheet. Further, this amount should have been included under changes in the Other Current &amp; Non-Current Asset.</p>	<p>It is submitted that there is no impact on the profitability or liquidity of the Company or any understatement or overstatement of assets/liability/Income/expenditure during the period under consideration on account of the query raised by the Govt. Audit and is a presentation issue.</p> <p>However, the audit query will be reviewed in the financial year 2022-23 and corrective action, if required, will be taken.</p>



<b>S. No</b>	<b>Government Audit Query</b>	<b>Management Reply</b>
	Thus, Net Cash from Operating Activities is understated and the cash and cash equivalents are consequently overstated by 437 million.	
	<p><b>(ii) Net cash from Operating activities – ₹ (1,23,099.23) million</b></p> <p><b>Net cash from Investing activities – ₹ 1,51,811.22 million</b></p> <p>During the year 2021-22, AI Airport Services Limited (AIASL) had purchased fixed assets costing 162.80 million and made payment of 159.20 million to the vendors, leaving a balance amount of 3.60 million shown under Financial Liabilities as on 31 March 2022. However, the AIASL has shown total purchase price of ₹ 162.80 million under 'Purchase of property, plant and equipment' while calculating Cash Flow from Investing Activities instead of ₹ 159.20 million i.e. on net cash outflow basis and the impact of ₹ 3.60 million has taken under 'Increase/decrease in Trade Payables' while calculating Cash Flow from Operating Activities.</p>	<p>The query &amp; transaction pertains to a Subsidiary of AIAHL, viz AI Airport Services Ltd (AIASL). The management of AIASL has replied to their Govt Audit Team explaining reasons for the same.</p> <p>The consolidation was made by the Holding Company on the basis of line-by-line items of the audited accounts of such subsidiary and as per the requirement of IND AS 110 issued by ICAI for the same. No deviations have been made by the Holding Company in preparation of its CFS. However, said para has also been raised to the Holding Company on its Consolidated Financial Statement (CFS).</p> <p>The reply given by the management of the AIASL to their Govt Audit Team is reproduced below:</p>
	This has resulted in overstatement of cash generated from operating activities and overstatement of net cash used in investing activities by ₹ 3.60 million.	AIASL agrees with the observation made and would ensure that this error is not repeated in the financial year 2022-23. While preparing the cash flow for the financial year 2022-23, the impact of Rs. 3.60 million will be shown under "Purchase of Property, plant and equipment" (investing Activity) in the figures of 2021-22 after discussion with Statutory Auditors.

## Independent Auditor's Report

To

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

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

#### 1. Qualified Opinion

We have audited the accompanying Consolidated Ind AS Financial Statements of AI Assets Holding Limited (*formerly Air India Assets Holding Limited*) ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2022, and the Consolidated Statement of Profit & Loss (including Comprehensive Income), the Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information (*hereinafter referred to as the Consolidated Ind AS financial statements*).

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, except for the possible effects of the matters described in the Basis for Qualified Opinion Section of our report, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Companies Act 2013, as amended ("the Act") in the manner so required and give a true and fair view, in conformity with the Indian Accounting Standards prescribed under Section 133 of the act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (Ind AS) and accounting principles generally accepted in India, of the Consolidated state of affairs of the Group as at 31st March, 2022, and its Consolidated Loss (including consolidated other comprehensive income), the Consolidated changes in equity and its consolidated cash flows for the year ended on that date.

#### 2. Basis for Qualified Opinion

In respect of one of the subsidiaries of the Group whose audit report has been qualified is reproduced hereunder;

In respect of Hotel Corporation of India Limited - (vide their Independent Auditor's Report dated December 05, 2022)

SI No.	Qualifications
1.	<p><b><u>Disagreement between Jammu &amp; Kashmir Government &amp; Centaur Lake View Hotel (CLVH)</u></b></p> <p>In terms of decision of Jammu &amp; Kashmir Governments, the functioning of Hotel Centaur Lake View Hotel (CLVH) was inoperative w.e.f 14.06.2022, for action of J&amp;K Government for the sizing of the property. All records and documents were seized by the J&amp;K Government due to which we have not audited the financials of CLVH, Financial Statements consists of total assets of Rs.405.23 million as at March 31, 2022 and the total revenue of Rs.82.05 million for the year ended of CLVH. The financial information of the unit was produced by the management hence we are unable to ascertain the impact thereof in the consolidated financial statements. (<i>Refer Note 53 i of the Consolidated Financial Statements</i>)</p>

2.	<p><b><u>Inventory:</u></b></p> <p>Inventory records and Accounting records are not integrated. The Company has practices of maintaining and updating Inventory records manually in excel (MS Office).</p> <p>The consumption of stocks, stores, crockery, cutlery etc. is being arrived by adding opening balances to the purchases and deducting therefrom closing balances as per practices being followed from the past. In absence of maintenance of proper record of stock movement including but not limited to the shortage, scrap, pilferage, misuse or theft etc. we were not able to apply other auditing procedures to satisfy ourselves on inventory quantities.</p> <p>Further the valuation of regular consumed inventory is derived as 50% cost of the closing inventory at year end, instead of any proper standard mechanism for arriving at closing valuation of inventory. <i>(Refer Note 35 b of the Consolidated Financial Statements)</i></p>
3.	<p><b><u>MSMED Act compliances</u></b></p> <p>The company has classified MSME vendors registered under Micro small and Medium Enterprises Development (MSMED) Act, 2006. The compliances of procurement; provision for Interest, if any, on outstanding dues to MSMSE units could not be verified. We therefore are unable to determine the delay in making payment to such entities and liability of interest and compliance on such delayed payments in terms of provisions of MSMED Act. <i>(Refer Note 36 of the Consolidated Financial Statements)</i></p>

The impact of above qualifications on consolidated financial statements, if any, is not ascertainable.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 Consolidated Ind AS Financial Statements under the provisions of The Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us together with audit evidence obtained by the other auditors in terms of their reports refer to in Para 6 of "Other Matters" section below is sufficient and appropriate to provide a basis for our opinion.

### 3. **Material Uncertainty Related to Going Concern**

#### **In respect of Hotel Corporation of India (Subsidiary)- vide their Auditor's Report Dated December 05,2022**

The Company has incurred a net loss of Rs.842.51 million during the year ended March 31, 2022 and, as of that date, the Company's current liabilities exceeds its total assets by Rs.265.39 million and it has accumulated losses of Rs.7,541.61 million which has resulted in complete erosion of the net worth of the company. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, based on the assessment conducted by the Management and other factors mentioned in the aforementioned note, these financial statements have been prepared on a going concern basis and no adjustment has been made to the carrying value of the assets and liabilities of the Company as at the reporting date. *(Refer Note 55 of the Consolidated Financial Statements)*

**4. Emphasis of Matter**

We draw your attention to: -

**A) In respect of AI Asset Holding Limited (Holding Company), Vide our Report on Standalone Financials Statements dated November 03, 2022.**

- (i) Note no. 23 a) & 24.i of the Consolidated Ind AS Financial Statement regarding payment made by the company to the then AIL for its disinvestment amounting to Rs.8,31,949.58 million (excluding government grants amounting to Rs.74,296.70 million transferred to the then AIL for servicing interest of identified debts) and against such amount total assets (net of liability) transferred by the then AIL to the company amounting to Rs.1,54,431.33 million and difference of Rs.6,77,518.25 million has been classified as a separate line item under "Equity & Liabilities". However, details about the component of differential amount (viz. provision of ECL/doubtful debts, provision for non-moving/scraped inventories, any other provision of assets etc.) has not been provided by the then AIL hence could not be verified.
- (ii) Note no. 23.c.III of the Consolidated Ind AS Financial Statement regarding book transfer of the movable and immovable assets of Rs.77,533.76 million through debit note/invoices without having any physical handover-takeover. Further, the title and physical possession of these assets are still with the AIL held in trust on behalf of the company and dues against taxes/ state leavy have not been provided for. Further, the above immovable properties includes cost of one flat at 6B, Shriram Apartments, Middleton Street, Kolkata for Rs.10.09 million, which was sold by the then AIL before the date of disinvestment, but its cost was transferred to the company through debit notes. The company had relied on the debit notes/ credit notes for recording of assets/liabilities transferred from AIL, with the exception to above wherein this immovable property transferred reversed by the company on the basis of documents shared by AIL, without corresponding credit note from AIL.
- (iii) Note no. 23.III.a.ii of the Consolidated Ind AS Financial Statement regarding assets received from the then AIL has been classified as "Assets included in disposal group held for sale". However, these assets have been accounted for at carrying value instead of at lower of carrying cost or fair value less cost to sell. Further, foot note of Note No. 9 and 17 regarding the assets and liabilities of the subsidiaries classified as Assets included in disposal group held for sale has been carried out on book value instead of lower of fair value or carrying cost in terms of Ind AS 105, due to confidentiality in the valuation as the subsidiaries are under the process of disinvestment.
- (iv) Note nos. 9, 17 and 25.v of the Consolidated Ind AS Financial Statement regarding certain movable and immovable assets transferred by the then AIL classified under "Assets included in disposal group held for sale" for which either lease period has been expired or assets are under encroachment /legal disputes. Further, regarding surrender of the remaining lease right to the lessor on compensation basis though

as stated to us in few cases, the lessor is denying for any compensation taking the ground that there is no clause in the agreement for the compensation.

- (v) Note no 49.i of the Consolidated Ind AS Financial Statement regarding Rs.6,839.24 million (net of advances) shown as recoverable by the company from AIL, whereas AIL has confirmed only Rs.9.36 million only as payable to the company, and differential amount of Rs.6,829.88 million has been either charged by the then AIL as expenses or not acknowledged by the AIL as payable to the company.
- (vi) The Holding Company had charged interest of Rs.916.05 million at the rate of 9% p.a. on old outstanding recoverable amount of Rs.49,839.76 million from the subsidiaries transferred from the then AIL to the company. Since, the company was not able to repay the outstanding recoverable in past to then AIL hence the same have been transferred to the company and in spite of the fact that the net worth of these subsidiaries (except AIASL) have already been eroded, the company has charged interest (from the date of transfer of shares of the subsidiaries to 31st March, 2022) from these subsidiaries. The company has also taken an independent opinion from consultant on this matter and in their opinion also the interest should not be charged as impact of the same will be on cash outflow of the company against GST and Income tax liabilities on such notional income (if the subsidiaries are not able to repay).
- (vii) The company had charged interest @ 1% per annum only on advance of Rs 562.50 million given by them to one of its subsidiaries which is well below the then prevailing yield on Government Security, which is in contrary to the requirement of the section 186(7) of the Companies Act, 2013
- (viii) Note no 23.c.II and 26 of the Consolidated Ind AS Financial Statement regarding non provision as doubtful/impairment against investment in the subsidiaries of Rs.8,179.41 million and outstanding recoverable amounting to Rs.49,839.76 million classified under "Assets included in disposal group held for sale" though the net worth of the subsidiaries (except AIASL) has been eroded completely.
- (ix) Note no 49.ii of the Consolidated Ind AS Financial Statement regarding difference of Rs.1.34 million in balances between AIASL and the company as at 31<sup>st</sup> March, 2022, on account of short provision of interest by AIASL on outstanding recoverable transferred by then AIL to the company. We report that to that extent, the accounts are unreconciled between the company and AIASL.
- (x) Note 17 of the Consolidated Ind AS Financial Statements, the company has classified Rs.1,227.99 million under "Liabilities against assets included in disposable group held-for-sale". These liabilities were transferred by the then AIL to the company on the basis of debit notes/credit notes only, however other supporting/confirmation for the said amount are not available.
- (xi) Note 22.I.iv of the Consolidated Ind AS Financial Statements regarding non provision of Rs. 0.45 million as firm liability as against shown as contingent liability towards demand received from BSE for delay in submission of half yearly/quarterly returns.

- (xii) Note 25.viii of Consolidated Ind AS Financial Statements regarding GST ITC of Rs.226.48 million against assets located in those states where the company was not registered under GST act through invoices issued to the company at company's Delhi GSTIN. The company has availed GST ITC on those invoices, whereas on the GST portal the amount appearing as ineligible ITC.
- (xiii) Note 23.c.III.c.iv of the Consolidated Ind AS Financial Statements regarding non accounting of certain benefits (including house rent recoveries of housing colonies) accruing to AIL, AIXL or AI-SATS post disinvestment closing date on account of remaining assets including interest accrued thereof will be paid to the Government of India or such other person as nominated by the Government of India.
- (xiv) Note 49 of the Consolidated Ind AS Financial Statements regarding recovery/ adjustment made by AIL from the company amounting to Rs.2,244.48 million towards interest on identified debts for the period prior to 1<sup>st</sup> October 2018 in two parts Rs.955.91 million as interest in AIL recoverable account and Rs.1,288.57 million in AIL settlement account for which the company has no mandate for payment of interest for this period & not accounted for in company books.

**B) In respect AI Engineering Services Limited (Formerly known as Air India Engineering Services Limited) (Subsidiary) – Vide their Auditor's Report dated October 20, 2022.**

- (i) The Company has written a letter to Department of Public Enterprise dated 01.09.2020 for exemption of Section 149(4), Section 177 and Section 178 of the Companies Act, 2013, relating to appointment of Independent Directors, Constitution of Audit Committee and Constitution of Nomination and Remuneration Committee respectively. Reply is awaited from Department of Public Enterprise.
- (ii) a) As per para 9 of Ind AS 2 on Inventories  
Inventory shall be measured at cost or net realizable value.  
The company has valued the inventories during the year at weighted average cost. Valuation of inventories has not been done as per Ind - AS 2 at year end. Hence, we are unable to comment on the impact of the same.
- b) Inventory has not been physically verified by the management.
- (iii) Company has not deducted income tax at source while accounting for provision for expenses. The impact of such non-compliance cannot be ascertained.
- (iv) Company has calculated interest payable/receivable on average balance of Inter Companies. The company has not calculated interest as per MSA with various Inter Companies.
- (v) The company has not complied with Ind AS 36 on Impairment of Assets.
- (vi) a) The reconciliation and matching of certain unmatched receivable/recoverable from staff and payables including certain control ledger is in the process.  
(Refer note no. 49(iv) of the *Consolidated Ind – AS Financial Statements*.)

- b) Trade receivables, deposits received, deposits paid and trade payable are subject to confirmation. *(Refer Note 49 (iv) of the Consolidated Ind – AS Financial Statements)*
  - c) The company is in process of reconciliation of revenue and tax deducted at source as accounted in financials as per 26 AS.
  - d) Good and Service Tax (GST) and other statutory dues are in the process of reconciliation with the returns filed and statutory records maintain by the company. *(Refer Note 49 (iv) of the Consolidated Ind – AS Financial Statements)*
  - (vii) The then Air India Limited on account of AIESL use to pay under self-contributory Superannuation Pension scheme and recovered from the company and an amount of Rs.104.08 million debit balances is appearing in the books of the company, which is under reconciliation. *(Refer Note 49 (iv) of the Consolidated Ind – AS Financial Statements)*
  - (viii) Company has appointed a professional Firm of Chartered Accountant for Physical verification of PPE, including for the assets tagging of the PPE (Delhi) in a phase manner. Discrepancies and excess will be adjusted/accounted after taking approval from the competent authority. *(Refer Note 35 a (iii) of the Consolidated Ind – AS Financial Statements)*
  - (ix) Prior period expenses to the tune of Rs.71.45 million has been booked in the current year. The books of 2020-2021 has been restated and consequential adjustments/disclosure has been made.
- C) In respect of Alliance Air Aviation Limited (Formerly known as Airline Allied Services Limited) (Subsidiary) - Vide their Auditor's Report dated July 14, 2022.**
- (i) *Note 55 of the Consolidated Ind – AS Financial Statements* - which states that the financial statements of the company have been prepared on going concern basis for the reasons stated therein in spite of continuous accumulated losses and net worth of the company fully eroded.
- D) In respect of Hotel Corporation of India Limited (Subsidiary)- Vide their Auditor's Report dated December 05, 2022.**
- (i) The balance confirmations in respect of Trade Payables, Trade Receivables, Loans and Advances, Deposits etc. have not been received from the parties and hence we are unable to state whether these balances are recoverable /payable to the extent stated. *(Refer Note 49 (v) of the Consolidated Ind – AS Financial Statements).*
  - (ii) Property Plant Equipment (Fixed Assets) are not properly maintained and updated at various units. No physical verification of PPE has been conducted by the management during the current financial year (Last inspection was conducted in FY 2019-20). *(Refer Note 35 a vi of the Consolidated Ind – AS Financial Statements).*

- (iii) Lease rentals and Turnover levy payable to Airport Authority of India (AAI)/Delhi International Airport Limited (DIAL)/ Mumbai International Airport Limited (MIAL) are provided in the books of accounts of the Company and duly reflected in the financial statement. Further In view of the dispute between the Company and AAI/DIAL/MIAL, interest on account of outstanding payable is not provided but disclosed under the head Contingent Liability and are not in conformity with the accounting principles generally accepted in India. *(Refer Note 22 I b (v) of the Consolidated Ind – AS Financial Statements).*
- (iv) The earlier wage agreement was expired on 31 December, 2006 and the union has submitted Charters of demands. The Company had negotiations between Wage Negotiation Committee of the Management and Co-Ordination Committee of HCI Unions and after receipt of final approval from the Ministry of Civil Aviation, the Memorandum of Understanding dated 08.08.2019 was entered into between the unions and the Company for implementing wage revision for the Unionized category of employees for a period of 10 years effective 18.08.2008. The wage revision was implemented in the financial year 2019-20. The total estimated provision for arrears of wage revision for the unionized category of employees of the company as on 31.3.2022 is Rs.146.36 million. The Management had announced an interim relief of Rs 5,000/- per month per employee for officers effective from 1 January, 2017 which continues to be paid and has been expensed out through the Statement of Profit and Loss Account amounting to Rs. 66.81 million as on 31.3.2022. As and when wage revision is approved, this amount would be adjusted against arrears payable, if any, for which employee wise details have been maintained separately in the books of accounts. Further, the calculations for arrears payable to employees effective 08.08.2008 are in progress. The management is of the opinion that in case the wages provided is inadequate then the provision for differential liability will be made in the year it is finalized. *(Refer Note 22 I b (v) and 53 (iii) of the Consolidated Ind – AS Financial Statements).*
- (v) The Company has not complied with certain provision of the Act. As a consequence thereof:
- a. The Company has not appointed Independent Directors as required under the provisions of Section 149(4) of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and hence, no meeting of the Independent Directors could be held during the Audit Period.
  - b. Since the Company has not appointed Independent Directors, the Company has not complied with the provisions of Section 177(2) and Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 as regards the composition of the Audit Committee and the Nomination and Remuneration Committee of the Board.



- c. The above non-compliance was also reported by the previous auditors in their Auditors' report dated 4th August, 2021 for financial year 2020-21.
  - (vi) The Company has internal control system which need strengthening for followings:
    - a. Strengthening the internal audit process so as to ensure adequate coverage of all the areas and ensure effective internal controls at all units of the Company.
    - b. Laying down Standard Operating Procedures with regard to timely accounting of all transactions to ensure that proper books of accounts are maintained. *(Refer Note 35 (b) of the Consolidated Ind – AS Financial Statements)*
    - c. The above non-compliance was also reported by the previous auditors in their Auditors' report dated 4th August, 2021 for financial year 2020-21
  - (vii) Fair value of the financial assets and financial liabilities is arrived based upon best information available or provided by the management. We have relied upon the management information for fair valuation on the absence of other required information.
- E) In respect of AI Airport Services Limited (Formerly known as Air India Air Transport Services Limited)(Subsidiary)- Vide their Auditor's Report dated August 02, 2022**
- (i) The Company is charging interest @ 9% p.a. on overdue balances of receivables in respect of group companies, namely, Air India Limited (considered related party till January 13, 2022), Air India Express, Air India Engineering Services Limited and Alliance Airlines Private Limited. During the audit period, interest on overdue payments amounting to Rs.172.24 million (Previous year Rs.289.05 million) has been booked as other income. We have relied on the management contention that such amount will be fully recovered and hence, no further adjustments are required for current audit period.
  - (ii) We draw attention to Note 9 to the Consolidated Ind-AS Financial Statements, the company has inventory consisting of stores and spares amounting to Rs. 59.14 million. These inventories are transferred from Air India Limited and Air India Engineering Limited, which are not used for more than three years. We have relied on the management contention that such inventory have value in use and is at-least equal to the carrying value in books based on confirmation received from the users (technical) department of the Company and hence, no further adjustments are required for the audit period.
  - (iii) The company has entered into leases for various commercial premises (with option to purchase/renew but title of the same may or may not eventually be transferred) which are scattered at various locations/stations/regions, there is foreclosure clause in the contract, wherein it is cancelable by providing notice period of 90 days by either site. In view of the management, considering it as cancelable lease, the same does not qualify for recognition under Ind AS 116 Lease Accounting.

Pending evaluation, these lease have not been considered as right-of-use assets under Ind AS 116 and rent of the same has been charged systematically to the statement of profit and loss for the current year. We have relied on the management contention that the impact of the same will not be material.

Our report is not modified in respect of matters stated above.

## 5. **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section and material uncertainty in relation to Going Concern section above, we have determined the matters described below to be the Key Audit matters to be communicated in this report based on Key Audit matters reported in Audit Report issued by us of Holding Company and reported in Audit Reports issued/ communicated to us by respective auditors of the Subsidiaries, reproduced by us, except for the matters eliminated on consolidation or not considered material at Group level.

S. No.	Key Audit Matters	How Our Audit addressed the key audit matters
1.	<p><b>In respect of Holding Company,</b>  <b>Transactions relating to disinvestment of Air India Limited</b>  <i>(refer note no 23 to the Consolidated Ind AS Financial Statements)</i></p> <p>We consider this matter to be of most significance in our audit due to the materiality of the balances of such assets in the financial statements: -</p>	
	<p>In terms of decision of Government of India for financial assistance to the then AIL for the disinvestment, the company had transferred Rs.8,31,949.58 million (excluding Grant of Rs.74,296.70 million), against this assets/liabilities/ monetization proceeds for Rs.1,54,431.33 million were transferred by the then AIL. The company has accounted for the funds transferred to the then AIL over and above the assets/liabilities amounting to Rs.6,77,518.25 million as separate line item under "Equity &amp; Liabilities". Further, AIL has not provided the details of above balance amount and detail of current assets equal to current liabilities retained by AIL in their books.</p>	<p>We have relied on the records relating to approvals by the Government of India through the various letters referred in the notes and restated framework agreement for the disinvestment of the then AIL and its subsidiaries. These assets and liabilities of the then AIL transferred to the company shall be monetized for the utilization of repayment of debts paid by the company to then AIL. Further, it was also explained to us that the purpose for which the company was created as SPV is for the said matter, hence we have relied on the same. Further the current assets equal to current liabilities retained by the AIL for which details were not provided, however, we have relied the self-certified documents provided by AIL.</p> <p>We have relied on the information/ documents provided by the management as received from AIL. We have not been provided any Utilization certificate of funds utilized by AIL for the purpose these were intended to by either statutory auditors of AIL or from any independent agency.</p>

<b>S. No.</b>	<b>Key Audit Matters</b>	<b>How Our Audit addressed the key audit matters</b>
2.	<p><b>Recognition of revenue and expenditure</b> <i>(refer note no 29 to the Consolidated Ind AS Financial Statements)</i></p> <p>We consider this matter to be of most significance in our audit due to the materiality of the balances of such assets in the financial statements -</p>	
	<p>Income from operation includes in the last financial year as rental income which has been classified during the year as Other income including rental income of Rs. 837.07 million against Rent of Air India Nariman Point Building, the title of such property remains with AIL.</p> <p>Other Income includes an income of Rs. 356.53 million credited by AIL towards revenue share of a subsidiary company.</p> <p>Expenses towards Reimbursement of interest costs, surveillance &amp; other fees, maintenance expenses, salaries have also been debited by Air India Limited to the company.</p>	<p>We have relied on contention of the management regarding classification of such income from income from operation to other income, as the income is from the assets which have been classified as assets included in disposal group held for sale and are under process of disinvestment.</p> <p>We have relied on the debit/credit notes received from AIL 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 onus of compliance of the statutory provisions to 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 AIL, as such we are not able to comment on such statutory compliances.</p>
3.	<p><b>Independent Director under Companies Act, 2013</b> <i>(refer Note 46 to the Consolidated Ind AS Financial Statements)</i></p>	
	<p>Appointment of independent directors as the company's NCDs are listed 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 two independent directors on their Board of Directors. The Company does not have any independent director since the date of its listing of NCDs on stock exchange.</p>
4.	<p>Total Grant in aid received from Govt. of India of Rs.13,780 million towards servicing of interest for the three NCDs series of Rs.2,19,850 million issued by the company and for serving interest on identified debt of AIL of Rs.74,000 million as described in Note no 24 of the Consolidated Ind-AS Financial Statements.</p>	
	<p>Transfer of Identified debts from Air India Limited to company:</p> <p>GOI Grant in aid of Rs.13,780 million towards serving of interest on the identified debts and treatment of receipts of grant and its utilization in the financial statements</p>	<p>The Note no 24 of the notes to Consolidated Ind AS Financial Statements of the company describe the purpose of formation of the company as "SPV" for transfer of identified debts of AIL to "SPV" duly approved by the Government of India and Board of Directors of both the companies.</p>

<b>S. No.</b>	<b>Key Audit Matters</b>	<b>How Our Audit addressed the key audit matters</b>
		The Budgetary support / grant received during the year is accounted as “other income” aggregating to Rs.13,780.00 million to the extent of the equivalent amount expensed off during the year as the Debt servicing expenses and other expenses (including Interest expenses, surveillance fees and credit rating agency expenses for servicing of the Identified debts).
5.	<i>Sub para 3 of para 3 “Undertaking” of Restated Framework Agreement dated 05.01.2022 executed between AIL and the Company stipulates that “notwithstanding anything to the contrary contained in this agreement, in case of any inconsistency between the provision of this agreement (or any agreement executed pursuant to this agreement) and the provisions of the SPA, the provisions in the SPA shall override and prevail over such inconsistent provisions as contained in this agreement or any agreements executed pursuant to this agreement)</i>	Copy of SPA has not been provided to us, hence we have relied on the restated framework agreement signed between the company and then AIL for all the transactions made between AIL and the Company.
6.	An amount of Rs.5,891.10 million withheld by AIL against security deposit stated to have been forfeited by the lessors against termination of the SLB of 21 B787 aircraft along with payment to be made by AIL for amounting to Rs.528.20 million towards JDC arrears payment withheld by AIL. Since, there was no actual cash outflow on such forfeited security deposit and on account of recoveries of flying and other allowances out of JDC arrears, however, the then AIL has adjusted said amounts by showing utilization against such security deposit and JDC arrears payment in their utilization statement submitted to the company.	We have relied on the utilized certificate shared by the then AIL and letter number dt 8 <sup>th</sup> August 2022, wherein it is mentioned that against these payments, there was no actual cash outflow.
<b>In respect of Subsidiary Companies:</b>		
<b>Hotel Corporation of India Limited</b>		
7.	<b>Going Concern</b> The company is in loss, net worth is fully eroded, going concern needs to be examined.	As per the management projection and clarification, management are of the view that though the company is in a loss but continuous support Government of India will ensure the company runs its business as going concern. Also, the Company has signed Master Service Agreements with Air India which is valid upto 31.12.2024 which ensures that company will be able to run its business as going concern in near future. (Refer Note 55 of the Consolidated Ind – AS Financial Statements).

S. No.	Key Audit Matters	How Our Audit addressed the key audit matters
		<p>The Company is also tapping Online Travel Agents, Walk-in Customers, Event Booking, Corporates for increasing the business. The Company is also planning of introducing additional capex for operationally essential matters, obtaining ISO Certification in order to upgrade the present properties.</p> <p>Refurbishment of existing 50 Guest Rooms at Centaur Hotel Delhi Airport to increase the occupancy level.</p> <p>The Company does not have any loan from financial institutions and none of the creditors have applied for insolvency against the Company. Based upon the above facts and data, we have performed our audit procedure and make opinion accordingly.</p>
8.	<p><b>Contingent Liabilities:</b></p> <p>There are various litigations Pending before various forums against the Company and management's judgement is required for estimating the amount to be disclosed as contingent liability.</p> <p>We identified this as a key audit matter because the estimates on which these amounts are based involve a significant degree of management judgement in interpreting the cases and it may be subject to management bias. <i>(Refer Note 22 (v) of the Consolidated Ind – AS Financial Statements)</i></p>	<p>We have obtained an understanding of the Company's internal instructions and procedures in respect of estimation and disclosure of contingent liabilities and adopted the following audit procedures:</p> <ul style="list-style-type: none"> <li>- understood and tested the design and operating effectiveness of controls as established by the management for obtaining relevant information for pending litigation cases;</li> <li>- discussing with management any material developments and latest status of legal matters - read various correspondences and related documents pertaining to litigation cases produced by the management and relevant external legal opinions obtained by the management and performed substantive procedures on calculations supporting the disclosure of contingent liabilities;</li> <li>- examining management's judgements and assessments whether provisions are required;</li> <li>- considering the management assessments of those matters that are not disclosed as the probability of material outflow is considered to be remote</li> <li>- reviewing the adequacy and completeness of disclosures</li> </ul> <p>Based on the above procedures performed, the estimation and disclosures of contingent liabilities are considered to be adequate and reasonable.</p>

<b>S. No.</b>	<b>Key Audit Matters</b>	<b>How Our Audit addressed the key audit matters</b>
9	<b>Uncertain Taxation Matters</b> <p>The Company has material uncertain tax matters under dispute which involves significant judgement to determine the possible outcome of these disputes.</p>	<p>We assessed the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes.</p> <p>We also considered legal precedence and other rulings, including in the Company's own case, in evaluating management's position on these uncertain tax positions.</p>
<b>In respect of Subsidiary Companies:</b>		
<b>AI Engineering Services Limited</b>		
10.	<ol style="list-style-type: none"> <li>1) In view of NITI Aayog recommendations on the disinvestment of the then Air India (AI) and followed by the recommendations of core group of Secretaries on disinvestment (CGD), the Cabinet Committee on Economic Affairs (CCEA) had given an 'In-principle' approval for considering the strategic disinvestment of the then Air India group in its meeting held on June 28, 2017.</li> <li>2) CCEA also constituted the Air India Specific Alternative Mechanism (AISAM) to guide the process of strategic disinvestment.</li> <li>3) An ex-facto approval was given by Union Cabinet in Feb 2019 for formation of SPV under the name and style now known as AI Assets Holding Limited (AIAHL) for the warehousing of accumulated working capital loan not backed by any asset along with four subsidiaries AIASL, AAAL, AIESL, HCI, non-core assets, paintings &amp; artifacts and other non-operational assets.</li> <li>4) As per the decision of AISAM for transferring of the investments subsidiaries, the shares of the company (AIESL) were being transferred from the then Air India Limited to AIAHL at book value. Accordingly, the share purchase agreement (SPA) between the then AIL and AIAHL for the transfer of shares of AIESL was executed on 10<sup>th</sup> January, 2022.</li> <li>5) As per the decision of Government of India and as per SPA, 100% shareholding of the company has been transferred from the then AIL to AIAHL and the Board of Company has also been reconstituted and shares of the company has been transferred to AIAHL w.e.f. 12<sup>th</sup> January, 2022. Consequently, AI Asset Holding Limited (AIAHL) has become the new parent company/ Holding Company of AI Engineering Services Limited.</li> </ol>	<ul style="list-style-type: none"> <li>• We have obtained share purchase agreement executed on 10<sup>th</sup> January 2022 between Air India Limited and AI Assets Holding Limited.</li> <li>• Air India has transferred 16,66,66,500 equity shares of company to AI Assets Holding Limited vide share purchase agreement executed on 10<sup>th</sup> January 2022 between Air India Limited and AI Assets Holding Limited.</li> <li>• The then Air India has transferred Nagpur MRO facility to AI Assets Holding Company to the tune Rs. 674,00,19,040.85. AI Asset Holding Company has transferred the captioned assets to Company. Company has taken Rs. 674,00,19,040.85 as addition to gross block during 2021-2022 and depreciation has been charged on it taking balance useful life of assets in the books of the then Air India.</li> <li>• Inventory to the tune of Rs. 70,97,88,045.11/- has been transferred by Air India to the AI Asset Holding Company. Same is held in books of AI Asset Holding Company on behalf of AI Engineering Services Ltd. (Refer Note 26 of the Consolidated Ind – AS Financial Statements)</li> </ul>

<b>S. No.</b>	<b>Key Audit Matters</b>	<b>How Our Audit addressed the key audit matters</b>
	6) Furthermore, in line with the Government of India decision the outstanding recoveries of AIESL in the books of then AIL as on the disinvestment date has been transferred from the then AIL to AIAHL for amounting to Rs.21,175.63 million.	
11.	The Government of India wide letter dated 16 <sup>th</sup> February, 2022 has approved medical benefit facility to the eligible permanent retired/ retiring employees of Air India Ltd including eligible permanent employees of AIESL post disinvestment. As per the scheme, all the expenditure under the scheme will be borne by M/o Civil Aviation through Budgetary provisions.	<ul style="list-style-type: none"> <li>Letter dated 16<sup>th</sup> February, 2022 from the Ministry of Civil Aviation stating in the wake of disinvestment of Air India, Government has decided that medical benefits would be made available to retired and retiring AI beneficiaries (including eligible permanent employees of AIESL) by the Government was obtained from management.</li> <li>In Financial Year 2021-22, medical expenses on actuarial basis has not been provided in the books for eligible employees. However, Medical liability included in the provisions for employee benefits in balance sheet are overstated to the extent of Rs. 233.42 Cr. in Balance Sheet as on 31.03.2022.</li> </ul>

## 6. Other matters

- (i) We did not audit the financial statements/ financial information of four subsidiaries, whose financial statements reflects the total assets (classified under Asset included in disposal group held for sale) as at 31<sup>st</sup> March, 2022, total revenue and net cash inflow/ (outflow) for the period ended on that date as considered in the consolidated financial statements.

(₹ in million)

<b>Name of the Subsidiary</b>	<b>Total Assets</b>	<b>Net Assets</b>	<b>Total Revenues</b> (from the date of control to 31 <sup>st</sup> March, 2022)	<b>Net Cash Inflows/ (Outflow)</b> (from the date of control to 31 <sup>st</sup> March, 2022)
Alliance Air Aviation Ltd (AAAL)	28,050.35	(30,985.52)	1,731.99	17.03
AI Engineering Services Limited (AIESL)	20,268.21	(13,815.12)	4,350.49	2,092.34
Hotel Corporation of India (HCI)	855.22	(6,138.61)	169.05	(10.25)
AI Airport Services Ltd (AIASL)	9,139.34	3,616.55	1,666.42	512.59

- (ii) These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report on the consolidated financial statements in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid

subsidiaries, is based solely on the reports of the other auditors and the procedures performed by us are as stated Auditor's Responsibility section above after considering the requirement of Standards on Auditing (SA 600) on 'Using the work of Another Auditor including materiality.

- (iii) 'Other matter' paragraphs on the financial statements of the subsidiaries given by the respective firm of Chartered Accountants in their Auditor's Report, reproduced by us except for the matter eliminated on consolidation or considered not material at group level, as under

**(a) In respect of Alliance Air Aviation Limited**

Cargo commission amounting to Rs NIL Million (previous year: NIL), Pax commission amounting to Rs 44.73 million (previous year: 40.65 million), MSF commission to PGP amounting to Rs.18.96 million (previous year: 18.06 million), Bank charges on credit card Rs 58.46 million (previous year: 16.83 million) has been accounted for on the basis of the amount allocated by AIL on the basis of the report generated by an outsourced agency.

**(b) In respect of Hotel Corporation of India Limited**

Goods and Service Tax

- In certain units, the Company has received advances from its customers, on which GST has not deposited as per provisions of Goods and Services Tax Act/Rules, the amount whereof is not ascertainable and quantifiable in absence of availability of records.
- Further Company has availed GST Input (ITC) on the invoices of the Creditors/ Vendors but the same has not been surrendered back in case wherein payment has not been made within stipulated timelines under the GST. The amount whereof is not ascertainable and quantifiable in absence of due records.
- In both the above cases, GST liability has not been provided which will impact on the results of Standalone Financial Statements, but the amount thereof is not ascertainable/ determinable in absence of availability of records.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

**7. Information other than the consolidated financial statements and auditors' report thereon**

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's information, but does not include the consolidated financial statements and our auditor's report thereon. These reports are expected to be made available to us after the date of this Auditor's Report.



Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

When we read the reports containing the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

**8. Management responsibility for the consolidated Ind AS financial statements**

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

In preparing the consolidated financial statements, the Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the company included in the group are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the 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 consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

#### **10. Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, based on our audit on separate financial statements and the other financial information of the subsidiary companies, as noted in the "Other Matter" paragraph, we give in the Annexure – 1, a statement on the matters specified in paragraph 3(xxi) of the Order.
2. In terms of sub section (5) of section 143 of the Companies Act, 2013 based on our audit and on the consideration of the report of the auditor of the subsidiary companies, as referred in the "Other Matters" paragraph we give in the Annexure – II, a statement on the directions issued under the aforesaid section by the Comptroller and Auditor General of India.
3. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements and other financial information of subsidiaries as referred in the "Other Matters" paragraph we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the consolidated financial statements read with matters as reported in "Emphasis of Matter" and "Key Audit Matters" paragraph above.
  - b) Except, for the possible effects of the matters described in the basis of qualified opinion section above, in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as appears from our examination of those books and reports of other auditors.
  - c) The consolidated Balance Sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of change in equity and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, except para no. iii of the Emphasis of Matter above.

- e) In view of exemption given vide notification no. GSR 463(E) dt. 5<sup>th</sup> June 2015, issued by the Ministry of Corporate Affairs, Government of India, provision of section 164(2) of the Companies Act, 2013, regarding disqualification of Directors, are not applicable to Holding Company and its subsidiaries.
- f) With respect to the adequacy of the internal financial controls over financial reporting with reference to the consolidated financial statements of the Group and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, we report that, in terms of Ministry of Corporate Affairs, Government of India, notification no. G.S.R. 463 (E) dated 5<sup>th</sup> June 2015 provisions of section 197 of the act are not applicable to the Group.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and the other financial information of subsidiaries, as referred in the "Other Matters" paragraph:
  - 1. The consolidated financial statements disclose the impact of pending litigation on the consolidated financial position of the Group in the note number 22 of the consolidated financial statements.
  - 2. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - 3. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its Subsidiary Companies.
  - 4. (a) The respective managements of the Holding Company and its subsidiary companies have represented to us, that to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the holding company or its subsidiary company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the holding company and its subsidiary companies ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (b) The respective managements of the holding company, its subsidiary companies have represented to us that, to the best of it's knowledge and belief, no funds have been received by the holding company or its subsidiary

- companies from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the holding company or its subsidiary companies shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances and based on audit report of other auditors, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material mis-statement.
5. No dividend have been declared or paid during the year by the holding company or its subsidiaries.

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

**Sd/-**  
**(Ashwani Sood)**  
**Partner**  
**M. No. 084242**  
**UDIN: 23084242BGWSXL2942**

**Place: New Delhi**  
**Date : 10<sup>th</sup> Feb 2023**

**Annexure 'A'**

**Annexure I referred to in paragraph 1 under the heading Report on other legal and regulatory requirements of our Report of even date on the Consolidated Financial Statements of AI Assets Holding Limited (formerly Air India Assets Holding Limited)**

**Qualifications or adverse remarks in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements who have been subject to audit are:**

<b>Sr. No.</b>	<b>Name</b>	<b>CIN</b>	<b>Holding company/ subsidiary company</b>	<b>Clause number of the CARO report which is qualified or is adverse</b>
1.	AI Assets Holding Limited	U74999DL2018GO1328865	Holding Company	(i) (a) (i) (b) (i) (c) (iii) (b) (iv)
2.	Alliance Air Aviation Limited	U51101DL1983GOI016518	Subsidiary Company	(ii) (a) (vii) (a) (ix) (a)
3.	AI Airport Services Limited	U63090DL2003PLC120790	Subsidiary Company	(vii) (a) (vii) (b)
4.	AI Engineering Services Limited	U74210DL2004GOI125114	Subsidiary Company	(i) (e) (vii) (a) (vii) (b)
5.	Hotel Corporation of India Limited	U55101DL1971GOI394499	Subsidiary Company	(i) (a) (A) (i) (b) (i) (c) (vii) (b) (xiii) (xiv)

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

**Sd/-  
(Ashwani Sood)  
Partner**

**M. No. 084242  
UDIN: 23084242BGWSXL2942**

**Place: New Delhi  
Date : 10<sup>th</sup> Feb 2023**

**Annexure - 'B'**

**Referred to in Paragraph under the Heading “Report on other legal and regulatory requirements” of our Independent Auditor’s Report of even date on the Consolidated Financial Statements of AI Assets Holding Limited (*formerly Air India Assets Holding Limited*) for the year ended 31<sup>st</sup> March, 2022.**

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

We have audited the internal financial controls over financial reporting of AI Assets Holding Limited (*formerly Air India Assets Holding Limited*) (“the Holding Company”) and its subsidiaries as of 31<sup>st</sup> March, 2022 in conjunction with our audit of the Consolidated Ind AS financial statements of the Company for the year ended on that date.

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

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

**2. Auditors’ Responsibility**

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor's in terms of the reports referred to in the "Other Matter" section below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its subsidiary companies.

### **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 authorizations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

### **6. Qualified Opinion**

According to the information and explanation given to us and based on our audit, the following material weaknesses have been identified as at 31<sup>st</sup> March, 2022:

#### **A. In respect of Hotel Corporation of India (Subsidiary)- vide their Auditor's Report Dated December 05, 2022 has expressed qualified opinion**

Non-compliance of MSMED Act; Non-recognition of Licence fee of earlier year; Non-valuation of exclusive paintings and accounting thereof, No Maker-Checker practice followed for accounting entries; Tendering process not properly implemented & followed; No Role based access restriction in Tally ERP; Non-confirmation/ reconciliation/ assessment of Debit/ Credit balances; Books of Accounts of past financial year are not freeze/locked; Unlinked receipts, Non-maintenance of proper records of inventory and valuation thereof; Automated Attendance not implemented at all the units; Non reconciliation of TDS; Non maintenance of proper records of PPE at certain units and non- reconciliation between physical reports and Books of Account; Non maintenance of due Secretarial records; Non-recruitment of



employees and rotation of duties; No rotation of internal auditors; No direct integration of inventory software (eg. champagne) and revenue billing (Portal) Software with that of the accounting software "Tally ERP.

**B. In respect of AI Airport Services Limited (Formerly known as Air India Air Transport Services Limited)(Subsidiary)- Vide their Auditor's Report dated August 02, 2022 has expressed qualified opinion/ weaknesses :**

- (a) Deficiencies in the design of internal control over the preparation of the financial statements being audited:
  - (i) Detailed documented Standard Operating Procedures as required by the guidance note on Internal Financial Controls over Financial Reporting for critical processes are not in place.
  - (ii) Authorisation controls such as maker/checker controls in accounting software needs further strengthening.
  - (iii) Optimum utilization of information technology (IT) general and application controls should be ensured, to provide complete information consistent with financial reporting objectives and current needs.
  - (iv) Payroll is a significant process considering the size of Company's Operations. However, it has been observed that various processes such as attendance, leave records, details of new joiners and resigned employees, payment of statutory dues, etc. are not fully automated and maintained manually.
- (b) The controls for reconciliation of physical inventory and fixed assets with the books of account can be further strengthened.
- (c) Timely reconciliations of certain significant accounts such as accounts receivables, accounts payables, statutory dues with returns and payroll balances are not reconciled in an accurate manner.
- (d) Galaxy software to account cargo handling and APEDA and SAP are not integrated.
- (e) Due to bugs in MBS software, full billing is not captured in SAP. The Company does the reconciliation manually to account the billing which were not interfaced In SAP from MBS software.
- (f) While creating new customer ledger KYC not called/shared with the department.
- (g) Due to bugs in SAP, the depreciation is calculated in excel.

**C) In respect AI Engineering Services Limited (Formerly known as Air India Engineering Services Limited) (Subsidiary) – Vide their Auditor's Report dated October 20, 2022 has identified the following weaknesses:**

- i) The Company did not have an effective system for timely accounting of entries, to prevent duplicate / rectification accounting entries.
- ii) There should be maker checker process to have better control process.
- (iii) In SAP most of the entries and entries pertaining to expenses borne by other group companies and then reimbursed by the Company had no supporting's to check the validity of entry.

- (iv) The Company did not have effective system of reconciliation of balance with other parties.
- v) The Company has internal audit in place. Compliance of internal audit report is still pending and hence we are unable to comment on any consequential effect in the books. We suggest that internal audit reports along with compliance may be placed before Audit Committee of Board.

In our opinion, the Holding Company, its subsidiary companies, except for the effects/possible effects of the material weaknesses/ qualification described above on the achievement of the objectives of the control criteria, qualified opinion in respect of subsidiary company, Hotel Corporation of India Limited AI Airport Services Limited and weakness in respect of subsidiary company, AI Engineering Services Limited, have maintained, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2022, based on the internal controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have, to the extent possible, considered the material weaknesses identified and qualifications as reported above in determining the nature, timing, and extent of audit tests applied in our audit of the Consolidated financial statements as at and for the year ended 31st March 2022 of the material weakness identified and qualifications as reported by the respective Auditors of subsidiaries, and these material weaknesses and qualifications have affected our opinion on the Consolidated financial statements and we have issued a qualified opinion on the Consolidated financial statements.

## **7. Other Matter**

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial control over financial reporting in so far it relates to four subsidiaries is based on the corresponding reports of the auditors of such companies and we have relied on the same.

Our opinion is not modified in respect of the above matter.

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

Sd/-  
(Ashwani Sood)  
Partner

M. No. 084242  
UDIN: 23084242BGWSXL2942

**Place: New Delhi**  
**Date : 10<sup>th</sup> Feb 2023**

**MANAGEMENT REPLIES TO THE INDEPENDENT AUDITOR'S REPORT ON THE  
CONSOLIDATED IND AS FINANCIAL STATEMENTS OF AI ASSETS HOLDING LTD. GROUP  
COMPANIES FOR THE FINANCIAL YEAR 2021-22**

AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
<b>REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS</b>	
<p><b>1. Disagreements between Jammu &amp; Kashmir Government &amp; Centaur Lake View Hotel (CLVH)</b></p> <p>In terms of decision of Jammu &amp; Kashmir Governments, the functioning of Hotel, Centaur Lake View Hotel (CLVH) was inoperative w.e.f. 14.06.2022, for action of J&amp;K Government for the sizing of the property. All records and documents were seized by the J&amp;K Government due to which we have not audited the financial of CLVH, Financial Statements consists of total assets of Rs. 405.23 million as at March 31, 2022 and total revenue of Rs.82.05 million for the year ended of CLVH. The financial information of this unit was produced by the management hence we are unable to ascertain the impact thereof in the standalone financial statements</p> <p>(Refer Foot Note no. 32 of Standalone Financial Statements).</p>	<p>The Company has filed a WP in the J&amp;K High Court challenging the dismissal of appeal by the District magistrate and also the termination of lease. The matter is subjudice and is reserved for judgement.</p>
<p><b>2. Inventory:</b></p> <p>Inventory records and Accounting records are not integrated. The Company has practices of maintaining and updating Inventory records manually in excel (MS Office). The consumption of stocks, stores, crockery, cutlery etc. is being arrived by adding opening balances to the purchases and deducting the refrom closing balances as per practice being followed from the past. In absence of maintenance of proper record of stock movement including but not limited to the shortage, scrap, pilferage, misuse or theft etc. we were not able to apply other auditing procedures to satisfy ourselves on inventory quantities .</p>	<p>The Company has initiated steps to integrate the inventory in Tally for the 3 locations at Delhi, Mumbai and Srinagar. We hope the same would be completed by the end of the financial year 2022-23.</p>

AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
<p>Further the valuation of regular consumed inventory is derived as 50% cost of the closing inventory at year end, instead of any proper standard mechanism for arriving at closing valuation of inventory.</p> <p>(Refer note no. 06 &amp; foot note no. 47 of the Standalone Financial Statements)</p>	
<p><b>3. MSMED Act compliances</b></p> <p>The Company has classified MSME Vendors registered under Micro Small and Medium Enterprises Development (MSMED) Act, 2006. The compliances of procurement; provision for interest, if any, on outstanding dues to MSME units could not be verified. We therefore are unable to determine the delay in making payment to such entities and liability of interest and compliance on such delayed payments in terms of provisions of MSMED Act.</p> <p>(Refer note no. 18 &amp; foot no.44 of the Standalone Financial Statements).</p>	<p>The MSME units are registered with the Company based on information provided by the parties during the tendering process. Efforts are generally made to pay the outstandings of the MSMEs in the stipulated time, subject to availability of funds.</p> <p>Instructions have again been issued to all the Units to ensure payments to the MSMEs within the stipulated time period.</p>

**MANAGEMENT RESPONSE TO AUDIT OBSERVATIONS ON EMPHASIS OF MATTER**

**In case of Holding Company**

Sl. No.	Emphasis of Matter	Management Reply
i.	Note no. 23. a & 24.i of the Consolidated Ind AS financial statement regarding payment made by the company to the then AIL for its disinvestment amounting to Rs.8,31,949.58 million (excluding government grants amounting to Rs.74,296.70 million transferred to the then AIL for servicing interest of identified debts) and against such amount total assets (net of liability) transferred by the then AIL to the company amounting to Rs.1,54,431.33 million and difference of Rs.6,77,518.25 million has been classified as a separate line item under "Equity & Liabilities". However, details about the component of differential amount (viz. provision of ECL/doubtful debts, provision for non-moving/scraped inventories, any other provision of assets etc.) has not been provided by the then AIL hence could not be verified.	<p>The Company (AIAHL) is a SPV formed for the specific purpose of inter-alia warehousing Assets and Liabilities of Air India and the Company does not have any commercial operations. During the current year, the Gol had infused an Equity capital of Rs 6,23,654.00 million for settling guaranteed/ other past dues/overdues of the then AIL. The then AIL had transferred the Assets and liabilities to the company amounting to Rs 1,54,431.33 million as per Gol decisions and as per the restated framework agreement dated 5<sup>th</sup> Jan 2022 executed between AIL and the Company. The amount paid to the then AIL over and above the assets/liabilities transferred to the company has thus been shown as 'Other Equity'. These transactions are unique and non-recurring and do not pertain to the company. These assets will be monetized/disinvested by the company in due course and hence the Company has shown these assets in the Financial Statements as "Assets held for Sale" as per IND AS 105.</p> <p>Request received from the Auditors for providing information regarding the provisions made by the then AIL towards ECL/doubtful debts, provision for non-moving/scraped inventories, any other provision of assets, etc. has been forwarded to AIL. The information sought is awaited.</p>
ii.	Note no. 23.c.III of the Consolidated Ind AS financial statement regarding book transfer of the movable and immovable assets of Rs.77,533.76 million through debit note/invoices without having any physical handover-takeover. Further, the title and physical possession of these assets are still with the AIL held in trust on behalf of the company and dues against taxes/levy have not been provided for. Further, the above immovable properties includes cost of one flat at 6B, Shriram Apartments, Middleton Street, Kolkata for Rs.10.09 million, which was sold by the then AIL before the date of disinvestment, but its cost was transferred to the company through debit notes.	<p>AIL has book transferred the assets to the Company. However, as per clause 2.8 of the restated framework agreement dated 5<sup>th</sup> Jan 2022 executed between the Company and the then AIL, these assets have been held in trust by AIL on behalf of the company. Such assets are under transfer to the company and same shall be monetized in due course.</p> <p>Regarding movable assets, the Company has hired an external agency selected through a tender process to carry out the tagging of all the assets located at several locations. The agency has so far tagged about 90% of the assets. The agency is in the process of submitting the reports to the company.</p>

Sl. No.	Emphasis of Matter	Management Reply
	<p>The company had relied on the debit notes/ credit notes for recording of assets/liabilities transferred from AIL, with the exception to above wherein this immovable property transferred reversed by the company on the basis of documents shared by AIL, without corresponding credit note from AIL.</p>	<p>The accounting impact for discrepancies, if any based on the findings in the report shall be given in the subsequent year(s).</p> <p>The property located at 6B, Shriram Apartments Middleton street, Kolkata has been sold in Oct 2021 by the then AIL and therefore the company has not accounted for this property in the books.</p> <p>The company is following up with AIL for the necessary accounting documents for records.</p> <p>As a business continuity plan, the properties are still in the possession and use of the then AIL. The legal title still lies with them Also, no such details have been received by the Company.</p> <p>The necessary accounting impact, if any shall be provided in the subsequent year(s).</p>
iii.	<p>Note no. 23.III.a.ii of the Consolidated Ind AS Financial Statement regarding assets received from the then AIL has been classified as “Assets included in disposal group held for sale”. However, these assets have been accounted for at carrying value instead of at lower of carrying cost or fair value less cost to sell. Further, foot note of Note No. 9 and 17 regarding the assets and liabilities of the subsidiaries classified as Assets included in disposal group held for sale has been carried out on book value instead of lower of fair value or carrying cost in terms of Ind AS 105, due to confidentiality in the valuation as the subsidiaries are under the process of disinvestment.</p>	<p>The assets have been transferred to the company by the then AIL at their respective carrying (Book) values. The same have been accounted for in the books of the company at these values.</p> <p>It was also decided in the meeting held on 01.12.2021 in MoCA, that “since the properties are being transferred from one Government Organization to another, hence transfer be effected on “Book Value basis” and there does not arise any need of valuation of the property at this stage.”</p>
iv.	<p>Note nos. 9, 17 and 25.v of the Consolidated Ind AS Financial Statement regarding certain movable and immovable assets transferred by the then AIL classified under “Assets included in disposal group held for sale” for which either lease period has been expired or assets are under encroachment/ legal disputes. Further, regarding surrender of the remaining lease right to the lessor on compensation basis though as stated to us in few cases, the lessor is denying for any compensation taking the ground that there is no clause in the agreement for the compensation.</p>	<p>The company is vigorously pursuing with the respective State governments /authorities to monetize these assets.</p> <p>There are certain properties where lease period have expired. The company is taking up the matter with the State Governments/Local Allotting Authorities to renew the lease/surrender back the properties.</p> <p>As per certain lease deeds, no compensation is payable by Allotting authorities, and therefore the Allotting Authorities have expressed an inability to offer any compensation. However, the company is corresponding with the State Governments/Local Authorities to favorably consider Company’s request for compensation.</p>

Sl. No.	Emphasis of Matter	Management Reply
		<p>There are 3 properties that have been encroached. The Company is exploring the options to get these properties vacated in consultation with AIL, since the legal title of these properties lies with AIL.</p> <p>The accounting impact, if any shall be given in the books in the subsequent year(s) after a final decision is conveyed by State Governments / Local Authorities.</p>
v.	Note no 49.i of the Consolidated Ind AS Financial Statement regarding Rs.6,839.24 million (net of advances) shown as recoverable by the company from AIL, whereas AIL has confirmed only Rs.9.36 million only as payable to the company, and differential amount of Rs.6,829.88 million has been either charged by the then AIL as expenses or not acknowledged by the AIL as payable to the company.	A reconciliation statement of all the identified components leading to differences in the balance is incorporated in the notes (refer point no 44.i of Standalone Ind AS financial statement). The Management has taken up this issue with the AIL for eliminating the differences. The accounting impact, if any shall be given in the subsequent year(s).
vi.	The Holding Company had charged interest of Rs.916.05 million at the rate of 9% p.a. on old outstanding recoverable amount of Rs.49,839.76 million from the subsidiaries transferred from the then AIL to the company. Since, the company was not able to repay the outstanding recoverable in past to then AIL hence the same have been transferred to the company and in spite of the fact that the net worth of these subsidiaries (except AIASL) have already been eroded, the company has charged interest (from the date of transfer of shares of the subsidiaries to 31st March, 2022) from these subsidiaries. The company has also taken an independent opinion from consultant on this matter and in their opinion also the interest should not be charged as impact of the same will be on cash outflow of the company against GST and Income tax liabilities on such notional income (if the subsidiaries are not able to repay).	<p>Air India during the course of business with its subsidiaries had given advances for a period of time which were shown recoverable in AILs books. AIL used to charge 9% p.a ROI on the average balance of overdue amounts. AIL was charging interest by claiming that it had borrowed interest bearing funds and had a cost which should be recovered. During the disinvestment of AIL, the subsidiaries were transferred to the company including such advances.</p> <p>AIAHL had raised funds through NCDs at rates varying from 6.99% to 7.39% p.a and thus also has a cost. Requests were received from subsidiaries for waiver on charging interest on the overdue advances.</p> <p>The matter was discussed in the 15<sup>th</sup> Audit Committee/36<sup>th</sup> Board Of Directors meeting held on 6<sup>th</sup> June 2022. It was suggested in the meeting that the matter may be referred to MoF. A reference was made to MoF through MoCA for their examination. DEA, MoF vide OM dated 22/07/2022 conveyed that <i>“These subsidiaries were already paying interest on the loans to Air India, these subsidiaries may pay at the same rate to AI Assets Holding Limited (AIAHL). First charge on income should be payment of interest”</i>.</p>

Sl. No.	Emphasis of Matter	Management Reply
		In terms of the above-referred OM, the company has charged 9% interest on the outstanding recoveries from its subsidiaries.
vii.	The company had charged interest @ 1% per annum only on advance of Rs 562.50 million given by them to one of its subsidiaries which is well below the then prevailing yield on Government Security, which is in contrary to the requirement of the section 186(7) of the Companies Act, 2013.	<p>The Board of Directors of the Company in its 33<sup>rd</sup> meeting dated 24/01/2022 had accorded approval to charge an annual interest rate of 1% on the advance amount lent to M/s Alliance Air Aviation limited. The terms of this advance do not define any repayment period and therefore is repayable on demand.</p> <p>However, the Company is examining this issue, and adjustments, if any shall be made in the subsequent year(s) with the approval of the Board Of Directors of the Company.</p>
viii.	Note no 23.c.II and 26 of the Consolidated Ind AS Financial Statement regarding non provision as doubtful/impairment against investment in the subsidiaries of Rs.8,179.41 million and outstanding recoverable amounting to Rs.49,839.76 million classified under "Assets included in disposal group held for sale" though the net worth of the subsidiaries (except AIASL) has been eroded completely.	<p>The Company has not provided impairment against investments in the subsidiaries.</p> <p>A detailed write-up on the current status of all the subsidiaries has been given in the notes to accounts- Note no 23.c.II of the standalone Ind AS financial statements highlighting that these companies are steadily improving their financial and operational performance over the past few years.</p> <p>Despite the effect of the pandemic across the globe and on aviation-related companies in particular the performance of the subsidiary companies namely AAAL and AIESL during the FY 2021-22 has been better as mentioned below:</p> <p><b>A. AAAL:</b></p> <p>The Company has full support from Gol and expects improved performance in future. The company has emerged as a major player in the Gol scheme UDAN. The company is poised to lead the regional connectivity in India in the next decade and be a leading carrier.</p> <p><b>B. AIESL:</b></p> <p>AIESL is the largest MRO set up in India that can serve as a one-stop shop for all aircraft engineering requirements. The company has got hanger facilities available at all major airports in Mumbai, Delhi, Chennai, Hyderabad, Kolkatta, Trivandrum and Nagpur. The company has posted a profit after tax of Rs 8371.17 million during the FY 2021-22 and the trend is expected to continue.</p>



Sl. No.	Emphasis of Matter	Management Reply
		<p><b>C. AIASL:</b> AIASL's net worth is positive and the company is making improvements in its operations every year.</p> <p><b>D. HCI:</b> The management of HCI is of the view that though the company is in a loss but continuous support of the Holding Company, as well as Gol, will ensure that the Company runs its business as a Going concern. The company has signed Service Level Agreements with Air India valid up to 31.03.2024 which ensures that the Company will be able to run its business as a going concern in the near future.</p> <p>Further, all the subsidiary companies (except HCI) are already undergoing disinvestment as per the Gol decision. The Gol has planned the disinvestment of these companies in a phased manner and the same is targeted to be completed in the next 1-2 years. Looking at this disinvestment plan, the company has disclosed its investments in these subsidiaries as 'Assets held for sale', which is in compliance with the requirements of IND AS 105. Therefore, no impairment has been provided on these assets.</p>
ix.	Note no 49.ii of the Consolidated Ind AS Financial Statement regarding difference of Rs.1.34 million in balances between AIASL and the company as at 31st March, 2022, on account of short provision of interest by AIASL on outstanding recoverable transferred by then AIL to the company. We report that to that extent, the accounts are unreconciled between the company and AIASL.	The difference is reconciled, and the accounting impact shall be given in the subsequent year(s).
x.	Note 17 of the Consolidated Ind AS Financial Statements, the company has classified Rs.1,227.99 million under "Liabilities against assets included in disposable group held-for-sale". These liabilities were transferred by the then AIL to the company on the basis of debit notes/credit notes only, however other supporting/confirmation for the said amount are not available.	<p>The liabilities have been provided in the books of the company on the basis of the Debit/Credit notes provided by the then AIL.</p> <p>The Company has sought the supporting documents against these liabilities and the same are awaited. The company shall take appropriate action on receipt of documents from the then AIL in the subsequent year(s).</p>

<b>Sl. No.</b>	<b>Emphasis of Matter</b>	<b>Management Reply</b>
xi.	Note 22.I.iv of the consolidated Ind AS financial statements regarding non provision of Rs. 0.45 million as firm liability as against shown as contingent liability towards demand received from BSE for delay in submission of half yearly/quarterly returns.	The Company has requested BSE to consider the waiver of the penalty amount. The Ministry of Civil Aviation has also made a request to BSE vide letter dated 25/10/2022 to consider waiver of penalties. In anticipation that the demand will be waived off, no liability has been provided.
xii.	Note 25.viii of consolidated Ind AS financial statements regarding GST ITC of Rs.226.48 million against assets located in those states where the company was not registered under GST act through invoices issued to the company at company's Delhi GSTIN. The company has availed GST ITC on those invoices, whereas on the GST portal the amount appearing as ineligible ITC.	The company has obtained an opinion from a GST Consultant (KPMG) dated 15 <sup>th</sup> Oct 2022 wherein they have suggested the GST ITC credit shall be available once the Company obtains GST registration in the respective states and on filing form ITC-01. Based on this opinion, the company has availed GST Input credit in its books. The company has already obtained the GST registrations in 10 states and has made applications with 5 other states. Further, the company is under the process of submitting form ITC-01 for these registrations to avail the input credit.
xiii.	Note 23.c.III.c.iv of the consolidated Ind AS financial statements regarding non accounting of certain benefits (including house rent recoveries of housing colonies) accruing to AIL, AIXL or AI-SATS post disinvestment closing date on account of remaining assets including interest accrued thereof will be paid to the Government of India or such other person as nominated by the Government of India.	As per the Restated Framework Agreement dated 5 <sup>th</sup> Jan 2022, any benefit accruing to AIL, AIXL, OR AI Sats post disinvestment, including any interest accrued shall be paid to the GoI or to a person nominated by the GoI.  The company has taken up the matter with the then AIL and sought the details in this regard. On receipt of the requested details, appropriate action shall be taken in the subsequent year(s).
xiv.	Note 49 of the consolidated Ind AS financial statements regarding recovery/adjustment made by AIL from the company amounting to Rs.2,244.48 million towards interest on identified debts for the period prior to 1st October 2018 in two parts Rs.955.91 million as interest in in AIL recoverable account and Rs.1,288.57 in AIL settlement account for which the company has no mandate for payment of interest for this period & not accounted for in company books.	The Company has not accepted the claim and has taken up the matter with AIL. The Company has also sought a clarification from the GoI in this regard vide email dated 18 <sup>th</sup> Oct 2022 to ascertain whether a claim of Rs 2244.48 million towards interest on identified debts for the period prior to 1 <sup>st</sup> Oct 2018 is admissible. Subsequent to receiving clarification from GoI, accounting impact shall be given in the subsequent year(s).

**In case of Subsidiary Company - AI Engineering Services Limited**

<b>S. no</b>	<b>Emphasis of Matter</b>	<b>Management's Replies</b>
i.	<p>The Company has written a letter to Department of Public Enterprise dated 01.09.2020 for exemption of Section 149 (4), Section 177 and Section 178 of The Companies Act 2013, relating to appointment of Independent Directors, Constitution of Audit Committee and Constitution of Nomination and Remuneration Committee respectively. Reply is still awaited from Department of Public Enterprise.</p>	<p>The Exemption has been granted by Ministry of Corporate Affairs for appointment of Independent Director for a wholly owned subsidiary vide Notification no. 839 ('E) Dated 05th July, 2017.</p> <p>Further, a letter has been written to the Department of Public Enterprise dated 01.09.2020 for exemption of Section 149 (4), Section 177 and Section 178 of The Companies Act 2013, relating to appointment of Independent Directors, Constitution of Audit Committee and Constitution of Nomination and Remuneration Committee respectively. Reply is still awaited from Department of Public Enterprise.</p>
ii.	<p>a) As per para 9 of Ind-AS 2 on Inventories Inventories shall be measured at cost or net realizable value.</p> <p>The Company has valued the inventories during the year at weighted average cost. Valuation of inventories has not been done as per Ind-AS 2 at year end. Hence, we are unable to comment on the impact of the same.</p> <p>b) Inventory has not been physically verified by management.</p>	<p>In the current financial year 2022-23 substantial efforts will be made in this regard and by engaging independent outside expert and inside technical as well as finance personnel to complete the physical verification.</p> <p>Required action for compliance of the subject issue can be taken after physical verification and evaluation of the inventory items condition.</p>
iii.	<p>Company has not deducted Income tax at source while accounting for provision for expenses. The impact of such non-compliance cannot be ascertained.</p>	<p>Provisions have been made based on estimation and actual invoice may be different and company has the policy to release the payment after thorough vetting of the documents and on approval from competent authority. Hence depositing TDS on provision means releasing payment to that extent in the form of TDS thus deduction of TDS will not be accurate. However, TDS at the applicable rates is deducted at the time of processing of invoices.</p>
iv.	<p>Company has calculated Interest Payable/ Receivable on average balance of Inter Companies. The Company has not calculated Interest as per MSA with various Inter Companies.</p>	<p>As per the decision taken by the top management of group of companies, interest has been levied based on average of opening and closing balance. This practice is consistently followed by the group companies. Necessary amendment in the MSA have been carried and communicated to the respective companies.</p>

<b>S. no</b>	<b>Emphasis of Matter</b>	<b>Management's Replies</b>
v.	Company has not complied with Ind AS 36 on Impairment of assets.	Fixed asset acquired during the year include Rs. 542 crores for MRO Nagpur from Air-India. Required testing of impairment for MRO Nagpur assets will be carried out during Current Year and required action if any will be taken during the current year.
vi.	<p>A) The reconciliation and matching of certain unmatched receivables/ recoverable from staff and payables including certain control ledger is in the process. <i>(Refer note no. 49(iv) of the Consolidated Ind AS Financial Statements)</i></p> <p>B) Trade receivable, deposits received, deposits paid and trade payable are subject to confirmations. <i>(Refer note no. 49(iv) of the Consolidated Ind AS Financial Statements)</i></p> <p>C) The Company is in process of reconciliation of revenue and tax deducted at source as accounted in financials and as per 26 AS.</p> <p>D) Good &amp; Service Tax (GST) and other statutory dues are in the process of reconciliation with the returns filed and statutory records maintained by the company. <i>(Refer note no. 49(iv) of the Consolidated Ind AS Financial Statements)</i></p>	<p>A) Action for reconciliation and carrying out suitable adjustment will be taken up in Q3 and Q4 of FY 2022-23. The issue particularly is related to the debit balance of Rs. 10.41 crores appearing under self-contributory superannuation pension scheme. During the current year this amount is likely to be absorbed either by AIESL or AIAHL. Efforts will also be made to pass on this amount to Air India as this debit balance is appearing in the books of AIESL for &gt;3 years on account of inter-company transfers from Air India. This point is specifically reported vide item no. 7. of Emphasis of Matter. .</p> <p>B) As brought out in Note 29 (i), the reconciliation with vendors and customers is in progress. Substantial progress in reconciliation and confirmation of the balances will be made during the current year.</p> <p>C) Significant progress regarding reconciliation of TDS has taken place since last meeting Reconciliation of details appearing in AS26 Vs/ Books Vs ITRs filed has been completed up to March 2022. Required adjustments relating to the subject will be carried out in books of account during Q2 /Q3 accounts after necessary verification of the same.</p> <p>D) Action for reconciliation is in progress and significant progress is expected by Q3.</p>
vii.	The then Air India Limited on account of AIESL use to pay under self-contributory Superannuation Pension scheme and recover from the company and an amount of ₹104.08 million debit balances is appearing in the books of the company, which is under reconciliation. <i>(Refer note no. 49(iv) of the Consolidated Ind AS Financial Statements)</i>	As explained at point no. vi (A) above.

<b>S. no</b>	<b>Emphasis of Matter</b>	<b>Management's Replies</b>
viii.	Company has appointed a professional firm of Chartered Accountant for Physical verification of PPE, including for the assets tagging of the PPE (Delhi) in a phase manner. Discrepancies and excess will be adjusted / accounted after taking approval from the competent authority. <i>(Refer note no. 35 a (iii) of the Consolidated Ind AS Financial Statements)</i>	As already mentioned at point no. ii above, substantial efforts in this regard are required to be made during the current year as well subsequent years. Required efforts accordingly will be made by engaging outside and inside technical as well as finance personnel and outside experts.
ix.	Prior period expenses to the tune of Rs. 71.45 million has been booked in current year. The books of 2020-2021 has been restated and consequential adjustments / disclosure has been made.	This is due to accounting of rental expenses payable to Airport Authority of India pertaining to earlier years

**In case of Subsidiary Company - Alliance Air Aviation Limited**

<b>S. no</b>	<b>Emphasis of Matter</b>	<b>Management's Replies</b>
i.	Note 55 of the Consolidated Ind – AS Financial Statements - which states that the financial statements of the company have been prepared on going concern basis for the reasons stated therein in spite of continuous accumulated losses and net worth of the company fully eroded.	<p>Referring note no. 42 of Ind AS financial statement of the Company, suitable disclosure has been made.</p> <p>The company now being a wholly-owned subsidiary of AI Assets Holding Ltd. (AIAHL) has full support from the government of India to make the company fully operational after the disinvestment of Air India Ltd.</p> <p>Alliance Air is on the threshold of turnaround and poised to lead the regional connectivity in India in the next decade and be a leading regional carrier in Asia. Post-Covid 19, from November 2021 onward, AAAL is on the path of recovery and EBIT shows a positive trend. Alliance Air is on its way to reversing the trend of adverse financial parameters in this financial year 2022-23 and thereafter further consolidating the gains.</p> <p>In the coming Financial Year, Alliance Air will be expanding its fleet of aircraft by inducting two Dornier and two ATR 42 aircraft.</p> <p>Alliance Air has already commenced successful operation from April 2022 in the different airfields of Arunachal Pradesh to establish Air Connectivity with the remote area of the North Eastern Region.</p>

**In case of Subsidiary Company – Hotel Corporation of India**

Sr. No.	Emphasis of Matter	Management's Replies
i.	The balance confirmations in respect of Trade Payables, Trade Receivables, Loans and Advances, Deposits etc. have not been received from the parties and hence we are unable to state whether these balances are recoverable /payable to the extent stated. <i>(Refer note no. 49(v) of the Consolidated Ind AS Financial Statements)</i>	Noted for next year
ii.	Property Plant Equipment (Fixed Assets) are not properly maintained and updated at various units. No physical verification of PPE has been conducted by the management during the current financial year (Last inspection was conducted in FY 2019-20). <i>(Refer note no. 35 a (vi) of the Consolidated Ind AS Financial Statements)</i>	Physical verification of the PPE will be undertaken in the FY 2022-23
iii.	Lease rentals and Turnover levy payable to Airport Authority of India (AAI)/Delhi International Airport Limited (DIAL)/Mumbai International Airport Limited (MIAL) are provided in the books of accounts of the Company and duly reflected in the financial statement. Further In view of the dispute between the Company and AAI/DIAL/MIAL, interest on account of outstanding payable is not provided but disclosed under the head Contingent Liability and are not in conformity with the accounting principles generally accepted in India. <i>(Refer note no. 22 I b (v) of the Consolidated Ind AS Financial Statements).</i>	In view of the disputes raised with AAI interest is being disclosed under Contingent Liability as per the decision of the Board of Directors.
iv.	The earlier wage agreement was expired on 31 December, 2006 and the union has submitted Charters of demands. The Company had negotiations between Wage Negotiation Committee of the Management and Co-Ordination Committee of HCI Unions and after receipt of final approval from the Ministry of Civil Aviation, the Memorandum of	Statement of fact

Sr. No.	Emphasis of Matter	Management's Replies
	<p>Understanding dated 08.08.2019 was entered into between the unions and the Company for implementing wage revision for the Unionized category of employees for a period of 10 years effective 18.08.2008.</p> <p>The wage revision was implemented in the financial year 2019-20. The total estimated provision for arrears of wage revision for the unionized category of employees of the company as on 31.3.2022 is Rs.146.36 million. The Management had announced an interim relief of Rs 5,000/- per month per employee for officers effective from 1 January, 2017 which continues to be paid and has been expensed out through the Statement of Profit and Loss Account amounting to Rs. 66.81 million as on 31.3.2022. As and when wage revision is approved, this amount would be adjusted against arrears payable, if any, for which employee wise details have been maintained separately in the books of accounts. Further, the calculations for arrears payable to employees effective 08.08.2008 are in progress. The management is of the opinion that in case the wages provided is inadequate then the provision for differential liability will be made in the year it is finalized. <i>(Refer note no. 22 I b (v) and 53 (iii) of the Consolidated Ind AS Financial Statements)</i></p>	
v.	<p>The Company has not complied with certain provision of the Act. As a consequence thereof:</p> <p>a. The Company has not appointed Independent Directors as required under the provisions of Section 149(4) of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and hence, no meeting of the Independent Directors could be held during the Audit Period.</p>	Independent Directors have not been appointed

Sr. No.	Emphasis of Matter	Management's Replies
	<p>b. Since the Company has not appointed Independent Directors, the Company has not complied with the provisions of Section 177(2) and Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 as regards the composition of the Audit Committee and the Nomination and Remuneration Committee of the Board.</p> <p>c. The above non-compliance was also reported by the previous auditors in their Auditors' report dated 4th August, 2021 for financial year 2020-21.</p>	
vi.	<p>The Company has internal control system which need strengthening for followings:</p> <p>a. Strengthening the internal audit process so as to ensure adequate coverage of all the areas and ensure effective internal controls at all units of the Company.</p> <p>b. Laying down Standard Operating Procedures with regard to timely accounting of all transactions to ensure that proper books of accounts are maintained. (Refer Note 35 (b) of the Consolidated Ind – AS Financial Statements)</p> <p>c. The above non-compliance was also reported by the previous auditors in their Auditors' report dated 4th August, 2021 for financial year 2020-21</p>	Noted
vii.	<p>Fair value of the financial assets and financial liabilities is arrived based upon best information available or provided by the management. We have relied upon the management information for fair valuation on the absence of other required information.</p>	Statement of fact



**In case of Subsidiary Company – AI Airport Service Limited**

<b>Sr.No.</b>	<b>Emphasis of Matter</b>	<b>Management's Replies</b>
i.	The Company is charging interest @ 9% p.a. on overdue balances of receivables in respect of group companies, namely, Air India Limited (considered related party till January 13, 2022), Air India Express, Air India Engineering Services Limited and Alliance Airlines Private Limited. During the audit period, interest on overdue payments amounting to Rs.172.24 million (Previous year Rs.289.05 million) has been booked as other income. We have relied on the management contention that such amount will be fully recovered and hence, no further adjustments are required for current audit period.	The interest recoverable from AI Group companies on overdue balance is in terms of the MSA and has already been recovered from AI & Group Companies for past years and is fully recoverable for the year under audit as well.
ii.	We draw attention to Note 9 to the Ind AS Consolidated financial statements, the Company has inventories consisting of stores and spares amounting to ₹ 59.14 million. These inventories are transferred from Air India Limited and Air India Engineering Limited, which are not used for more than three years. We have relied on the management contention that such inventories have value in use and is at-least equal to the carrying value in the books based on the confirmation received from the user (technical) department of the Company and hence, no further adjustments are required for the audit period.	Our Technical team has confirmed that there is no diminishing in the value of stores and spares inventory which has been lying with us for over 3 years and hence inventory is being carried in the books at which it was transferred to us from AI.
iii	The Company has entered into leases for various commercial premises (with option to purchase/renew but title of the same may or may not eventually be transferred) which are scattered at various locations/stations/ regions, there is a foreclosure clause in the contract wherein it is cancellable by providing notice period of 90 days by either side. In view of the management, considering it as cancellable lease, the same does not qualify for recognition under Ind AS 116 Lease Accounting.	The Company has provided the necessary information as per Ind AS 116 in respect of the vehicles taken on Lease and accounted for the same. The Company has made the necessary compliance under Ind AS 116 for vehicles, by capitalizing the lease rentals as Right of use Assets. As regards the premises we have considered these as short term lease since the agreement have an option to terminate the same at short notice of 90 days by either parties.

<b>Sr.No.</b>	<b>Emphasis of Matter</b>	<b>Management's Replies</b>
	Pending evaluation, these leases have not been considered as right-of-use asset under Ind AS 116 and rent of the same has been charged systematically to the statement of profit & loss for the current year. We have relied on the management contention that the impact of the same will not be material.	So, it was interpreted that in respect of cancellable leases applicability of Ind AS 116 was not considered. However, the expense on account of rental had been charged to the P/L and suitable disclosure to this effect has been made in Notes to Accounts.

### **Key Audit Matters**

#### **In case of Holding Company – AI Assets Holding Limited**

<b>S. No.</b>	<b>Key Audit Matters</b>	<b>How Our Audit addressed the key audit matters</b>
1	<p>Transactions relating to disinvestment of Air India Limited (refer note no 23 to the Consolidated Ind AS Financial Statements)</p> <p>We consider this matter to be of most significance in our audit due to the materiality of the balances of such assets in the financial statements: -</p>	<p>We have relied on the records relating to approvals by the Government of India through the various letters referred in the notes and restated framework agreement for the disinvestment of the then AIL and its subsidiaries. These assets and liabilities of the then AIL transferred to the company shall be monetized for the utilization of repayment of debts paid by the company to then AIL. Further, it was also explained to us that the purpose for which the company was created as SPV is for the said matter, hence we have relied on the same. Further the current assets equal to current liabilities retained by the AIL for which details were not provided, however, we have relied the self-certified documents provided by AIL.</p> <p>We have relied on the information/ documents provided by the management as received from AIL. We have not been provided any Utilization certificate of funds utilized by AIL for the purpose these were intended to by either statutory auditors of AIL or from any independent agency.</p>
2.	<p><b>Recognition of revenue and expenditure</b></p> <p>(refer note no 29 to the Consolidated Ind AS Financial Statements)</p> <p>We consider this matter to be of most significance in our audit due to the materiality of the balances of such assets in the financial statements -</p>	

S. No.	Key Audit Matters	How Our Audit addressed the key audit matters
	<p>Income from operation includes in the last financial year as rental income which has been classified during the year as Other income including rental income of Rs. 837.07 million against Rent of Air India Nariman Point Building, the title of such property remains with AIL.</p> <p>Other Income includes an income of Rs. 356.53 million credited by AIL towards revenue share of a subsidiary company.</p> <p>Expenses towards Reimbursement of interest costs, surveillance &amp; other fees, maintenance expenses, salaries have also been debited by Air India Limited to the company.</p>	<p>We have relied on contention of the management regarding classification of such income from income from operation to other income, as the income is from the assets which have been classified as assets included in disposal group held for sale and are under process of disinvestment.</p> <p>We have relied on the debit/credit notes received from AIL 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 onus of compliance of the statutory provisions to 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 AIL, as such we are not able to comment on such statutory compliances.</p>
3.	<p>Independent Director under Companies Act, 2013 (refer Note 46 to the Consolidated Ind AS Financial Statements)</p> <p>Appointment of independent directors as the company's NCDs are listed 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 two independent directors on their Board of Directors. The Company does not have any independent director since the date of its listing of NCDs on stock exchange.</p>
4.	<p>Total Grant in aid received from Govt. of India of Rs.13,780 million towards servicing of interest for the three NCDs series of Rs.2,19,850 million issued by the company and for serving interest on identified debt of AIL of Rs.74,000 million as described in Note no 24 of the Consolidated Ind-AS Financial Statements.</p>	
	<p>Transfer of Identified debts from Air India Limited to company:</p> <p>GOI Grant in aid of Rs.13,780 million towards serving of interest on the identified debts and treatment of receipts of grant and its utilization in the financial statements</p>	<p>The Note no 24 of the notes to Consolidated Ind AS Financial Statements of the company describe the purpose of formation of the company as "SPV" for transfer of identified debts of AIL to "SPV" duly approved by the Government of India and Board of Directors of both the companies.</p> <p>The Budgetary support / grant received during the year is accounted as "other income" aggregating to Rs.13,780.00 million to the extent of the equivalent amount expensed off during the year as the Debt servicing expenses and other expenses (including Interest expenses, surveillance fees and credit rating agency expenses for servicing of the Identified debts).</p>

<b>S. No.</b>	<b>Key Audit Matters</b>	<b>How Our Audit addressed the key audit matters</b>
5.	Sub para 3 of para 3 “Undertaking” of Restated Framework Agreement dated 05.01.2022 executed between AIL and the Company stipulates that <i>“notwithstanding anything to the contrary contained in this agreement, in case of any inconsistency between the provision of this agreement (or any agreement executed pursuant to this agreement) and the provisions of the SPA, the provisions in the SPA shall override and prevail over such inconsistent provisions as contained in this agreement or any agreements executed pursuant to this agreement)</i>	Copy of SPA has not been provided to us, hence we have relied on the restated framework agreement signed between the company and then AIL for all the transactions made between AIL and the Company.
6	An amount of Rs.5,891.10 million withheld by AIL against security deposit stated to have been forfeited by the lessors against termination of the SLB of 21 B787 aircraft along with payment to be made by AIL for amounting to Rs.528.20 million towards JDC arrears payment withheld by AIL. Since, there was no actual cash outflow on such forfeited security deposit and on account of recoveries of flying and other allowances out of JDC arrears, however, the then AIL has adjusted said amounts by showing utilization against such security deposit and JDC arrears payment in their utilization statement submitted to the company.	We have relied on the utilized certificate shared by the then AIL and letter number dt 8th August 2022, wherein it is mentioned that against these payments, there was no actual cash outflow.
<b>In respect of Subsidiary Companies:</b>		
<b>Hotel Corporation of India Limited</b>		
7.	<b>Going Concern</b> The company is in loss, net worth is fully eroded, going concern needs to be examined.	How auditor address the key audit matter As per the management projection and clarification, management are of the view that though the company is in a loss but continuous support Government of India will ensure the company runs its business as going concern. Also, the Company has signed Master Service Agreements with Air India which is valid upto 31.12.2024 which ensures that company will be able to run its business as going concern in near future. (Refer Note 56 of the Consolidated Ind – AS Financial Statements).

S. No.	Key Audit Matters	How Our Audit addressed the key audit matters
		<p>The Company is also tapping Online Travel Agents, Walk-in Customers, Event Booking, Corporates for increasing the business. The Company is also planning of introducing additional capex for operationally essential matters, obtaining ISO Certification in order to upgrade the present properties.</p> <p>Refurbishment of existing 50 Guest Rooms at Centaur Hotel Delhi Airport to increase the occupancy level.</p> <p>The Company does not have any loan from financial institutions and none of the creditors have applied for insolvency against the Company. Based upon the above facts and data, we have performed our audit procedure and make opinion accordingly.</p>
8.	<p><b>Contingent Liabilities:</b></p> <p>There are various litigations Pending before various forums against the Company and management's judgement is required for estimating the amount to be disclosed as contingent liability.</p> <p>We identified this as a key audit matter because the estimates on which these amounts are based involve a significant degree of management judgement in interpreting the cases and it may be subject to management bias.</p> <p>(Refer Note 22 (v) of the Consolidated Ind – AS Financial Statements)</p>	<p>We have obtained an understanding of the Company's internal instructions and procedures in respect of estimation and disclosure of contingent liabilities and adopted the following audit procedures:</p> <ul style="list-style-type: none"> <li>- understood and tested the design and operating effectiveness of controls as established by the management for obtaining relevant information for pending litigation cases;</li> <li>- discussing with management any material developments and latest status of legal matters</li> <li>- read various correspondences and related documents pertaining to litigation cases produced by the management and relevant external legal opinions obtained by the management and performed substantive procedures on calculations supporting the disclosure of contingent liabilities;</li> <li>- examining management's judgements and assessments whether provisions are required;</li> <li>- considering the management assessments of those matters that are not disclosed as the probability of material outflow is considered to be remote</li> <li>- reviewing the adequacy and completeness of disclosures</li> </ul> <p>Based on the above procedures performed, the estimation and disclosures of contingent liabilities are considered to be adequate and reasonable.</p>

<b>S. No.</b>	<b>Key Audit Matters</b>	<b>How Our Audit addressed the key audit matters</b>
9.	<b>Uncertain Taxation Matters</b> The Company has material uncertain tax matters under dispute which involves significant judgement to determine the possible outcome of these disputes.	We assessed the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. We also considered legal precedence and other rulings, including in the Company's own case, in evaluating management's position on these uncertain tax positions.
<b>In respect of Subsidiary Company, AI Engineering Services Limited</b>		
10.	1) In view of NITI Aayog recommendations on the disinvestment of the then Air India (AI) and followed by the recommendations of core group of Secretaries on disinvestment (CGD), the Cabinet Committee on Economic Affairs (CCEA) had given an 'In-principle' approval for considering the strategic disinvestment of the then Air India group in its meeting held on June 28, 2017. 2) CCEA also constituted the Air India Specific Alternative Mechanism (AISAM) to guide the process of strategic disinvestment. 3) An ex-facto approval was given by Union Cabinet in Feb 2019 for formation of SPV under the name and style now known as AI Assets Holding Limited (AIAHL) for the warehousing of accumulated working capital loan not backed by any asset along with four subsidiaries AIASL, AAAL, AIESL, HCI, non-core assets, paintings & artifacts and other non-operational assets. 4) As per the decision of AISAM for transferring of the investments subsidiaries, the shares of the company (AIESL) were being transferred from the then Air India Limited to AIAHL at book value, Accordingly, the share purchase agreement (SPA) between the then AIL and AIAHL for the transfer of shares of AIESL was executed on 10th January, 2022.	In respect of Subsidiary Company, AI Engineering Services Limited We have obtained share purchase agreement executed on 10th January 2022 between Air India Limited and AI Assets Holding Limited. Air India has transferred 16,66,66,500 equity shares of company to AI Assets Holding Limited vide share purchase agreement executed on 10th January 2022 between Air India Limited and AI Assets Holding Limited. The then Air India has transferred Nagpur MRO facility to AI Assets Holding Company to the tune Rs. 674,00,19,040.85. AI Asset Holding Company has transferred the captioned assets to Company. Company has taken Rs. 674,00,19,040.85 as addition to gross block during 2021-2022 and depreciation has been charged on it taking balance useful life of assets in the books of the then Air India. Inventory to the tune of Rs. 70,97,88,045.11/- has been transferred by Air India to the AI Asset Holding Company. Same is held in books of AI Asset Holding Company on behalf of AI Engineering Services Ltd. (Refer Note 23 of the Consolidated Ind – AS Financial Statements)

<b>S. No.</b>	<b>Key Audit Matters</b>	<b>How Our Audit addressed the key audit matters</b>
	<p>5) As per the decision of Government of India and as per SPA, 100% shareholding of the company has been transferred from the then AIL to AIAHL and the Board of Company has also been reconstituted and shares of the company has been transferred to AIAHL w.e.f. 12th January, 2022. Consequently, AI Asset Holding Limited (AIAHL) has become the new parent company/ Holding Company of AI Engineering Services Limited.</p> <p>6) Furthermore, in line with the Government of India decision the outstanding recoveries of AIESL in the books of then AIL as on the disinvestment date has been transferred from the then AIL to AIAHL for amounting to Rs.21,175.63 million.</p>	
11.	<p>The Government of India wide letter dated 16th February, 2022 has approved medical benefit facility to the eligible permanent retired/ retiring employees of Air India Ltd including eligible permanent employees of AIESL post disinvestment. As per the scheme, all the expenditure under the scheme will be borne by M/o Civil Aviation through Budgetary provisions.</p>	<p>Letter dated 16th February, 2022 from the Ministry of Civil Aviation stating in the wake of disinvestment of Air India, Government has decided that medical benefits would be made available to retired and retiring AI beneficiaries (including eligible permanent employees of AIESL) by the Government was obtained from management.</p> <p>In Financial Year 2021-22, medical expenses on actuarial basis has not been provided in the books for eligible employees. However, Medical liability included in the provisions for employee benefits in balance sheet are overstated to the extent of Rs. 233.42 Cr. in Balance Sheet as on 31.03.2022.</p>

**Annexure ‘A’ referred to in paragraph under the heading “Report on other legal and regulatory requirements” of our Independent Auditors’ Report of even date on the Consolidated Financial Statements of AI Assets Holding Limited for the year ended 31st Mar 2022**

S. No	Audit Observations	Management Comments
<b>A. In respect of the Holding Company,</b>		
1	<p>(i) (a) (A)</p> <p>The Company had maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment’s. For “Assets included in disposable group held for sale”, the erstwhile AIL had transferred identified immovable and movable properties to the Company as per the framework and restated framework agreement executed between AIL and the Company, and these assets were transferred without physical handover and takeover and without transferring the ownership of the assets, and no fixed assets register w.r.t “Assets included in disposable group held for sale” was made available for our verification. (refer note no. 23.c.III.a of the standalone Ind AS financial statements)</p> <p>(i) (a) (B) According to the information and explanation given to us, the Company doesn’t have any intangible assets.</p>	<p>The then AIL has book transferred the assets to the Company. However, as per clause 2.8 of the Restated Framework Agreement dated 5th Jan 2022 executed between the Company and the then AIL, these assets have been held in trust by the then AIL on behalf of the company. Such assets are under transfer to the company.</p> <p>Regarding the Fixed Assets Register (FAR) for assets classified under “Assets included in disposable group held for sale”, it is submitted that Fixed Assets register is being maintained by respective subsidiary companies for their assets .</p> <p>A complete list of assets transferred has been provided by the then AIL. Physical verification / tagging of movable assets is under process. On completion of such exercise FAR will be updated.</p> <p>Statement of Fact</p>
	<p>(i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the property, plant and equipment have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification. For “Assets included in disposable group held for sale” for which physical handover - takeover was not taken place at the time of transfer from erstwhile AIL to the Company, no physical verification for these assets was carried out at the reporting date. (refer note 23.c.III.a of the standalone Ind AS financial statements)</p>	<p>Statement of Fact</p>



S. No	Audit Observations	Management Comments																												
	<p>(i) (c) According to the information and explanations given to us as the “Assets included in disposal group held-for-sale” disclosed in the standalone Ind AS financial statements were transferred to the company by then AIL at their carrying value on the date of disinvestment of AIL i.e. 27.01.2022 (refer note 23.c.III.a.i &amp; 47.b of the standalone Ind AS financial statements).</p> <p>As per information and explanation given to us, we report that the title in respect of immovable properties, disclosed in the standalone Ind AS financial statements under “Assets included in disposal group held-for-sale” were not held in the name of the company, (refer note 47.b of the standalone Ind AS financial statements) the details of such properties is given below:</p> <table><tr><th>Sr. No.</th><th>Description of a property</th><th>Gross carrying value (in Rs million)</th><th>Held in the name of</th><th>Whether promoter, director or their relative or employee</th><th>Period held: indicate a range, where appropriate</th><th>Reason for not being held in the name of company *</th></tr><tr><td>1</td><td>Freehold</td><td>3,927.19</td><td>Air India Limited</td><td>No.</td><td>31<sup>st</sup> March, 2022</td><td>Refer Note No. — 23.111 of Standalone Ind AS Financial Statements</td></tr><tr><td>2</td><td>Other than Freehold</td><td>68,795.60</td><td>Air India Limited</td><td>No.</td><td>31<sup>st</sup> March, 2022</td><td>Refer Note No. — 23.111 of Standalone Ind AS Financial Statements</td></tr><tr><td>3</td><td>Other Structures</td><td>3,316.49</td><td>Air India Limited</td><td>No.</td><td>31<sup>st</sup> March, 2022</td><td>Refer Note No. 23.111 of Standalone Ind AS Financial Statements</td></tr></table> <p>* Since, we were not made available the title deeds of immovable properties, hence we are unable to comment on the period for which the properties were held.</p>	Sr. No.	Description of a property	Gross carrying value (in Rs million)	Held in the name of	Whether promoter, director or their relative or employee	Period held: indicate a range, where appropriate	Reason for not being held in the name of company *	1	Freehold	3,927.19	Air India Limited	No.	31 <sup>st</sup> March, 2022	Refer Note No. — 23.111 of Standalone Ind AS Financial Statements	2	Other than Freehold	68,795.60	Air India Limited	No.	31 <sup>st</sup> March, 2022	Refer Note No. — 23.111 of Standalone Ind AS Financial Statements	3	Other Structures	3,316.49	Air India Limited	No.	31 <sup>st</sup> March, 2022	Refer Note No. 23.111 of Standalone Ind AS Financial Statements	<p>As per clause 2.8 of the Restated Framework Agreement dated 5<sup>th</sup> Jan 2022 executed between the Company and the then AIL, these assets have been held in trust by AIL on behalf of the company.</p> <p>Title deeds of such assets are under process of transfer to the company from AIL.</p>
Sr. No.	Description of a property	Gross carrying value (in Rs million)	Held in the name of	Whether promoter, director or their relative or employee	Period held: indicate a range, where appropriate	Reason for not being held in the name of company *																								
1	Freehold	3,927.19	Air India Limited	No.	31 <sup>st</sup> March, 2022	Refer Note No. — 23.111 of Standalone Ind AS Financial Statements																								
2	Other than Freehold	68,795.60	Air India Limited	No.	31 <sup>st</sup> March, 2022	Refer Note No. — 23.111 of Standalone Ind AS Financial Statements																								
3	Other Structures	3,316.49	Air India Limited	No.	31 <sup>st</sup> March, 2022	Refer Note No. 23.111 of Standalone Ind AS Financial Statements																								
	<p>(iii) (b) According to the information and explanations given to us and on the basis of our examination of the records of the company, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are prima facie not prejudicial to the company’s interest except loan in the nature of advance of Rs.562.50 million given to one of its subsidiary at interest @ 1% p.a. (refer note no 29 of the standalone Ind AS financial statements)</p>	<p>The Board of Directors of the Company in its 33rd meeting dated 24/01/2022 had accorded approval for advance of Rs. 562.50 million @ 1% per annum to M/s Alliance Air Aviation limited in view of the impending transfer of ownership of M/s Alliance Air Aviation limited to Holding Company.</p>																												

<b>S. No</b>	<b>Audit Observations</b>	<b>Management Comments</b>
	(iv) According to the information and explanations given to us and on the basis of our examination of the records, the company has given advance in the nature of loan to one of its subsidiary (refer note no 29 of the standalone Ind AS financial statements) on which interest at the rate of 1% per annum has been charged, which is in contravention to Section 186 (7) of the Companies Act 2013.	<p>The Board of Directors of the Company in its 33rd meeting dated 24/01/2022 had accorded approval to charge an annual interest rate of 1% on the advance amount lent to M/s Alliance Air Aviation limited. The terms of this advance do not define any repayment period and therefore is repayable on demand.</p> <p>However, the Company is examining this issue, and adjustments, if any shall be made in the subsequent year(s) with the approval of the Board of Directors of the Company.</p>
<b>B. In respect of the Alliance Air Aviation Limited</b>		
	<p><b>ii (a)</b> As per the information and explanation given to us, the exercise of physical verification of inventories is done on biennial basis. During the year, physical verification of inventories at Delhi, Kolkata and Hyderabad was conducted by the company in which shortage of Rs 52.22 million and excess of Rs 5.22 million were observed. Pending approval from the Competent Authority, a net provision amounting to Rs. 31.13 million, over and above the existing provision of Rs. 15.86 million for the shortages have been made in books of accounts as referred to in note no. 32 (b) forming part of financial statements.</p>	<p>Suitable disclosure has been made in Note No. 32(b) in the Ind AS financial statement of the Company as under:</p> <p>The physical verification of Aircraft Inventory is done on Biennial basis and the discrepancies observed in the course of the verification are adjusted in the year in which the report is finalized.</p> <p>The current physical verification of Inventory has been carried out in FY 2021-22. The physical verification of the Aircraft Inventory was conducted by Internal Auditors at Kolkata, Delhi &amp; Hyderabad in the year 2021-22.</p> <p>Physical Verification of Aircraft Inventory for the period 2021-22 has been completed and a shortage of Rs 52.22 million and excess of Rs 5.22 million have been observed. Pending approval from the Competent Authority, a net provision amounting to Rs 31.13 million, over and above the existing provision of Rs 15.86 million for the shortage have been made in books of accounts.</p>
	<b>(vii)(a)</b> On the basis of our examination of the books of accounts, and records of the company, we have observed that the company was regular in depositing undisputed statutory dues including Goods and Services Tax, employees' state insurance, income-tax,	Statement of fact.

S. No	Audit Observations	Management Comments
	<p>sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues with appropriate authorities except Provident Fund and TDS.</p> <p>During the year the company was irregular in depositing PF dues from April to August which was deposited including interest with appropriate authorities subsequently.</p> <p>Tax deducted at source was not deposited regularly. An amount of Rs. 12.92 million for the month of September in respect of Tax Deducted at source under section 192 is outstanding for more than 6 months as on 31st March 2022.</p>	
	<p><b>(ix)(a)</b> In the books of company, an amount of Rs 23345.28 million is appearing as short-term borrowing from holding company (M/s AI Asset Holding Co. Ltd) as on 31 March 2022. This amount was transferred to AIAHL post disinvestment of Air India Ltd. Pending decision from DEA to charge interest on outstanding dues, the board of Holding company has decided to charge interest @ 9% p.a., calculated on average outstanding balance.</p> <p>Another amount of Rs. 562.5 million is also appearing as short-term borrowing. This amount has been received from AIAHL on which interest is being provided @ 1% p.a. as per the board approval of AIAHL. Pending terms and conditions of repayment, this advance has been accounted as short-term borrowing.</p> <p>Since, no schedule for repayment has been fixed for both the loans, therefore we cannot comment upon this clause in the matter of default in repayment of loan and interest thereon.</p>	Statement of fact
<b>C. In respect of the AI Airport Services Limited</b>		
	<p><b>(vii)</b></p> <p>(a) According to the information and explanations given to us and on the basis of our examination of the books of account and records, the Company is not regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Goods and Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other material statutory dues applicable to the Company with the appropriate authorities.</p>	<p>(vii) (a)(b) The Company has been by and large depositing the statutory dues in a timely manner except some non-compliances which have been quantified for which necessary action is being initiated to redress the issue which have been noticed during the period of audit and necessary steps are being taken to complete the same in an expeditious manner.</p>

S. No	Audit Observations	Management Comments																																																							
	<p>According to the information and explanations given to us, the undisputed amounts payable in respect of the above were in arrears as at March 31, 2022 for a period of more than six months from the date on which they become payable, are as follow.</p> <table><tr><th>Name of statute</th><th>Nature of dues</th><th>₹ in Million</th><th>period to which amount relates</th><th>date of payment</th></tr><tr><td>Income Tax Act, 1961</td><td>TDS and interest</td><td>22.93</td><td>2007 to 2022</td><td>Not paid</td></tr><tr><td>Provident Fund Act, 1952</td><td>PF</td><td>2.67</td><td>FY 2021-22</td><td>Not paid</td></tr><tr><td>Employee State Insurance, 1948</td><td>ESIC</td><td>0.17</td><td>FY 2021-22</td><td>Not paid</td></tr><tr><td>Professional Tax</td><td>PT</td><td>4.34</td><td>Earlier years and FY 2021-22</td><td>Not paid</td></tr></table> <p>(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no statutory dues relating to Provident Fund, Employees' State Insurance, Income-Tax, Cess, Goods and Service Tax, Value Added Tax, Excise Duty, Custom Duty and other material statutory dues which have not been deposited as at March 31, 2022 on account of any dispute, except as mentioned below:</p> <table><tr><th>Name of the statute</th><th>Nature of dues</th><th>₹ in Million</th><th>period to which the amount relates</th><th>forum where dispute is pending</th></tr><tr><td>Income Tax Act, 1961</td><td>Income tax and interest</td><td>19.18</td><td>AY 2013-14</td><td>CIT (Appeals)</td></tr><tr><td>Income Tax Act, 1961</td><td>Income tax</td><td>6.60</td><td>AY 2017-18</td><td>CIT (Appeals)</td></tr><tr><td>Income Tax Act, 1961</td><td>Income tax</td><td>5.40</td><td>AY 2017-18</td><td>NFAC</td></tr><tr><td>Income Tax Act, 1961</td><td>Income tax</td><td>64.61</td><td>AY 2018-19</td><td>NFAC</td></tr><tr><td>Income Tax Act, 1961</td><td>Income tax and interest</td><td>47.31#</td><td>AY 2020-21</td><td>NFAC</td></tr></table> <p># Net of Deposit of ₹ 82.60 Million.</p>	Name of statute	Nature of dues	₹ in Million	period to which amount relates	date of payment	Income Tax Act, 1961	TDS and interest	22.93	2007 to 2022	Not paid	Provident Fund Act, 1952	PF	2.67	FY 2021-22	Not paid	Employee State Insurance, 1948	ESIC	0.17	FY 2021-22	Not paid	Professional Tax	PT	4.34	Earlier years and FY 2021-22	Not paid	Name of the statute	Nature of dues	₹ in Million	period to which the amount relates	forum where dispute is pending	Income Tax Act, 1961	Income tax and interest	19.18	AY 2013-14	CIT (Appeals)	Income Tax Act, 1961	Income tax	6.60	AY 2017-18	CIT (Appeals)	Income Tax Act, 1961	Income tax	5.40	AY 2017-18	NFAC	Income Tax Act, 1961	Income tax	64.61	AY 2018-19	NFAC	Income Tax Act, 1961	Income tax and interest	47.31#	AY 2020-21	NFAC	<p>The company has regularized the payment of statutory dues.</p>
Name of statute	Nature of dues	₹ in Million	period to which amount relates	date of payment																																																					
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<b>D. In respect of the AI Engineering Services Limited</b>																																																									
	<p>(i) (e) The details of the title deeds pertaining to the immovable properties which are not held in the name of the company are as follows :</p>	<p>The said properties at point no. 1 and 2 are assets of MRO Nagpur, which has been book transferred from the then holding company (Air India Limited) at</p>																																																							

S. No	Audit Observations						Management Comments																														
	<table><tr><th>Description of property</th><th>Gross carrying value</th><th>Held in name of</th><th>Whether promoter, director or their relative or employee</th><th>Period held – indicate range, where appropriate</th><th>Reason for not being held in name of company*</th></tr><tr><td>PPE</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>(1) Land</td><td>180.00</td><td>Air India Ltd.</td><td>No</td><td>8.4.2022</td><td>Refer Note no. 2.1 of financial Statements</td></tr><tr><td>(2) Building</td><td>2634.45</td><td>Air India Ltd.</td><td>No</td><td>8.4.2022</td><td>Refer Note no. 2.1 of financial Statements</td></tr><tr><td>(3) Jet 9D Test House</td><td>10.42</td><td>Air India Ltd.</td><td>No</td><td>8.4.2022</td><td>Refer Note no. 2.2 of financial Statements</td></tr></table>	Description of property	Gross carrying value	Held in name of	Whether promoter, director or their relative or employee	Period held – indicate range, where appropriate	Reason for not being held in name of company*	PPE						(1) Land	180.00	Air India Ltd.	No	8.4.2022	Refer Note no. 2.1 of financial Statements	(2) Building	2634.45	Air India Ltd.	No	8.4.2022	Refer Note no. 2.1 of financial Statements	(3) Jet 9D Test House	10.42	Air India Ltd.	No	8.4.2022	Refer Note no. 2.2 of financial Statements	<p>book value as on 31st March 2021.</p> <p>Further, properties mentioned at point no. 3 ‘Jet 9D Test House’ has been constructed by the then Air India Limited at Mumbai and book transferred to AIESL as on 1.04.2019 at carrying value of Rs. 10.42 million.</p>					
Description of property	Gross carrying value	Held in name of	Whether promoter, director or their relative or employee	Period held – indicate range, where appropriate	Reason for not being held in name of company*																																
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(3) Jet 9D Test House	10.42	Air India Ltd.	No	8.4.2022	Refer Note no. 2.2 of financial Statements																																
	<p><b>(vii) (a)</b> On the basis of our examination of the books of accounts, and records of the company, we have observed that the Company was regular in depositing undisputed statutory dues including employees’ state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities except TDS, GST and Provident Fund. Company has cleared all such undisputed dues by year end. Arrears of outstanding statutory dues as on the last day of the financial year 31st March 2022 of more than six months from the date they became payable are as below:</p> <table><tr><th>Nature of Statutory Dues</th><th>Amount Outstanding for more than 6 months as on 31st March 2022 (Rs. In millions)</th></tr><tr><td>Goods and Service Tax</td><td>131.8</td></tr><tr><td>PF</td><td>0.3</td></tr><tr><td>TDS</td><td>7.3</td></tr><tr><td>Professional tax</td><td>0.1</td></tr></table> <p>Statutory dues, if any, in respect of foreign business area not covered during the audit, since the record are maintained at the respective business areas which were not available for verification, we are unable to comment whether the dues have been deposited on a time basis.</p>						Nature of Statutory Dues	Amount Outstanding for more than 6 months as on 31st March 2022 (Rs. In millions)	Goods and Service Tax	131.8	PF	0.3	TDS	7.3	Professional tax	0.1	<p>Outstanding dues relating to GST and TDS have been on account of interest/ fee on the earlier delayed payments. The payments have been made as tabulated below:</p> <table><tr><th>Dues</th><th>Rs in Millions</th></tr><tr><td>GST</td><td>Provision for Interest on delayed payment of GST to the extent of Rs. 16.87 crores (including less than 6 months) existed as on 31.03.2022. So far Rs. 70 lakhs have been paid till date and balance amount is also being paid as and when demanded by the department since there is no compounding of interest.</td></tr><tr><td>PF</td><td>This is pertaining to some employees for which UAN number yet to be created.</td></tr><tr><td>TDS</td><td>Amount deposited</td></tr><tr><td>Prof Tax</td><td>Amount deposited</td></tr></table>						Dues	Rs in Millions	GST	Provision for Interest on delayed payment of GST to the extent of Rs. 16.87 crores (including less than 6 months) existed as on 31.03.2022. So far Rs. 70 lakhs have been paid till date and balance amount is also being paid as and when demanded by the department since there is no compounding of interest.	PF	This is pertaining to some employees for which UAN number yet to be created.	TDS	Amount deposited	Prof Tax	Amount deposited					
Nature of Statutory Dues	Amount Outstanding for more than 6 months as on 31st March 2022 (Rs. In millions)																																				
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TDS	Amount deposited																																				
Prof Tax	Amount deposited																																				
	<p><b>(vii) (b)</b> According to information and explanations given to us, there are statutory dues which have not been deposited by Company on account of dispute.</p>																																				

<b>S. No</b>	<b>Audit Observations</b>						<b>Management Comments</b>
	<b>S. No</b>	<b>AY</b>	<b>TDS/ Income Tax</b>	<b>Date of Demand Notice</b>	<b>Date of service of demand notice</b>	<b>Demand Amount</b>	The company has filled an appeal against the demand issued by the tax authorities. the company is of the opinion that the judgement would be in favour of company. However, as a matter of prudence, same has been disclosed as Contingent liability.
	1	2015-16	TDS	10-02-2022	21-03-2022	4,85,129	
	2	2015-16	TDS	17-03-2020	19-03-2020	2,79,27,703	
	3	2015-16	Income Tax	28-12-2017	03-01-2018	-	
	4	2016-17	TDS	17-03-2020	19-03-2020	4,31,39,528	
	5	2017-18	TDS	17-03-2020	19-03-2020	6,22,86,454	
	6	2017-18	Income Tax	27-12-2019	27-12-2019	-	
	7	2018-19	TDS	17-03-2020	19-03-2020	18,45,77,891	
	8	2018-19	Income Tax	12-07-2021	12-07-2021	-	
	9	2019-20	TDS	17-03-2020	19-03-2020	32,37,74,500	
			<b>Total</b>			<b>64,21,91,205*</b>	
	*Interest u/s 220(2) on the above demand as on 31 <sup>st</sup> March, 2022 will be ₹ 160.43 million.						
<b>E.</b>	<b>In respect of the Hotel Corporation of India Limited</b>						
	<b>(i) (a)(A)</b> The company has not maintained proper records showing full particulars, including quantitative details and situation of property, Plant & Equipment.						The records of the Fixed Assets including the quantitative details have been compiled. Location of certain Assets of the hotels are being consolidated.
	<b>(i) (b)</b> According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified on rotational basis in every two years. In accordance with this programme, plant and equipment were physically verified in FY 2019-2020. In our opinion, this periodicity of physical verification is not reasonable having regard to the size of the Company and the nature of its assets.  Major discrepancies were noticed on such verification such as assets were not identifiable in terms of location, quantity, tagging, date of purchase etc.						The physical verification of the PPE is scheduled for the FY 2022-23 and would be completed by 31.03.2023.
	<b>(i) (c)</b> According to the information, explanations and records provided to us, the title deeds of immovable properties are held in the name of the Company except relating to four (4) residential flats in Sher-e-Punjab Society, Andheri (E), Mumbai wherein the deed conveying/transferring the land and the said building to society is not yet executed.						The said flats are in the possession of the Company and the agreements are in the name of the Company. The conveyance deed is pending due to the Occupation certificate not being issued by the Authorities for the entire area in which the building is located.

S. No	Audit Observations	Management Comments																																																																																																																
	<p><b>(vii) (b)</b> According to the information and explanations given to us and on the basis of our examination of the record of the company, there are some statutory dues which have not been deposited on account of dispute and the forum where dispute is pending are as under:</p> <table><tr><th>Statute</th><th>Dues</th><th>Dispute (in Mns)</th><th>which the amount relates</th><th>pending</th></tr><tr><td rowspan="3">Luxury Tax</td><td>Tax</td><td>2.18</td><td rowspan="3">2000-2001</td><td rowspan="3">Additional Commissioner Sales Tax (Appeals)</td></tr><tr><td>Less: Paid</td><td>(0.88)</td></tr><tr><td>Total</td><td>1.3</td></tr><tr><td rowspan="5">Luxury Tax</td><td>Tax</td><td>6.51</td><td rowspan="5">2000-2001</td><td rowspan="5">Additional Commissioner Sales Tax (Appeals)</td></tr><tr><td>Interest</td><td>9.33</td></tr><tr><td>Penalty</td><td>0.01</td></tr><tr><td>Less: Paid</td><td>(2.53)</td></tr><tr><td>Total</td><td>13.31</td></tr><tr><td rowspan="5">Luxury Tax</td><td>Tax</td><td>1.98</td><td rowspan="5">2002-2003</td><td rowspan="5">Commissioner of Sales Tax (Appeals)</td></tr><tr><td>Interest</td><td>2.08</td></tr><tr><td>Penalty</td><td>0.1</td></tr><tr><td>Less: Paid</td><td>(3.03)</td></tr><tr><td>Total</td><td>1.13</td></tr><tr><td rowspan="4">Luxury Tax</td><td>Tax</td><td>0.7</td><td rowspan="4">2002-2003</td><td rowspan="4">Commissioner of Sales Tax (Appeals)</td></tr><tr><td>Penalty</td><td>0.01</td></tr><tr><td>Less: Paid</td><td>(0.63)</td></tr><tr><td>Total</td><td>0.08</td></tr><tr><td>Service Tax</td><td>Tax</td><td>2.76</td><td>July 2012 to March 2013</td><td>Commissioner of Central Excise Appellate-II</td></tr><tr><td>Service Tax</td><td>Tax</td><td>5.11</td><td>2013-2014</td><td>Commissioner of Central Excise Appellate-II</td></tr><tr><td>Service Tax</td><td>Tax</td><td>6.07</td><td>2014-2015</td><td>Commissioner of Central Excise Appellate-II</td></tr><tr><td>Service Tax</td><td>Tax</td><td>7.83</td><td>2015-2016</td><td>Commissioner of Central Excise Appellate-II</td></tr><tr><td>Service Tax</td><td>Tax</td><td>7.86</td><td>2016-2017</td><td>Commissioner of Central Excise Appellate-II</td></tr><tr><td>Service Tax</td><td>Tax</td><td>0.68</td><td>2017-2018 (Up to June 2017)</td><td>Commissioner of Central Excise Appellate-II</td></tr><tr><td>Service Tax</td><td>Tax</td><td>7.84</td><td>2010-2011 to 2013-2014</td><td>Commissioner of Central Excise Appellate-II</td></tr><tr><td>Service Tax</td><td>Tax</td><td>3.92</td><td>2014-2015</td><td>Commissioner of Central Excise Appellate-II</td></tr><tr><td>Service Tax</td><td>Tax</td><td>5.52</td><td>2015-2016</td><td>Commissioner of Central Excise Appellate-II</td></tr><tr><td>Service Tax</td><td>Tax</td><td>10.43</td><td>2016-2017 &amp; 2017-2018</td><td>Commissioner of Central Excise Appellate-II</td></tr><tr><td rowspan="4">Provident Fund</td><td>Demand</td><td>22.29</td><td rowspan="4">2012-2013 to 2015-2016</td><td rowspan="4">Provident Fund Tribunal - Delhi</td></tr><tr><td>Interest</td><td>5.98</td></tr><tr><td>Less: Paid</td><td>(5.98)</td></tr><tr><td>Total</td><td>22.29</td></tr></table>	Statute	Dues	Dispute (in Mns)	which the amount relates	pending	Luxury Tax	Tax	2.18	2000-2001	Additional Commissioner Sales Tax (Appeals)	Less: Paid	(0.88)	Total	1.3	Luxury Tax	Tax	6.51	2000-2001	Additional Commissioner Sales Tax (Appeals)	Interest	9.33	Penalty	0.01	Less: Paid	(2.53)	Total	13.31	Luxury Tax	Tax	1.98	2002-2003	Commissioner of Sales Tax (Appeals)	Interest	2.08	Penalty	0.1	Less: Paid	(3.03)	Total	1.13	Luxury Tax	Tax	0.7	2002-2003	Commissioner of Sales Tax (Appeals)	Penalty	0.01	Less: Paid	(0.63)	Total	0.08	Service Tax	Tax	2.76	July 2012 to March 2013	Commissioner of Central Excise Appellate-II	Service Tax	Tax	5.11	2013-2014	Commissioner of Central Excise Appellate-II	Service Tax	Tax	6.07	2014-2015	Commissioner of Central Excise Appellate-II	Service Tax	Tax	7.83	2015-2016	Commissioner of Central Excise Appellate-II	Service Tax	Tax	7.86	2016-2017	Commissioner of Central Excise Appellate-II	Service Tax	Tax	0.68	2017-2018 (Up to June 2017)	Commissioner of Central Excise Appellate-II	Service Tax	Tax	7.84	2010-2011 to 2013-2014	Commissioner of Central Excise Appellate-II	Service Tax	Tax	3.92	2014-2015	Commissioner of Central Excise Appellate-II	Service Tax	Tax	5.52	2015-2016	Commissioner of Central Excise Appellate-II	Service Tax	Tax	10.43	2016-2017 & 2017-2018	Commissioner of Central Excise Appellate-II	Provident Fund	Demand	22.29	2012-2013 to 2015-2016	Provident Fund Tribunal - Delhi	Interest	5.98	Less: Paid	(5.98)	Total	22.29	Statement of Fact
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	<p><b>(xiii)</b> Compliances of sections 177/188 of Companies Act</p> <p>As per the information and explanation given to us, the Company has not appointed Independent Directors and hence to that extent the Company has not complied with the provision of section 177 (2) of the Act, which in turn results in non-compliance with section 177 (iv) of the Act.</p> <p>The Company has not complied with the provisions of section 188 of the Act. However, details of the related parties have been disclosed in the financial statements which are identified by the Management in terms of IND AS 24 “Related Party Disclosure” and the same are relied upon by us.</p>	Statement of Fact																																																																																																																

<b>S. No</b>	<b>Audit Observations</b>	<b>Management Comments</b>
	<p><b>(xiv) Internal Audit</b></p> <p>(a) As per the information and explanation given to us, the Company has internal audit system commensurate with the size and nature of its business.</p> <p>(b) Reports of Internal Auditors for the period under audit were considered by us but the closure/ compliance of observations were still pending by the management. However, rotation of internal auditors was not observed by us.</p>	<p>Statement of facts</p> <p>The matter has been taken up with the Units for implementation of the suggestions of the Internal Audit.</p> <p>In FY 2022-23, new Internal Auditors have been appointed after following normal tender process</p>



**MANAGEMENT RESPONSE TO AUDIT OBSERVATION ON INTERNAL FINANCIAL CONTROLS (IFC)**

**In case of Hotel Corporation of India :**

Sr. No.	Audit Observation	Management Response
	Non-compliance of MSMED Act; Non-recognition of Licence fee of earlier year; Non- valuation of exclusive paintings and accounting thereof, No Maker-Checker practice followed for accounting entries; Tendering process not properly implemented & followed; No Role based access restriction in Tally ERP; Non-confirmation/ reconciliation/ assessment of Debit/ Credit balances; Books of Accounts of past financial year are not freeze/locked; Unlinked receipts, Non- maintenance of proper records of inventory and valuation thereof; Automated Attendance not implemented at all the units; Non reconciliation of TDS; Non maintenance of proper records of PPE at certain units and non- reconciliation between physical reports and Books of Account; Non maintenance of due Secretarial records; Non-recruitment of employees and rotation of duties; No rotation of internal auditors of Delhi Units; No direct integration of inventory software (eg. champagne) and revenue billing (Portal) Software with that of the accounting software "Tally ERP".	The inherent weaknesses pointed out in the audit of ICFR are being looked into. As regards the concept of maker/checker in Tally, all physical vouchers prepared by the Accounts personnel do have a maker / checker concept. However, in Tally, as suggested, the role based access is being reviewed. The inventory software in Tally is being utilized in Centaur Srinagar and Mumbai Units . It is currently being implemented in FY 2022-23 in Delhi.
	<b>In case of AI Airport Services Limited</b>	
(a)	Deficiencies in the design of internal control over the preparation of the financial statements being audited:	
	(i) Detailed documented Standard Operating Procedures as required by the guidance note on Internal Financial Controls over Financial Reporting for critical processes are not in place.	The company is in process of development of new SOPs along with implementation of new accounting software/ERP.
	(ii) Authorisation controls such as maker/checker controls in accounting software needs further strengthening.	The Company is dependent on AI and IBM for any implementation of controls in the existing ERP. The control measures can be taken care in the existing ERP, however, due to disinvestment, adequate responses are not received for any modification of controls. The Company is in the process of implementing the new ERP and all the aforesaid controls shall be properly addressed in the new ERP.

<b>Sr. No.</b>	<b>Audit Observation</b>	<b>Management Response</b>
	(iii) Optimum utilization of information technology (IT) general and application controls should be ensured, to provide complete information consistent with financial reporting objectives and current needs.	The Company is dependent on AI and IBM for any implementation of controls in the existing ERP. The control measures can be taken care in the existing ERP, however, due to disinvestment, adequate responses are not received for any modification of controls. The Company is in the process of implementing the new ERP and all the aforesaid controls shall be properly addressed in the new ERP.
	(iv) Payroll is a significant process considering the size of Company's Operations. However, it has been observed that various processes such as attendance, leave records, details of new joiners and resigned employees, payment of statutory dues, etc. are not fully automated and maintained manually.	The Company is preparing to change the manual system of HR and payroll related system to an automated system with the new ERP.
(b)	The controls for reconciliation of physical inventory and fixed assets with the books of account can be further strengthened.	This is noted for compliance.
(c)	Timely reconciliations of certain significant accounts such as accounts receivables, accounts payables, statutory dues with returns and payroll balances are not reconciled in an accurate manner.	The reconciliation of all ledgers has been done and shared to the auditor as on the Balance Sheet date.
(d)	Galaxy software to account cargo handling and APEDA and SAP are not integrated.	The cargo invoices are recorded in SAP at the end of the month from the data extracted from the Galaxy software. However, effective measures are taken care every month to ensure accuracy. Integration of both the software shall be done in the new ERP.
(e)	Due to bugs in MBS software, full billing is not captured in SAP. The Company does the reconciliation manually to account the billing which were not interfaced in SAP from MBS software.	Due to some error in customer coding and GL coding, the invoices are stuck for being recorded in SAP. The invoices which are not flown in SAP from MBS are reconciled and flown at regular intervals, and accuracy is maintained.
(f)	While creating new customer ledger KYC not called/shared with the department.	The customer code is created by accounts department wherein the customer is asked to fill up all the details in a format provided. KYC details such as GST certificate, etc. are called for to ensure correctness of details filled by the customer.

<b>Sr. No.</b>	<b>Audit Observation</b>	<b>Management Response</b>
(g)	Due to bugs in SAP, the depreciation is calculated in excel.	The bug is found for new additions only. The same has been addressed to IBM and corrective action is yet to be taken in SAP. However, due to the urgency of closing of books of accounts, the impact of depreciation is calculated manually in excel as per the Companies Act, and the same effect shall be taken in the books after the IBM team rectifies the error.
	<b>In case of AI Engineering Services Limited</b>	
i)	The Company did not have an effective system for timely accounting of entries, to prevent duplicate accounting entry and maker checker processes.	Suitable actions for improvements in maker checker process are in progress.
ii)	There should be maker checker process to have control process.	Suitable actions for improvements in maker checker process are in progress.
iii)	In SAP most of the entries and entries pertaining to expenses born by other group companies and then reimbursed by the company had no supporting to check the validity of entry.	Earlier Air India used to transfer expenses through inter-company transfers as the contracts were finalized by AIL only. With the dis-investment of Air India, such arrangements have ceased and all expenses are directly accounted by AIESL itself and no inter-company transfer entries are made now.
iv)	The Company did not have effective system of reconciliation of balance with other parties.	Action for reconciliation with the both customers and vendors are in progress. Suitable action for further confirmation of balances is underway during the current year.
v)	The Company has internal audit in place. Compliance of internal audit report is still pending and hence we are unable to comment on any consequential effect in the books. We suggest that internal audit reports along with compliance may be placed before Audit Committee of Board.	The system for reporting internal audit findings along with compliances is already in vogue. Required actions for ensuring compliances on internal audit findings will be regularly taken up henceforth.

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2022**

(₹ in million )

Particulars		Note No.	As at March 31, 2022	As at March 31, 2021
<b>I</b>	<b><u>ASSETS :</u></b>			
	<b>1 <u>Non-current Assets</u></b>			
	(i) Property, Plant and Equipment	2	0.04	
	(ii) Financial assets:			
	a) Cash and Cash equivalents	7	-	-
	b) Bank balances other than (a) above	8	2,079.26	-
	c) Recoverable from Air India Limited/Govt. of India	3	-	217,549.51
	d) Other Financial Assets	4	117.04	-
	<b>Total Non-Current Assets</b>		<b>2,196.34</b>	<b>217,549.51</b>
	<b>2 <u>Current Assets</u></b>			
	(i) Financial assets:			
	a) Cash and Cash equivalents	7	16,823.19	40.33
	b) Bank balances other than (a) above	8	437.03	5,662.88
	c) Other Financial Assets	4	443.10	4.86
	d) Air India Limited Reconciliation A/c	3	7,244.48	5,879.52
	(ii) Current Tax Assets (Net)	5	279.40	121.92
	(iii) Other Current Assets	6	234.67	7.84
	<b>Total Current Assets</b>		<b>25,461.87</b>	<b>11,717.35</b>
	3 Assets included in disposal group held-for-sale	9	132,450.18	-
	<b>Total Assets</b>		<b>160,108.39</b>	<b>229,266.86</b>
<b>II</b>	<b><u>EQUITY AND LIABILITIES :</u></b>			
	<b>1 <u>Equity</u></b>			
	a) Equity Share Capital	10	623,654.50	0.50
	b) Other Equity	11	-64,299.64	1,777.17
			559,354.86	1,777.67
	c) Fund transferred to the then AIL over and above assets/ liabilities received	3	-677,518.25	-
	<b>Total Equity</b>		<b>-118,163.39</b>	<b>1,777.67</b>

(₹ in million )

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
<b>2 Liabilities :</b>			
<b>(i) Non-current Liabilities</b>			
a) Financial Liabilities			
i) Borrowings	12	149,850.00	219,850.00
ii) Other Financial Liabilities	13	-	-
b) Provisions	15	-	-
<b>Total Non-Current Liabilities</b>		<b>149,850.00</b>	<b>219,850.00</b>
<b>(ii) Current Liabilities</b>			
a) Financial Liabilities			
i) Borrowings	12	70,000.00	-
ii) Trade Payables	14		
(a) Total outstanding, dues of micro and small enterprises		-	-
(b) Total outstanding, dues of creditors other than micro and small enterprises		0.97	1.16
iii) Other Financial Liabilities	13	5,576.20	5,185.72
b) Provisions	15	1.81	0.44
c) Unspent Grant-in-Aid from GOI	16	450.00	2,451.40
d) Other Current Liabilities	16	1.32	0.47
<b>Total Current Liabilities</b>		<b>76,030.30</b>	<b>7,639.19</b>
<b>3 Liabilities against assets included in disposal group held for sale</b>	17	52,391.48	-
<b>Total Equity &amp; Liabilities</b>		<b>160,108.39</b>	<b>229,266.86</b>

**Notes no. 1-67 forming integral part of the Financial Statement**

As per our report of even date attached  
**For Ashwani Sood & Associates**  
Chartered Accountants  
**ICAI Firm Registration No. 005036N**

Sd/-  
**Ashwani Sood**  
Partner  
M.No.084242

Place: Delhi  
Date: 10 February 2023

For and on behalf of the Board of Directors

Sd/-  
**Vikram Dev Dutt**  
Chairman and Managing Director  
DIN 02055541

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

Sd/-  
**S.K.Mishra**  
Director  
DIN 07728790

Sd/-  
**Kavita Tanwar**  
Company Secretary

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022**

(₹ in million)

Particulars	Note No.	2021-22	2020-21
<b>I Revenue from Operations</b>		-	-
<b>II Other Income :</b>			
Rent from properties held for sale	<b>18</b>	838.67	1,252.49
Other Misc. Income	<b>18.1</b>	18,187.99	22,115.71
<b>III Total Income (I + II)</b>		<b>19,026.66</b>	<b>23,368.20</b>
<b>IV Expenses:</b>			
Employee Benefit Expenses	<b>19</b>	5.49	3.31
Finance Cost	<b>20</b>	30,316.17	22,651.06
Depreciation & Amortization	<b>2</b>	0.001	-
Other Expenses	<b>21</b>	194.38	86.61
<b>V Total Expenses</b>		<b>30,516.04</b>	<b>22,740.98</b>
<b>VI Profit/ (Loss) before exceptional items and Tax (III-V)</b>		<b>(11,489.38)</b>	<b>627.22</b>
<b>VII Exceptional Items</b>		-	-
<b>VIII Profit/ (Loss) before Tax (VI-VII)</b>		<b>(11,489.38)</b>	<b>627.22</b>
<b>IX Tax Expense</b>			
1. Current Tax		-	169.16
2. Short/ (Excess) Provision of Tax		-	21.10
3. Deferred Tax Liability / (asset)		-	-
<b>X Profit/ (Loss) for the Year (VIII-IX)</b>		<b>(11,489.38)</b>	<b>436.96</b>
<b>Profit/(Loss) from the entity included in disposal group held for sale</b>	<b>21A</b>	<b>584.62</b>	
<b>Tax expense of entities included in disposal group held for sale</b>	<b>21A</b>	<b>(3,239.00)</b>	
<b>Profit/(Loss) from the entity included in disposal group held for sale (after tax)</b>	<b>21A</b>	<b>3,823.62</b>	
<b>Profit/(Loss) for the year after tax</b>		<b>(7,665.76)</b>	
<b>XI Other Comprehensive Income</b>			
Other comprehensive income from discontinued operations	<b>21A</b>	<b>307.84</b>	-
<b>Total Other Comprehensive Income</b>		<b>307.84</b>	-
<b>XI Total Comprehensive Income/(loss) for the year</b>		<b>(7,357.92)</b>	<b>436.96</b>
<b>XIII Earning per Equity Share of Rs. 10 each</b>	<b>43</b>		
<b>From continuing operations</b>			
Basic		(0.66)	8,739.20
Diluted		(0.66)	8,739.20
<b>From discontinuing operations</b>			
Basic		0.22	-
Diluted		0.22	-
<b>From continuing and discontinuing operations</b>			
Basic		(0.44)	8,739.20
Diluted		(0.44)	8,739.20

Notes no. 1-67 forming integral part of the Financial Statement

For and on behalf of the Board of Directors

As per our report of even date attached  
**For Ashwani Sood & Associates**  
Chartered Accountants  
ICAI Firm Registration No. 005036N

Sd/-  
**Vikram Dev Dutt**  
Chairman and Managing Director  
DIN 02055541

Sd/-  
**S.K.Mishra**  
Director  
DIN 07728790

Sd/-  
**Ashwani Sood**  
Partner  
M.No.084242

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

Sd/-  
**Kavita Tanwar**  
Company Secretary

Place: Delhi  
Date: 10 February 2023

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022**

		(₹ in million )	
Particulars	2021-22	2020-21	
<b>A Cash Flow From Operating Activities</b>			
Net Profit / (Loss) Before tax	-11,489.38	627.22	
Adjustments for:			
Depreciation / Amortisation	0.001	-	
Finance Cost	30,316.17	22,651.06	
Interest Income	1,287.19	72.00	
Other adjustments *	-914.71		
Loss/ Gain on Disposal of Assets & Others			
<b>Operating profit before working capital changes</b>	<b>18,454.31</b>	<b>23,206.28</b>	
(Increase) / Decrease in Trade Receivables	-	-	
(Increase) / Decrease in Other Current & Non Current Assets	-141,172.64	-858.27	
Increase / (Decrease) in Trade Payables	-0.19	0.98	
Increase / (Decrease) in other Current & Non current Liability	-380.71	-537.04	
<b>Cash Generated from Operations</b>	<b>-123,099.23</b>	<b>21,811.95</b>	
Income Tax Paid (net of refund)		-312.18	
<b>Net Cash from Operating Activities</b>	<b>-123,099.23</b>	<b>21,499.77</b>	
<b>B Cash Flow From Investing Activities</b>			
Acquisition of fixed assets	-0.04	-	
Sale of fixed assets	-	-	
Receipt of Monetization Proceeds	904.85	885.33	
Receipt of assets/investment in consideration of financial assistance to AIL (Refer Note 3 & 23.c)	150,906.41	-	
<b>Net Cash From Investing Activities</b>	<b>151,811.22</b>	<b>885.33</b>	
<b>C Cash Flow From Financing Activities</b>			
Proceeds from Borrowings	-	-	
Proceeds from issue of Share Capital	623,654.00	-	
Proceeds from Government Budgetary Support	13,780.00	21,836.20	
Interest Income	1,287.19	72.00	
Addition support provided to AI during the FY 2021-22	-611,780.00	-	
Reimbursement of interest/expenses	-30,316.17	-22,651.06	
Payment for Reimbursement of interest Debt servicing/expenses	-13,780.00	-21,836.20	
<b>Net Cash From Financing Activities</b>	<b>-17,154.98</b>	<b>-22,579.06</b>	

(₹ in million )

Particulars	2021-22	2020-21
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>	<b>11,557.01</b>	<b>-193.96</b>
Add: Cash and Cash Equivalents at the beginning of the Year	5,703.21	5,897.17
<b>Cash and Cash Equivalents at the end of the Year**</b>	<b>17,260.22</b>	<b>5,703.21</b>
<b>Component of Cash and Cash Equivalents</b>		
Cash on hand	Nil	Nil
Balance in Current Account	40.70	40.33
Other Deposit Account	17,219.52	5,662.88
	<b>17,260.22</b>	<b>5,703.21</b>

**Cash Flow Statement of Entities included in disposal group held for sale**

(₹ in million )

Particulars	2021-22
Net Cash Flow(Used in)/ from Operating Activities	10,545.55
Net Cash Flow used in Investing Activities	-7,083.29
Net Cash Flow(Used in)/ from Financing Activities	-850.61
Net Increase/ (Decrease) in Cash and Cash equivalents	2,611.65
Cash and Cash equivalents (Opening balances)	931.48
Unrealised Foreign Exchange Gain/(Loss) in Cash and Cash equivalents	-
Cash and Cash equivalents (Closing balances)**	<b>3,543.13</b>

\* other adjustment represents elimination of interest income recoverable from subsidiaries

\*\* Cash & cash equivalent (closing balance) excludes cash & cash equivalent of entities included in disposal group held for sale amounting to ₹ 3543 million.

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

**Notes no. 1-67 forming integral part of the Financial Statement**

As per our report of even date attached

For and on behalf of the Board of Directors

**For Ashwani Sood & Associates**

Chartered Accountants

**ICAI Firm Registration No. 005036N**

Sd/-

**Vikram Dev Dutt**

Chairman and Managing Director

DIN 02055541

Sd/-

**S.K.Mishra**

Director

DIN 07728790

Sd/-

**Ashwani Sood**

Partner

M.No.084242

Sd/-

**Rajiv Kapoor**

Chief Financial Officer

Sd/-

**Kavita Tanwar**

Company Secretary

Place: Delhi

Date: 10 February 2023



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022

(₹ in million )

A. Equity Share Capital	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the reporting year	0.50	0.50
Changes in equity share capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	0.50	0.50
Changes in equity share capital during the year		
Add: Equity Share Capital allotted during the year	623,654.00	-
Less: Buybacks	-	-
<b>Balance at the end of reporting year</b>	<b>623,654.50</b>	<b>0.50</b>

(₹ in million )

Particulars	Other Equity		Total equity attributable to equity Holders of the company
	Reserves and Surplus	Other comprehensive income - Reserve	
	Retained Earnings	Remeasurement of defined benefit plans	
<b>Balance as at 31 March 2021</b>	1,777.17	-	1,777.17
Effect of Deferred Tax Asset of earlier years	-	-	-
Profit for the Year	-7,357.92	-	-7,357.92
Other Comprehensive Income/(loss)	-	-	-
<b>Balance as at 31 March 2022</b>	<b>-5,580.75</b>	-	<b>-5,580.75</b>
Funds transferred to the then AIL over and above assets/ liabilities received	-677,518.25	-	-677,518.25
<b>Balance as at 31 March 2020</b>	1,340.21	-	1,340.21
Effect of Deferred Tax Asset of earlier years	-	-	-
Profit for the Year	436.96	-	436.96
Other Comprehensive Income/(loss)	-	-	-
<b>Balance as at 31 March 2021</b>	<b>1,777.17</b>	-	<b>1,777.17</b>

### Notes no. 1-67 forming integral part of the Financial Statement

As per our report of even date attached

For and on behalf of the Board of Directors

**For Ashwani Sood & Associates**

Chartered Accountants

**ICAI Firm Registration No. 005036N**

Sd/-

**Vikram Dev Dutt**

Chairman and Managing Director

DIN 02055541

Sd/-

**S.K.Mishra**

Director

DIN 07728790

Sd/-

**Ashwani Sood**

Partner

M.No.084242

Sd/-

**Rajiv Kapoor**

Chief Financial Officer

Sd/-

**Kavita Tanwar**

Company Secretary

Place: Delhi

Date: 10 February 2023

Notes to Consolidated Financial Statements for the year ended March 31, 2022

**NOTE NO. - 1**

**A. GROUP INFORMATION / OVERVIEW:**

**Corporate Information:**

The Consolidated Financial statements comprise financial statements of “AI Assets Holding Ltd “(the holding company) and its Four Subsidiaries (collectively, referred hereunder as the Group).

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

The Group provides Domestic Air Transport Services which include Passenger, Cargo Services and Ground Handling, Repairs/Maintenance/Overhaul Services of Airframe / Engines, Hotel Services and other related services. The aircraft fleet of the group consists of ATR.

The Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2022 have been approved by the Board of Directors of the Company in their meeting held on 10 Feb 2023.

**B. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS:**

**(i) Basis of Consolidation:**

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (collectively referred as “the Group”). Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. The consolidated financial statements include the financial statements of following subsidiaries:

S. No.	Name of the Subsidiaries*	Country of Incorporation	Proportion of ownership interest
1	AI Airport Services Ltd.	India	100.00%
2	Alliance Air Aviation Ltd	India	100.00%
3	AI Engineering Services Ltd.	India	100.00%
4	Hotel Corporation of India Ltd.	India	80.38%

The consolidated financial statements are prepared using uniform accounting policies consistently for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company’s standalone

Notes to Consolidated Financial Statements for the year ended March 31, 2022

financial statements except otherwise stated, When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset.

\* As per the strategic investment plan, these subsidiaries have been classified as discontinued operations and underlying assets and liabilities of these subsidiaries are included under Disposal Group Held for Sale.

**(ii) Statement of Compliance:**

The Consolidated Financial Statements of the Group for the year ended 31st March 2022 have been prepared in accordance with Indian Accounting Standards (Ind AS). under the historical cost convention on accrual basis except for certain financial assets and liabilities which are measured at fair values, the provisions of the Companies Act, 2013 ("the Act") (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. As the year-end figures are taken from the source and rounded to the nearest digits, the figures reported for the previous quarters might not always add up to the year end figures reported in this statement.

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

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

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

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

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

Notes to Consolidated Financial Statements for the year ended March 31, 2022

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

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

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

**(iv) Functional Currency**

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

**(v) Foreign Currency Transactions and Translations:**

- a) Foreign Currency Monetary Items
  - i) Foreign currency Revenue and Expenditure transactions relating to Foreign Stations are recorded at established monthly rates (based on published IATA rates). Interline settlement with Airlines for transportation is carried out at the exchange rate published by IATA for respective month.
  - ii) Foreign currency monetary items are translated using the exchange rate circulated by Foreign Exchange Dealers Association of India (FEDAI). Gains/ (losses) arising on account of realization/settlement of foreign exchange transactions and on translation of monetary foreign currency assets and liabilities are recognized in the Statement of Profit and Loss.
- b) Exchange variation is not considered at the year-end in respect of Debts and Loans & Advances for which doubtful provision exists since they are not expected to be realized.

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

The Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022. The effective date for adoption of under mentioned

Notes to Consolidated Financial Statements for the year ended March 31, 2022

amendments are applicable for annual periods beginning on or after April 1, 2022, although early adoption is permitted. The Group has evaluated the amendment and the impact is not expected to be material.

**a. Ind AS 16, Property Plant and equipment :**

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognized in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

**b. Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets :**

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.) The company does not expect the amendment to have any significant impact in its financial statements.

**c. Ind AS - 103 Business Combination :**

The amendment specifies that for identified assets and liabilities to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired, and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. The company does not expect the amendment to have any significant impact in its financial statements.

**d. Ind AS 109 - Financial instruments :**

The amendment clarifies while performing the '10 percent test' for de-recognition of financial liabilities, borrower includes only fees paid or received between borrower and lender directly or on behalf of the other's behalf. The company does not expect the amendment to have any significant impact in its financial statements.

**e. Ind AS 116-Annual Improvement to Ind AS :** The amendment removes the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The company does not expect the amendment to have any significant impact in its financial statements.

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

In preparing these consolidated financial statements, management of the Group has

Notes to Consolidated Financial Statements for the year ended March 31, 2022

made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and actual results may differ from these estimates.

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

Significant areas of estimation and judgments (as stated in the respective Accounting Policies) that have the most significant effect on the Financial Statements are as follows:

- a) Impairment of Assets
- b) Measurement of useful life and residual values of property, plant and equipment and the assessment as to which components of the cost may be capitalized
- c) Basis of classification of a Property as Investment Property
- d) Basis of classification of Assets held for sale
- e) Estimation of Costs of Re-delivery.
- f) Recognition of Deferred Tax Assets and Minimum Alternative Tax credit entitlement is determined on the basis of the probability of recovery.
- g) Recognition and measurement of defined benefit obligations
- h) Judgment required to ascertain lease classification
- i) Measurement of Fair Values and Expected Credit Loss (ECL)
- j) Judgment is required to ascertain whether it is probable or not that an outflow of resources embodying economic benefits will be required to settle the taxation disputes and legal claim.
- k) Fair value measurement of financial Assets and Liabilities.

**(viii) Operating Cycle & Classification of Current & Non-Current:**

Presentation of assets and liabilities in the consolidated financial statement has been made based on current / non-current classification provided under the Companies Act 2013. The Group have no specific operating cycle; however, 12 months' period has been adopted as "the Operating Cycle" in-terms of the provisions of Schedule III to the Companies Act 2013. Accordingly, current liabilities and current assets include the current portion of non-current financial assets /liabilities.

**C. SIGNIFICANT ACCOUNTING POLICIES :**

**I. PROPERTY, PLANT AND EQUIPMENT**

**a. Initial Recognition and measurement**

The cost of an item of property, plant and equipment is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably. An item of Property Plant and Equipment that qualifies for recognition as an asset shall be measured at its cost. The

Notes to Consolidated Financial Statements for the year ended March 31, 2022

cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates. Incidental costs incurred pertaining to the acquisition and bringing the asset to the location and condition necessary for it to be capable of operating in a manner intended by management and interest on loans borrowed where ever applicable, up to the date of putting the concerned asset to its working condition for its intended use. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate component of property, plant and equipment.

**b. Subsequent Recognition and Measurement**

Subsequent costs are included in the asset's carrying amount or recognized as separate assets, as appropriate, only when it is probable that the future economic benefits associated with expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to Statement of Profit and Loss at the time of incurrence.

The Company has adopted Cost Model as per Ind-AS 16 "Property Plant and Equipment" and Property, Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

**II. CAPITAL WORK IN PROGRESS**

Assets in the course of construction are capitalized in capital work in progress account. At the point when the asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment.

**III. DEPRECIATION /AMORTIZATION**

- a) Depreciation is provided on straight-line method over the useful life of the Property, Plant and Equipment as prescribed in the Schedule II of the Companies Act 2013 (except as otherwise stated), keeping a residual value of 5% of the original cost. Useful lives of Property, Plant & Equipment are reviewed by the management at each year end.
- b) In the case where life of the Plant, Property and Equipment has not been prescribed under Schedule II of the Companies Act, 2013 the same have been determined by technically qualified persons and approved by the Board of Directors, keeping a residual value of 5% of the original cost as stated hereunder :
  1. Aircraft Rotables are depreciated over the residual average useful life of the related 'aircraft fleet' from the relevant year of purchase.
  2. Depreciation on Ground Support Equipment specific to leased ATR aircraft is provided based on the completed aircraft lease months over the total aircraft lease months from the date of use.
  3. Major scheduled overhaul costs relating to engine and airframe are identified as separate components are depreciated over the expected lives between major overhauls.

Notes to Consolidated Financial Statements for the year ended March 31, 2022

4. Cost incurred on major modifications/refurbishment on modernization/conversion carried to be depreciated over the useful life.
5. Depreciation is calculated on a pro-rata basis for assets purchased/sold during the period. However, In the case of AIESL, depreciation on addition to assets provided for the full year of acquisition and no depreciation is provided in the year of disposal.
6. Kitchen utensils purchased for the first time for a new unit are written off equally in four years. Any additions in the subsequent years are written off in the year of purchase.
7. Carpets purchased initially for a new unit/major renovation are capitalized as Fixed Assets in the year of purchase and depreciated on the Straight Line Method as specified in Para d above. Carpets purchased in the subsequent years are being written off as Soft furnishings in the year of purchase.
8. Heavy curtains are written off in the year of issue.
9. In the case of AIASL, PPE of small value not exceeding INR 10,000, in each case, are fully provided for in the year of Purchase. The company has changed its capitalization policy for PPE which is an accounting estimate of small value not exceeding INR 10,000 from current financial year, which has NIL financial impact in current financial year.

Depreciation has been charged based on the following useful lives:

Particulars of Assets	Useful Lives
Office Equipment	5 Years
Ramp Equipment's	15 Years
Furniture & Fixtures	10 years
Vehicle	8 Years
Data Processing Equipment's	3 Years
Ground Support Equipment's (ATR)	As per above mentioned policy at II C b (2.)
Medical Equipment's	15 Years
Airframe Rotables	Based on Lease Period
Aero Engine Rotables	Based on Lease Period
Electrical Fittings	10
Computers	03
Workshop equipment's	10
Plant & Machinery	15

**c. De-recognition:**

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of property, plant and equipment (calculated as the difference between the net disposal proceeds/ fair value



Notes to Consolidated Financial Statements for the year ended March 31, 2022

and the carrying amount of property, plant and equipment) is included in the Statement of Profit and Loss when property, plant and equipment is derecognized. The carrying amount of any component accounted as a separate component is derecognized, when replaced or when the property, plant and equipment to which the component relates gets derecognized.

**d. Physical verification of Assets:**

In the case of subsidiaries – Alliance Air Aviation Limited, AI Engineering Services Limited and AI Airport Services Limited, physical verification of assets is done on a rotational basis so that every asset is verified in every two years. Based on the physical verification report, the discrepancies observed, if any, are reconciled with records and accordingly, accounting action, if any, is taken in the books of accounts.

**IV. INTANGIBLE ASSETS**

**A. Initial Recognition and measurement:**

Intangible assets are acquired and recognized only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of assets can be measured reliably.

Intangible assets are recorded at cost of acquisition including incidental costs related to acquisition and installation.

Cost of an intangible asset includes its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and any directly attributable cost of preparing the asset for its intended use.

Intangible assets acquired by the company, which have finite useful lives, are recognized at cost. Subsequent measurement is done at cost less accumulated amortization and accumulated impairment losses.

**B. Subsequent recognition and measurement**

Subsequent costs are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure on intangible assets is recognized in the Statement of Profit and Loss, as incurred.

**C. Amortization**

Intangible assets which have finite useful lives are amortized on straight-line method over a period of legal right to use as per the contract period.

The amortization period and the amortization method of intangible assets with a finite useful life is reviewed at each financial year end and adjusted prospectively, wherever required.

An intangible asset having an infinite useful life is not amortized as per paragraph 107 of Ind-AS 38, however, these assets are reviewed for impairment periodically by management and the impairment is carried out, if necessary.

The Residual Value of Intangible Asset with Finite Useful Life is considered as zero.

Notes to Consolidated Financial Statements for the year ended March 31, 2022

Intangible assets with finite useful life are evaluated for recoverability annually and whenever there is any indication that their carrying amounts may not be recoverable. The excess of carrying amount over its recoverable amount is recognized as an impairment loss.

**D. Derecognition:**

An Intangible Asset shall be derecognized on disposal; or when no future economic benefits are expected from its use or disposal. Gain or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

**V. DISPOSAL GROUP HELD FOR SALE:**

Assets included and identified for sale / divestment purposes are classified as held for sale if it is highly probable that they will be recovered primarily through sale in its present condition rather than through continuing use and are measured at the lower of carrying amount and fair value less costs to sell. The same are measured at the lower of carrying amount and fair value less cost to sell except for assets such as deferred tax assets, assets arising from employee benefits, financial assets which are specifically exempt from this requirement. No depreciation is provided, while the asset is classified as held for sale. The assets held for sale and assets of a disposal group classified as held for sale are presented separately from the other assets in the Balance sheet and the liabilities of a disposal group classified as held for sale are presented separately from the other liabilities in the Balance sheet. A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately in the Statement of Profit and Loss.

**VI. PHYSICAL VERIFICATION:**

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

**VII. REVENUE RECOGNITION**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Under Ind AS 115, Revenue is recognized upon transfer of control of promised goods or services to customers. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, incentives, amounts collected on behalf of third parties, or other similar items if any as specified in the contracts with the customers.

**Revenue from Operation:**

**a. Passenger, Cargo and Mail Revenue**

Passenger, Cargo and Mail Revenue are recognized at initial stage when transportation service is provided on flown basis net of discounts given to the passengers, amount

Notes to Consolidated Financial Statements for the year ended March 31, 2022

collected on behalf of third parties, applicable taxes and airport levies such as passenger service fee, user development fee, etc., if any.

**b. Blocked Space arrangements/Code share**

Blocked Space arrangements/Code share revenue/expenditure is recognized on an actual basis, based on uplift data received from the code share partners. Wherever details from code share partners are not available, revenue/expenditure is booked to the extent of documents/information received, and adjustments, if any, required are carried out at the time of availability of such information.

**c. Viability Gap Funding (VGF) and Regional Connectivity Scheme (RCS)**

Viability Gap Funding (VGF) and Regional Connectivity Scheme (RCS) are accounted for on the basis of difference between revenue and cost of operations on accrual basis and the same is treated as Operating Income.

**d. Repair, Maintenance and overhaul of Aircraft/Engines**

Revenue from maintenance, Repair and Overhaul services (MRO Services) and Line Maintenance (technical handling) of Aircraft Engines and other Aircraft related services are recognized as under.

- i. In the case of contract based on Block Hours flown by Aircraft and Aircraft Engines, the revenue is recognized on the basis of actual Block Hours flown.
- ii. In case of other contracts for Line Maintenance services, revenue is being recognized based on number of flights handled.
- iii. Revenue from the training services is recognized as and when fees are received.

**e. Ground Handling Services**

Ground handling services are recognized when the services are provided. Un-billed services at the end of each financial year, based on available data, are estimated and are recognized as revenue.

**f. Sale of rooms, food and beverages and allied services relating to hotels operations :** Revenue comprises sale of rooms, food and beverages and allied services relating to hotels operations, and flight kitchen revenues. Revenue is recognized upon rendering of the service, provided pervasive evidence of an arrangement exists, tariff/ rates are fixed or are determinable and collectability is reasonably certain. Revenue from sales of foods or rendering of services is net of taxes, returns and discounts.

- g. In the case of contract based on Block Hours flown by Aircraft and Aircraft Engines, the revenue is recognized on the basis of actual Block Hours flown.
- h. In case of other contracts for Line Maintenance services, revenue is being recognized base on number of flights handled.
- i. Revenue from the training services is recognized as and when fees are received.

Notes to Consolidated Financial Statements for the year ended March 31, 2022

- j. Gain or loss arising out of sale/scrap of PPE over the net depreciated value is taken to statement of profit & loss as non-operating revenue or other expenses.
- k. Other Operating Revenue is recognized when goods are delivered or services are rendered.
- l. Other Revenue:**
  - i.) Income from Interest is recognized using the effective interest method on a time proportion basis. Income from Rentals is recognized on a time proportion basis.
  - ii.) The claims receivable from Insurance Company are accounted for on the acceptance by the Insurance Company of such claims.
  - iii.) Warranty claims/credit notes received from vendors are recognized on acceptance of claim/receipt of credit note.
  - iv.) Scrap sales, reimbursement from employees availing medical, educational and other leave without pay, claims of interest from suppliers, other staff claims and lost baggage claims, are recognized on cash basis.

**VIII. LEASES :**

The Group has applied practical expedient for calculation of Lease Liability i.e. use of single average discount rate to portfolio of leases of similar assets in similar economic environment with similar conditions for end date.

**a. As lessee:**

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

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

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

**b. As a Lessor**

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease, transfers substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is

Notes to Consolidated Financial Statements for the year ended March 31, 2022

classified as a finance or operating lease by reference to the ROU asset arising from the head lease. For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

**c. Right of Use Assets :**

**a) Initial Recognition and Measurement:**

At the commencement date, the rights of use assets (ROU Assets) are measured at cost. The cost includes an amount equal to the lease liabilities, any lease payments made before commencement date, any Indirect cost, an estimate of cost to be incurred in respect of Re-delivery obligations, less any incentives received from the equipment manufacturer in the terms of lease.

**b) Subsequent Measurement:**

After the commencement date, the ROU Assets are measured in accordance with the accounting policy for Property, Plant and Equipment, i.e., ROU are measured at cost, less accumulated depreciation and accumulated impairment losses. ROU Assets are also correspondingly adjusted to reflect any re-measurement impact in the lease liabilities on account of lease modifications. ROU Assets will be subject to impairment as per Policy stated.

**d. Lease Liabilities:**

**a) Initial Recognition and Measurement:**

At the commencement date the company measures lease liabilities at the present value of lease payments that are not paid at that date. The lease liability includes Lease Rentals, Payment of Penalties for termination of lease if lease term reflects the company exercising the option to terminate and less, any incentives receivable.

The lease payments are discounted using interest rate implicit in the lease, if that are readily determined. If that rate cannot be readily determined, the company uses incremental borrowing rate.

Incremental Borrowing Rate is the rate of interest that the company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU Assets in a similar economic environment.

**b) Subsequent Measurement:**

After the commencement date the amount of lease liabilities is increased to reflect the accretion of interest and reduced by the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is lease modification, including lease modification in the lease term, lease payment or assessment of an option to purchase the underlying asset. The lease liabilities are re-measured by discounting the revised lease payments using revised discount rate at the effective date of modification.

**e. Lease Term:**

At the commencement date, the company determines the lease term which represents

Notes to Consolidated Financial Statements for the year ended March 31, 2022

non-cancellable period of initial lease for which the asset is expected to be used, together with the periods covered by an option to extend and terminate the lease, if company is reasonably certain at commencement date to exercise the extension or termination option.

**Depreciation:**

Depreciation on assets held as ROU is charged to Statement of Profit and loss on straight line basis from the commencement date to the earliest of the end of useful life of the ROU Asset or end of lease term.

**Other Leases:**

Lease payments associated with any other lease which falls outside the purview of Ind AS 116, short-term leases (leases with a term of twelve months or less) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

**Provision for Re-delivery**

The group has in its fleet, aircrafts on lease. As contractually agreed under the lease contracts, the aircrafts have to be redelivered to the lessors at the end of the lease term under stipulated contractual return conditions. At inception of the lease, the redelivery obligations are determined by management based on historical trends and data, and are capitalized to the Right of Use Asset at the present value of expected outflow, where effect of the time value of money is material and credited to Provision for Re-delivery under liabilities.

**Manufacturer's Credit (Cash & Non-Cash Incentives):**

Manufacturer Credit means cash incentives & non-cash-based incentives in the form of any rebates, discounts, incentive payments, and other credits which are provided by OEM (Original Equipment Manufacturer) and subsequently passed on to the customer by the Lessor at the time of Lease Agreement.

**Cash incentives:**

The company receives incentives from OEM (Original Equipment Manufacturer) or the Lessor in connection with acquisition of aircraft under lease. These incentives are recorded as reduction to the carrying amount of Right to Use Assets at the commencement of lease of the respective aircraft or aircraft components.

**Non-Cash Incentives:**

Non-cash incentives are recorded as and when due to the company by setting up a deferred asset and a corresponding deferred incentive. These incentives are recorded as a reduction to the cost of related aircraft and aircraft components in case of owned aircrafts. In case of aircrafts held under leases, the incentives are recorded as reduction to the carrying amount of right to use assets at the commencement of lease of the respective aircraft or aircraft components taken on lease.

Notes to Consolidated Financial Statements for the year ended March 31, 2022

**IX. INVENTORIES:**

**a. Inventory primarily consist of :**

- i. Stores and spares and loose tools (other than those which meet the criteria of property, plant and equipment).
- ii. Expendable / consumables are charged off in case of initial issue, except issued for capital works which are expensed off when the work order is closed on the completion of repair work.
- iii. Soft furnishing (linen), cutlery / crockery and stores and spares used in the hotel operation. Cost of these inventories comprise all costs of purchase after deducting non-refundable rebates and discounts and all other costs incurred in bringing the inventories to their present location and condition and is determined on weighted average basis.

**b. Valuation of Inventories :**

- i. Inventories are valued at lower of cost and Net Realizable Value ('NRV'). NRV for Stores and spares, loose tools used in rendering of services are not written down below cost except in cases where the price of such materials have declined and it is estimated that the cost of rendering of services will exceed their selling price.
- ii. Cost of inventories comprise all costs of purchase after deducting non-refundable rebates and discounts and all other costs incurred in bringing the inventories to their present location and condition and is determined on weighted average basis.
- iii. At the year end, Freight Duty & Insurance is expensed off on the basis of the ratio of closing inventory to Consumption of Inventory during the year. Unallocated custom duty paid on aircraft spares is shown under Inventory.

**c. Diminution in value of inventories**

- 1.) Obsolescence provision for aircraft stores and spare parts:
  - i. Provision is made for the non-moving inventory exceeding a period of five years (net realizable value of 5%) except for (ii) & (iii) below and netted off from the value of inventory.
  - ii. Inventory of Aircraft Fleet which has been phased out, is shown at estimated realizable value unless the same can be used in other Aircraft.
  - iii. Provision in respect of inventories exclusively relating to aircraft on dry / wet lease, is made on the basis of the completed lease period compared to the total lease period as at the year-end.
- 2.) Full Obsolescence Provision for non-aircraft stores and spares is made for non-moving inventory exceeding a period of five years.
- 3.) Spares retrieved from the cannibalization of the scrapped aircraft are accounted for at Rupee One.

Notes to Consolidated Financial Statements for the year ended March 31, 2022

**X. BORROWING COST**

- a. Borrowing cost includes interest; amortization of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan.
- b. Borrowing cost that are directly attributable to acquisition, construction of qualifying assets including capital work-in-progress, if any, are capitalized, as part of the cost of assets, up to the date for its intended use or sale.
- c. A qualifying assets is one that necessarily takes substantial period of time to get ready for intended use.
- d. In the case of subsidiary – Alliance Air Aviation Limited, interest accrued on borrowed funds or other temporary borrowings in anticipation of the receipt of long term borrowings that are used for acquisition of qualifying assets exceeding the value of Rs.10.00 million is capitalized at the weighted average borrowing rate on loans outstanding at the time of acquisition.
- e. Other borrowing costs are recognized as an expense in the period in which they are incurred. Borrowing cost includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**XI. IMPAIRMENT OF NON-FINANCIAL ASSETS**

The Company assesses at each Balance Sheet date whether there is any indication that carrying amount of its non- financial asset has been impaired. If any such indication exists, the provision for impairment is made in accordance with Ind AS-36 by estimating the “recoverable Amount” of the asset.

**Impairment Testing:**

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

**Recognition of Impairment Loss:**

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the Statement of Profit and Loss.

**Reversal of Impairment Loss:**

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying



Notes to Consolidated Financial Statements for the year ended March 31, 2022

amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss for an asset shall be recognized immediately to statement of profit and loss.

**XII. GOVERNMENT GRANTS:**

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Government grants recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses, the related costs for which the grants are intended to compensate. Government grants that become receivable as compensation for expenses or losses incurred in a previous period are recognized in profit or loss of the period in which it becomes receivable. Government grants related to assets are presented in the balance sheet as deferred income and are recognized in profit or loss on a systematic basis over the expected useful life of the related assets.

**XIII. EMPLOYEE BENEFIT:**

**i. Short-term employee benefits**

Employee benefit liabilities such as salaries, wages and bonus, etc. that are expected to be settled wholly within twelve months after the end of the reporting period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at an undiscounted amount expected to be paid when the liabilities are settled.

**ii. Post-employment benefit plans**

The Retirement Benefits to the employees comprise of Defined Contribution Plans and Defined Benefit Plans.

**a) Defined Contribution Plan** is a post employee benefit plan under which an entity pays fixed contribution into separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Obligations for contributions to defined contribution plans are recognized as an Employee Benefit Expense in statement of profit and loss in the period during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

**b) Defined Benefit Plan** is a post employee benefit plan other than defined contribution plan.

The subsidiaries liability towards Gratuity and provident fund scheme to the extent of interest liability on provident fund contribution are in the nature of defined benefit plan.

The subsidiaries pays fixed contribution to the provident fund at predetermined rate to a separate trust, which invests the fund in permitted securities. The contributions to the

Notes to Consolidated Financial Statements for the year ended March 31, 2022

fund for the year are recognized as expense and are charged to statement of profit and loss. The obligation of the subsidiaries is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by Government of India.

The subsidiaries had an obligations towards Gratuity. The plan provides for a lumpsum payment to vested employee at the time of retirement, death while in employment or on termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Gratuity plan of the subsidiaries is unfunded.

**c) Other Long-Term Employee Benefits:**

Benefits in the form of Leave Encashment are accounted as other long-term employee benefits. The subsidiaries net obligation in respect of Leave Encashment is the amount of benefit to be settled in future, that employees have earned in return for their service in the current and previous years. The benefit is discounted to determine its present value. The obligation is measured on the basis of an actuarial valuation using the projected unit credit method. Re-measurements are recognized in Statement of Profit and Loss in the period in which they arise.

**XIV. TAX ON INCOME :**

**Current income tax**

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

**Deferred Tax**

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

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

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

Notes to Consolidated Financial Statements for the year ended March 31, 2022

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

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

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

## **XV. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS**

- i. Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.
- ii. Contingent liabilities are not provided for and are stated by way of notes to accounts. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.
- iii. Contingent assets are possible assets that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent asset is disclosed, when an inflow of economic benefits is probable.

### **iv. Changes in Provision:**

Provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. When discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized as Finance Cost.

### **v. Onerous contracts**

In the case of subsidiary – AI Engineering Services Limited – An onerous contract is considered to exist where the company has a contract under which the unavoidable cost of meeting the obligations under the contract exceeds the economic benefits expected to be received from the contract. Present obligation arising under onerous contracts are recognized and measured as provisions.

Notes to Consolidated Financial Statements for the year ended March 31, 2022

## **XVI. CASH AND CASH EQUIVALENTS**

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

## **XVII. EARNINGS PER SHARE**

Basic earnings per equity share are computed by dividing the net profit/(loss) after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing adjusted net profit/(loss) after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares during the year.

## **XVIII. FINANCIAL INSTRUMENTS**

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

### **(a) Financial assets**

#### **(i) Classification**

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

#### **(ii) Initial recognition and measurement**

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

#### **(iii) Subsequent measurement**

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

- **Financial assets carried at amortized cost**

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

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

A financial asset comprising specific investment is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial

Notes to Consolidated Financial Statements for the year ended March 31, 2022

assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

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

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

**(iv) Derecognition**

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial assets.

Any gain or loss on derecognition is recognized in the statement of profit & loss.

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

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

For all other financial assets, expected credit losses are measured at an amount equal to the 12- month ECL, unless there has been a significant increase in credit risk from initial recognition, in which case those financial assets are measured at lifetime ECL. The changes (incremental or reversal) in loss allowances computed using ECL model, are recognized as in impairment gain or loss in the Statement of Profit & Loss.

**(vi) Write-off**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off, could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amount due.

**(b) Financial Liabilities**

**(i) Initial recognition and measurement**

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

Notes to Consolidated Financial Statements for the year ended March 31, 2022

**(ii) Classification**

The Group classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through Statement of Profit and Loss. Such liabilities, including derivatives shall be subsequently measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit & loss. A financial liability is classified as FVTPL if it is classified as held-for-trading, or it is a derivative or it is designed as such on initial recognition.

**(iii) Subsequent measurement**

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

- **Financial liabilities at amortized cost**

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the 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 Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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

**(iv) Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. The company also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in the Statement of Profit & Loss.

Notes to Consolidated Financial Statements for the year ended March 31, 2022

**(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 sell the liabilities simultaneously

**XIX. CASH FLOW STATEMENT**

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

**XX. CONTRACT BALANCES:**

**i) Contract assets**

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

**ii) Contract liabilities**

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

**iii) Refund liabilities**

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

Notes to Consolidated Financial Statements for the year ended March 31, 2022

**NOTE 2: PROPERTY, PLANT & EQUIPMENT**

(₹ in million)

Particulars	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	As at April 01, 2021	Additions	Other Adjustments	Disposals / Adjustments	As at March 31, 2022	As at April 01, 2021	For the year	Deductions/ Adjustments	Total Upto March 31, 2022	As at March 31, 2022	As at March 31, 2021
<b>TANGIBLE ASSETS :</b>											
a) Office Equipment	-	0.04	-	-	0.04	-	0.001	-	0.001	0.04	-
<b>TOTAL FOR TANGIBLE ASSETS</b>	-	0.04	-	-	0.04	-	0.001	-	0.001	0.04	-
<b>PREVIOUS YEAR</b>	-	-	-	-	-	-	-	-	-	-	-

**NOTE 3: RECOVERABLE FROM AIR INDIA LIMITED**

(₹ in million)

Sl. No.	Particulars	Non - Current		Current	
		As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
<b>A</b>	<b>FUNDS TRANSFERRED TO THE THEN AIL</b>				
i	NCDs proceeds (including ₹ 790 million monetization proceeds) transferred by the company in the FY 2019-20 to the then AIL towards repayment of identified Loans (Refer Note No. 23.b.I)	220,640.00	220,640.00	-	-
ii	Add:- Additional support provided to AI during the FY 2021-22 (Refer Note No. 23.b.II)	611,780.00	-		
iii	Less:- Fund unspent refunded by the then AIL in the FY 2021-22 (Refer Note No. 23.b.II)	470.42	-		
	<b>Net Fund Transferred to the then AIL {excluding Government grants as referred in Note No. 24} (A)</b>	<b>831,949.58</b>	<b>220,640.00</b>	<b>-</b>	<b>-</b>
<b>B</b>	<b>ASSETS/MONETIZATION PROCEEDS/ LIABILITY TRANSFERRED BY THE THEN AIL TO THE COMPANY</b>				
i	Monetization Proceeds (Net) from sale of Identified Properties (Refer Note No. 23.c.I)	3,995.34	3,090.49	-	-
ii	Investment into four Subsidiaries from the then AIL to the AIAHL (Refer Note No. 23.c.II)	8,179.41			
iii	Recoverable outstanding with Subsidiaries of the then AIL transferred to the Company (Refer Note No. 23.c.II)	49,839.76	-	-	-



(₹ in million)

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

(₹ in million)

Sl. No.	Particulars	Non - Current		Current	
		As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
xvii	Profit on Sale of 13 Properties after disinvestment of the then AIL (Refer Note No. 30)	-257.30	-	-	-
	<b>Value of assets/liabilities transferred by the then AIL (B)</b>	<b>154,431.33</b>	-	-	-
	<b>Fund transferred to the then AIL over and above assets/liabilities received has been grouped under the "Other Equity" (A-B)#</b>	<b>677,518.25</b>	-	-	-
C	Air India Limited Reconciliation A/c (Refer Note No - 49.i)	-	-	7,244.48	5,879.52
	<b>Net Recoverable from Air India Limited</b>	-	<b>217,549.51</b>	<b>7,244.48</b>	<b>5,879.52</b>

#The above data are based on the information provided by the then AIL to the company and the excess amount transferred by the company over the assets/liabilities received amounting to ₹6,77,518.24 million has been grouped under the "other equity". However, the company has not accepted a asset/liability transferred to the company as mentioned below in note no. 23.c.III and 49.i. (i.e. cost of one flat located at 6B, Shriram Apartments, Middleton Street, Kolkata for ₹10.09 million and corresponding sale consideration as advance of ₹ 20.15 million and adjustment of ₹ 955.91 million interest prior to 1st October 2018 adjusted by AIL in its RFATR A/c). Hence there will a difference to that extent in Air India Recoverable A/c in the books of the company and signed RFATR A/c as submitted by AIL on 12th October, 2022.

The company has reminded AIL vide emails, latest dated 20 Oct 2022 to provide the details of remaining assets and liabilities (other than above), if any, to be transferred by the then AIL, as per government decisions, for which details/ information is yet to be provided. Further, AIL has not provided the breakup of the above balance amount and the details of current assets equal to current liabilities etc.

Further, as per Note 23.b.II, total amount of ₹6,11,309.58 million transferred by the Company to the then AIL during the FY 2021-22 and utilization thereof by the then AIL are based on the information/documents provided by the management of the AIL.

#### NOTE 4: OTHER FINANCIAL ASSETS

(₹ in million)

Particulars	Non - Current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Security Deposits#	-	-	0.01	0.01
Interest Accrued but not due on FDs	3.04	-	50.35	4.85
Other-Imprest Advance	-	-	-	-
Prepaid Expenses (Refer Note No - 24.ii)	-	-	391.18	-
Accrued Rental Income (Refer Note No 29.i)	-	-	1.56	-
Advance Paid to MADC for MRO Nagpur Land (Refer Note No 23.c.VIII)	114.00	-	-	-
<b>Total</b>	<b>117.04</b>	-	<b>443.10</b>	<b>4.86</b>

#Security Deposit is with NSDL for 2 year Annual Custody Fees (A.C.F.)

**NOTE 5: INCOME TAX ASSETS (Net)**

(₹ in million)

Particulars	Non - Current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Tax Deducted at source	-	-	127.99	3.18
Advance Self Assessment Tax	-	-	26.00	287.90
Less: Provision for Tax	-	-	-	-169.16
Income Tax Refund	-	-	125.41	-
<b>Total</b>		-	<b>279.40</b>	<b>121.92</b>

Refer Note no. 41

**NOTE 6: OTHER CURRENT ASSETS**

(₹ in million)

Particulars	Non - Current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
GST ITC Balance	-	-	234.67	7.84
<b>Total</b>	-	-	<b>234.67</b>	<b>7.84</b>

**NOTE 7: CASH AND CASH EQUIVALENTS**

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Cash and Cash Equivalents</b>		
Cash on hand	-	-
Balance with Bank :		
Current Account	40.70	40.33
Fixed Deposits less than 3 months*	16,782.49	-
<b>Total</b>	<b>16,823.19</b>	<b>40.33</b>

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

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

(₹ in million)

Particulars	Non - Current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Fixed Deposit against Margin Money for Alliance Air Aviation Ltd.'s SBLC/BG (Refer Note No - 22.II)	2,079.26		-	-
Earmarked balances as Fixed Deposit**	-	-	-	5,521.80
Other Fixed Deposits***	-	-	437.03	141.08
<b>Total</b>	<b>2,079.26</b>	-	<b>437.03</b>	<b>5,662.88</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.

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

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

₹ in million

Particulars	31-Mar-22	31-Mar-21
<b>1. Properties</b>		
a) Movable Properties (Refer Note No 25.viii and 23.c.III)	1,268.00	-
b) Immovable Properties # (net of impairment and advances) (Refer Note No 25. i to vii, 23.c.III & 47)	76,014.25	-
	<b>77,282.25</b>	-
<b>Others *:</b>		
<b>Non-current Assets</b>		
Property, Plant & Equipment	9445.20	-
Right of use asset	19900.65	-
Capital work in Progress	1143.49	-
Intangible Assets	25.80	-
<b>Financial Assets:</b>		
a) Loans		
b) Others	860.14	-
c) Trade Receivables		
Income Tax Assets (Net)	837.84	-
Deferred Tax Assets (net)	4287.28	-
Other Non Current Assets	4472.08	-
<b>Total of Non-Current Assets</b>	<b>40,972.48</b>	-
<b>Current Assets</b>		
Inventories	1039.78	-
Financial Assets:		
a) Trade Receivables	7275.29	-
b) Cash and Cash Equivalents	3543.13	-
c) Bank Balance other than (b) above	1010.35	-
d) Loans		
e) Others	146.79	-
Income Tax Assets	1137.44	-
Unreconciled recoverable of subsidiary	1.34	-
Other Current Assets	41.33	-
<b>Total of Current Assets</b>	<b>14,195.45</b>	-
<b>Grand Total of Assets</b>	<b>132,450.18</b>	-

\* The above figures include assets of AAAL, AIESL and HCI amount to ₹ 47,452.94 million. The net worth of these companies has been eroded completely. However, the management expects improvement in performance of these companies. In the absence of determination of fair value, the same is carried at cost.

The assets of subsidiaries are on carrying value as these subsidiaries are under the process of disinvestment, hence to maintain the confidentiality in the valuation of the subsidiaries in the disposal group held for sale, the same has been maintained at book value and not a fair value as the same may impact/vitiate the bid value likely to be received for the subsidiaries.

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

₹ in million

Sl. No.	Particulars	31-Mar-22	31-Mar-21
1	03 Flats, Gazdar Schemes, Khar, Mumbai	24.93	-
2	04 Flats, Sterling Apts., 3, Rao Tularam Marg, Sector 12, R.K. Puram, New Delhi	0.00	-
3	06 Residential Plots, Charkop, Kandivali, Mumbai	0.00	-
4	08 Flats at Asiad Village Complex, New Delhi	128.34	-
5	08 Flats, Jharneshwar Housing Complex, TT Nagar, Bhopal	0.00	-
6	12 Flats at Sardar Colony, Jamnagar	0.00	-
7	12 Residential Apts., 13 Mullen Street, Ballygunge, Kolkata	164.69	-
8	13 Flats, Aquarius-Taurus, CHSL Maurya Rd., Mumbai (W)	7.38	-
9	13 Residential Apts., Sohini Apts. 18/2A – 1 Ddai Shankar Sarani, Golf Greens, Kolkata	2.53	-
10	14 Exec. Flats, Pali Hill Bandra, Mumbai	294.00	-
11	20 Residential Exec. Flats, JVPD- Vile Parle, Mumbai	0.00	-
12	60 Flats at Samta Nagar, Kandivali (E) Mumbai	198.95	-
13	A1B, Plot No.235, CSKO, 1909 of Fort Division, Nariman Point, Mumbai	5,620.94	-
14	AI Housing Colony, Vasant Vihar, New Delhi	51,399.85	-
15	AI Plot of Land at Baba Kharak Singh Marg, New Delhi	4,770.66	-
16	Air India Hqrs., Airlines House, 113, Gurudwara Rakabganj Road, New Delhi	468.59	-
17	Airlines House, 39, C.R. Avenue, Kolkata	95.14	-
18	Airlines House, CBO, Hat Hill, Lal Baug, Mangalore	92.78	-
19	Booking Office, Museum Rd., Vellayambalam, Thiruvananthapuram	0.00	-
20	Bungalow Plot No. ASL-56 Survey No. 925 in Ashwin L at New Nashik	0.00	-
21	CBO, 10/59 Bhadbhada Road, TT Nagar, Bhopal	0.00	-
22	CBO, 169/152, Yadunath Marg, Varanasi	0.00	-
23	CBO, Civil Lines, Nagpur	146.79	-
24	CBO Cum 06 Residential Qtrs. at 2, West Patel Nagar, Circuit House Road, Jodhpur	0.00	-
25	CBO, Durbar Hall Road, Cochin and Collis Estate, MG Road, Cochin	0.00	-
26	CBO, Plot No.8 Type VII/2.7 Area Unit I in the New Capital Area, Bhubaneswar	0.00	-
27	CBO, Sector-34A, Chandigarh	0.00	-
28	CBO, Sy No – 2309/5, Aberdeen Village, Tagore Road, Port Blair	0.00	-
29	City Booking Office, Mascot Junction, Thiruvananthapuram	38.25	-
30	Commercial Land at Ganeshguri, Guwahati	2.77	-
31	Commercial Land at Plot Nos. 951, 953 & 954, Ward No. 1, Street No. 46, Revenue Village – Muharrampur, East Gandhi Maidan, Patna	0.00	-
32	Commercial Land at Rail Head Complex, Rakh Bahu, Residency Rd., Jammu	0.00	-
33	Commercial Land for Booking Office at Jamnagar	0.00	-
34	Commercial Office at Slough Mathisen Way, Colnbrook, London	410.95	-
35	Commercial Space for CBO, IInd Floor, Dr. B.R. Ambedkar Market Complex, Hill Curt Road, Dist. Darjeeling (WB), Bagdogra (Siliguri)	0.44	-
36	Flat-102, Diana Apt, Mangalore	2.69	-
37	Flat No.31/1, Dr. M.G. Ramchandran Road, Besant Nagar, Chennai	5.18	-

₹ in million

Sl. No.	Particulars	31-Mar-22	31-Mar-21
38	Flat S1, Madhuvan Apt. Mangalore	0.53	-
39	Indian Airline Housing Colony & Sports Stadium, Mennambakkan, Chennai	1,336.74	-
40	Land At Nerul Purchased From CIDCO (NB)	24.58	-
41	Land & Bldg. at AI Unity Complex, Chennai	129.10	-
42	Land & Building for Booking Office, Airlines House, Ganga Jalia Talav, Bhavnagar	0.00	-
43	Land & Building for Booking Office, Airlines House, Lal Darwaja, Ahmedabad	0.00	-
44	Land & Building for Booking Office, Airlines House, Station Road, Near SBI, Bhuj	16.81	-
45	Land For Aircraft Maint Base Trivandrum	282.60	-
46	Land for Booking Office & Air Cargo Complex, Polo View, Near Sher-I- Kashmir Park, Maisuma Tehsil Khas, Srinagar	0.00	-
47	Land for Booking Office, T.P. Scheme No.9, Plot No.1, Vadodara	0.00	-
48	Land for Housing Colony (13 Flats), Vidyadhar Housing Colony, Khasra No.16C & 17K, SADA, Khajuraho	0.00	-
49	Land for Housing Colony at Gangamuthanahalli, Bengaluru	43.58	-
50	Land for Housing Colony at NCC Nagar, Thiruvananthapuram	12.86	-
51	Land for Staff Quarters at Sardar Nagar, Site No.1 Vibhag-1, Hansol, Near Indira Bridge, Ahmedabad	0.00	-
52	Land for Staff Quarters, No.1 to 11, Moti Magri Scheme, Udaipur	0.00	-
53	Manager's Residence, House No. 24, Mugumo Rd., Lavington, Nairobi	28.78	-
54	Other Structure & Buildings including New Operation Building Kolkata	3,316.49	-
55	Residential Complex, Central Training Establishment	2,262.40	-
56	Residential Land at 26/607, Maharani Laxmi Bai Road, Gwalior	49.61	-
57	Residential Land at Malviya Nagar Scheme B-Block Railway Station Road, Jaipur	0.00	-
58	Residential Land at Sector-3, Trikuta Nagar, Jammu	0.00	-
59	Residential Land, E Type Staff Quarters, Unit VIII in New Capital Area, Bhubaneswar	0.00	-
60	Residential Plot for Staff Quarters at Khaikhali, Kolkata	100.90	-
61	Residential Plot No.24, Sector 27, CIDCO, Nerul, Navi Mumbai	4,558.46	-
62	Residential Plot No-43, 44 78 & 79, Village Nana Mava Rajkot	0.00	-
63	Share in Krupanidhi Bldg., Mumbai.	0.00	-
64	Space for CBO, Nehru Place Commercial Complex, Tonk Road, Jaipur	0.00	-
65	Vacant Land at Plot No. 1 & 4 Under Dag No. 404 & 405 of Patta No. 180, Mouza Dibrugarh Town, Ward – Gabherupathar, Dist, Lakhimpur, Sub- District - Dibrugarh, (Assam)	0.00	-
66	Vacant Residential Land at Dag No. 487, Village Borjhar, Mouza – Kakhin Rani Under Palasbari Circle, Guwahati (Assam)	0.00	-
<b>Total</b>		<b>76,039.29</b>	-
<b>Less: Impairment</b>		<b>25.03</b>	-
<b>Total Net of Impairment</b>		<b>76,014.26</b>	-

## NOTE 10: EQUITY SHARE CAPITAL

Particulars	As at 31-Mar-22		As at 31-Mar-21	
	Number in Million	₹ in million	Number in Million	₹ in million
<b>Authorised Capital</b>				
Equity Shares of Rs 10/- each	70,000.00	700,000.00	0.05	0.50
<b>Issued, Subscribed and Fully Paid up Capital</b>				
Equity Shares of Rs 10/- each	62,365.45	623,654.50	0.05	0.50
	<b>62,365.45</b>	<b>623,654.50</b>	<b>0.05</b>	<b>0.50</b>

### Details of Shareholding in excess of 5%

Name of Shareholder	As at 31-Mar-22		As at 31-Mar-21	
	Number of shares held in million	%	Number of shares held in million	%
Min. of Civil Aviation Representatives, Govt. of India, on behalf of the President of India	62,365.45	100%	0.05	100%

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

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

Particulars	As at 31-Mar-22		As at 31-Mar-21	
	Number in Million	₹ in million	Number in Million	₹ in million
At the beginning of the year	0.05	0.50	0.05	0.50
Issued during the Year	62,365.40	623,654.00	-	-
<b>Outstanding at the end of the year</b>	<b>62,365.45</b>	<b>623,654.50</b>	<b>0.05</b>	<b>0.50</b>

The Holding Company has issued only one class of shares referred to as equity shares having a par value of Rs .10/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the holding company, after payment of all external liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders after distribution of all preferential amounts, if any.

There were no bonus shares issued and there is an instance of shares being issued for consideration other than cash and no shares have been bought back by the holding company from incorporation date i.e. 22nd January, 2018 to the date of Balance Sheet.

Share allotted pursuant to contract without payment being received in cash and share bought back during the period of 5 year immediately preceding the reporting date is Nil (Previous Year: Nil).

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

### Promoter's shareholding\*

Name of Promoter	As at 31-Mar-22		As at 31-Mar-21	
	Number of shares held in million	%	Number of shares held in million	%
Min. of Civil Aviation Representatives, Govt. of India, on behalf of the President of India	62,365.45	100%	0.05	100%

\*There has been no change in the promoter holding during the year. The Company has only one class of equity shares (Refer note 10).

## NOTE 11: OTHER EQUITY

Particulars	₹ in million		₹ in million	
	As at 31-Mar-22		As at 31-Mar-21	
<b>Surplus in Profit and Loss Account:</b>				
Balance as per last Balance Sheet		1,777.17		1,340.21
Loss of subsidiaries till the date of transfer of control to the Company		-57,514.52		-
Non-Controlling Interest		-1,204.37		
		<b>-56,941.72</b>		
Profit/ Loss for the period		-7,357.92		436.96
Less:				
Transfer to General Reserve				-
Add: Prior Period Adjustments		-		-
Less: Prior Period Adjustments		-		-
<b>Total Reserves &amp; Surplus</b>		<b>-64,299.64</b>		<b>1,777.17</b>

### Note:

Other equity includes share of non controlling interest of HCI for amounting to Rs.1,474.37 million and after adjustment of paid up share capital net amount is Rs.1204.37 million.

### Retained Earnings :

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

## NOTE 12: BORROWINGS

(Refer Note No - 22.III)

(₹ in million)

Particulars	Non - Current		Current	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
6.99% Debentures Series I-Tenure 3 Yrs 3 months-GOI fully serviced*	-	70,000.00	70,000.00	-
7.39% Debentures Series II-Tenure 10 Yrs-GOI assured for servicing and repayment	70,000.00	70,000.00	-	-
7.39% Debentures Series III-Tenure 10 Yrs-GOI assured for servicing and repayment	79,850.00	79,850.00	-	-
<b>Total</b>	<b>149,850.00</b>	<b>219,850.00</b>	<b>70,000.00</b>	<b>-</b>

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

\*Series I, 6.99% Debentures has been repaid on 16th December, 2022.

## NOTE 13: OTHER FINANCIAL LIABILITIES

(₹ in million)

Particulars	Non - Current		Current	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Interest Accrued on Bonds but not due for payment	-	-	5,185.72	5,185.72
Deposit transferred - JDC arrears against housing colonies*	-	-	390.48	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>5,576.20</b>	<b>5,185.72</b>

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



## NOTE 14: TRADE PAYABLES

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Trade Payables		
- Micro Small and Medium Enterprises	-	-
- Other Payables	0.97	1.16
<b>Total</b>	<b>0.97</b>	<b>1.16</b>

### NOTE 14.1: AGEING OF TRADE PAYABLES

(₹ in million)

#### AS AT MARCH 31, 2022

Particulars	Unbilled	Outstanding for following periods				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed dues (MSME)	-	-	-	-	-	-
(i) Undisputed dues (Others)	-	0.93	0.04	-	-	<b>0.97</b>
(iii) Disputed dues (MSME)	-	-	-	-	-	-
(iv) Disputed dues (Others)	-	-	-	-	-	-
<b>Total</b>	-	<b>0.93</b>	<b>0.04</b>	-	-	<b>0.97</b>

#### AS AT MARCH 31, 2021

(₹ in million)

Particulars	Unbilled	Outstanding for following periods				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed dues (MSEs)	-	-	-	-	-	-
(i) Undisputed dues (Others)	-	1.16	-	-	-	<b>1.16</b>
(iii) Disputed dues (MSEs)	-	-	-	-	-	-
(iv) Disputed dues (Others)	-	-	-	-	-	-
<b>Total</b>	-	<b>1.16</b>	-	-	-	<b>1.16</b>

## NOTE 15: PROVISIONS

(₹ in million)

Particulars	Non - Current		Current	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Provision for Tax	-	-	-	-
Provision for Expenses	-	-	1.81	0.44
<b>Total</b>	-	-	<b>1.81</b>	<b>0.44</b>

**NOTE 16: OTHER CURRENT LIABILITIES**

(₹ in million)

Particulars	As at 31-Mar-22	As at 31-Mar-21
<b>A. Unspent Grant as on 31-03-2022</b>		
Unspent Grant-in-aid from Government of India on towards servicing of interest of NCDs Series-1, Series-2 and Series-3 of AIAHL	-	408.26
Unspent Grant-in-aid received from Government of India towards servicing of interest obligation of the then AIL issued Rs.7400 cr. NCDs pending Novation to AIAHL	-	2,043.14
Grant-in-Aid for CGHS	400.00	-
Grant-in-Aid for NHA	50.00	-
<b>Total A (Refer Note no. 24.i &amp; ii)</b>	<b>450.00</b>	<b>2,451.40</b>
<b>B. Other Current Liabilities</b>		
Salary Payable	1.06	0.23
Statutory Dues	0.16	0.24
Other	0.10	-
<b>Total B</b>	<b>1.32</b>	<b>0.47</b>
<b>Total (A+B)</b>	<b>451.32</b>	<b>2,451.87</b>

**NOTE 17: LIABILITIES INCLUDED DISPOSAL GROUP HELD FOR SALE \***

(TRANSFERRED BY THE THEN AIL):-

(₹ in million)

Particulars	31-Mar-22	31-Mar-21
<b><u>Non Current Liabilities</u></b>		
a) Borrowings	0.00	
a) Lease Liability	20,205.86	
b) Other Financial Liabilities	64.51	
c) Provisions	10,015.51	
d) Other Non Current Liabilities	-	
<b>Total Non Current Liabilities</b>	<b>30,285.88</b>	
<b><u>Current Liabilities</u></b>		
a) Borrowings	-	
b) Lease Liability	2,794.79	
c) Financial Liabilities		
i) Trade Payables**	13,640.97	
ii) Other Financial Liabilities	1,677.25	
d) Other Current Liabilities	805.45	
e) Provisions	1,959.15	
<b>Total Current Liabilities</b>	<b>20,877.61</b>	
<b>Sub-Total-A (Non Current &amp; Current Liabilities)</b>	<b>51,163.49</b>	
<b>Liabilities against Assets included in Disposal Group Held for Sale</b>		
Advance Received against sale of Properties (Refer Note No - 25.ii)	385.76	-
Advance CIDCO Nerul HSG Project (Refer Note No 23.c.XII)	415.33	-
Expense Payable - CIDCO Nerul Properties (Refer Note No 23.c.XIII)	376.62	-
Monetization Proceeds Samata Nagar Property (Refer Note No 23.c.XI)	50.28	-
<b>Sub-Total-B</b>	<b>1,227.99</b>	-
<b>Grand Total-A+B</b>	<b>52,391.48</b>	

The above figures includes payable to MSME Vendors. (Refer Note No.36 of Consolidated Ind AS Financial Statements)

\*\* The above figures include liabilities of AAAL, AIESL and HCI amount to ` 43,919.86 million. The net worth of these companies has been eroded completely. However, the management expects improvement in performance of these companies. In the absence of determination of fair value , the same is carried at cost.

The assets/liabilities of subsidiaries are on carrying value as these subsidiaries are under the process of disinvestment, hence to maintain the confidentiality in the valuation of the subsidiaries in the disposal group held for sale, the same has been maintained at book value and not a fair value as the same may impact/vitiate the bid value likely to be received for the subsidiaries.

## **NOTE 18: OTHER INCOME**

(₹ in million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Rent from properties held for sale (Refer Note No 29.i)	838.67	1,252.49
<b>Total</b>	<b>838.67</b>	<b>1,252.49</b>

## **NOTE 18.1: OTHER MISC. INCOME**

(₹ in million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Grant-in-aid from GoI (Refer Note No-24.i)	16,231.41	21,830.08
Revenue share of AIASL transferred by the then AIL (Refer Note No 29.ii)	356.53	213.57
Interest Income on FDRs (Refer Note No-31)	1,287.19	72.00
Interest on outstanding recoveries of subsidiaries (Refer Note No. - 49 ii)	1.34	-
Advance Forfeited by the then AIL transferred to the company	50.69	-
Profit on Properties sold (Refer Note No. 30)	257.30	-
Misc. Income	3.53	0.06
<b>Total</b>	<b>18,187.99</b>	<b>22,115.71</b>

## **NOTE 19: EMPLOYEE BENEFIT EXPENSES**

(₹ in million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Salaries and Wages	5.49	3.31
<b>Total</b>	<b>5.49</b>	<b>3.31</b>

## **NOTE 20: FINANCE COST**

(₹ in million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Interest on Bonds of AIAHL	15,966.91	15,944.09
Reimbursement of Interest of Identified Debts of the then AIL	5,430.58	6,706.97
Prepayment Charges on the then AIL's NCDs (Refer Note No. - 23.c.VI)	8,918.68	-
<b>Total</b>	<b>30,316.17</b>	<b>22,651.06</b>

**NOTE 21: OTHER EXPENSES**

(₹ in million)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
NCD's & Equity Related Expenses	37.54	7.54
Legal And Professional Expenses (Refer Note No - 29.i)	2.64	0.87
Meeting Related Expenses	0.09	-
Advertisement Expenses	1.75	0.01
Bank Charges	0.01	0.01
Conveyance & Fuel Expenses	0.09	0.02
Building Maintenance Expenses (Refer Note No - 29.i)	100.82	77.64
Impairment of Assets included disposal group held for sale	25.03	-
Manpower Supply services	0.18	-
Printing & Stationary	0.25	0.09
ROC Filing Fees	25.01	0.01
Telephone Expenses	-	-
Travel Expenses	0.16	-
Office Expenses	0.13	-
Misc. Expenses	0.07	0.10
<b>Remuneration To Statutory Auditor</b>		
- Audit fees	0.30	0.15
- Out of Pocket Expenses	0.03	0.02
Other audit fees (Tax, Internal Audit & Limited Review Fees)	0.28	0.15
<b>Total</b>	<b>194.38</b>	<b>86.61</b>

**NOTE NO: 21A PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS**

(₹ in million)

	Year ended March 31, 2022
<b>Revenue from Operations</b>	
i) Schedule Traffic Services	1,100.87
ii) Non Schedule Traffic Services	595.70
iii) Technical and other handling service	5,511.51
iv) Other Operating Revenue	369.14
<b>Total Revenue from Operations</b>	<b>7,577.22</b>
Other Income	84.86
<b>Total Revenue</b>	<b>7,662.08</b>
<b>Expenses</b>	
1. Aircraft Fuel & Oil	465.29
2. Cost of raw material consumed	15.14
3. Other Operating Expenses	476.48
4. Employee Benefit Expenses	2,420.00
5. Finance Costs	817.02
6. Depreciation and Amortization	1,085.88
7. Other Expenses	1,797.65
<b>Total Expenses</b>	<b>7,077.46</b>
<b>Profit/(Loss) Before Exceptional &amp; Tax</b>	<b>584.62</b>
<b>Less : Exceptional Items</b>	<b>-</b>
<b>Profit/(Loss) Before Tax</b>	<b>584.62</b>

	(₹ in million)
	Year ended March 31, 2022
<b>Tax Expenses :</b>	
1. Current Tax	-45.98
2. Short/ (Excess) Provision of Tax	-
3. Minimum alternate tax credit entitlement	583.16
4. Deferred Tax Income	2,634.48
5. Income Tax for Earlier Years	24.62
<b>Total Tax Expenses</b>	<b>-3,239.00</b>
<b>Profit/(Loss) after Tax for the year</b>	<b>3,823.62</b>
<b>Other Comprehensive Income</b>	
Items that will not be reclassified to Profit & Loss and its related income tax effect:	
i) Re-measurements of Defined Benefits Plans	307.84
ii) Income Tax relating to Re-measurements of Defined Benefit Plans	-
<b>Total Other Comprehensive Income</b>	<b>307.84</b>
<b>Total Comprehensive Income for the year</b>	<b>4,131.46</b>

## 22. CONTINGENT LIABILITY, CONTINGENT ASSETS & CAPITAL COMMITMENTS:

- I. **Contingent Liabilities of the Group (to the extent not provided for) in respect of** Claims against Group not acknowledged as debts (excluding interest and penalty, in certain cases) and the required information, in compliance of Ind AS 37, are as under:

		(₹ in million)
S. No.	Description	Total Balance as on 31 <sup>st</sup> March, 2022
1	Income Tax Demand Notices received by the Group which are under dispute / Appeal	1,339.66
2	Interest on dues payable to AAI/DIAL/MIAL	693.65
3	Service Tax & Luxury Tax demanded by the Tax Authority	80.89
4	Counter Claim of Sahara Hospitality Ltd.	23.57
5	Arbitration Award for B D & P Hotels Challenged in Court	5.40
6	Arbitration proceedings against N S Associates	6.96
7	Premium payable on fore shore land of erstwhile Centaur Hotel Juhu Beach to Government of Maharashtra	44.80
8	Landscaping of Centaur Hotel Srinagar claimed by Shere Kashmir Convention Centre, J&K Govt. disputed	50.62
9	Awards that have gone against the company and preferred an appeal	1.06
10	Other Claims	40.72
11	Other Claims on account of Staff/Arbitration/Labour Cases under dispute.	-
12	SEBI LODR	0.45
	<b>Total</b>	<b>2,287.78</b>

**Note:**

- a. The above amount includes Contingent Liabilities as on 31.03.2022 in respect of Entities transferred by the then AIL and classified as Held for Sale amounting to ₹1,825.49 million.

**b. Explanatory Statement in respect of Contingent Liabilities:**

- i. Income tax department has raised demands under section 143(1) for the assessment year 2020-21 amounting to ₹ 461.84 million. In the opinion of the holding company, there was an apparent error in the demand, hence application was submitted on 2<sup>nd</sup> November 2021 for the rectification of the error under section 154 of the Income Tax Act. However, the department has issued a notice under section 142(1) for the said the assessment year 2020-21 for the scrutiny assessment. The assessment is pending.
- ii. The then Air India/subsidiaries' employees' union/employees have filed cases in various courts against AIL/subsidiaries/Union of India relating to various matters, making the holding company also a party. In the opinion of the management, the AIAHL should not be made a party to these cases.
- iii. Properties have been book transferred to the holding company by the then AIL and the title and physical possession of these properties are with the AIL. Hence, the dues, if any, towards property taxes/ house Tax and/or any other claim as on the date of transfer against these properties to the holding company has not been provided for as it is not ascertainable.
- iv. In terms of the requirement of SEBI regulation 52(1), LODR Regulation 2015, BSE has raised a demand for delayed submission of half-yearly/quarterly financials for an aggregate amount of ₹ 0.45 million. The holding company has requested for waiver of such demands vide letters dated 5<sup>th</sup> August 2021 and 8<sup>th</sup> July 2022. Further, the Ministry of Civil Aviation has also requested BSE to consider waiver of these penalties vide letter dated 25.10.2022. In anticipation that demand will be waived off, no liability has been provided.
- v. **In the case of HCI**, Claims of Luxury Tax authorities, for financial year 2000-01 and 2002-03 for which the Company has preferred an appeal with Additional Commissioner of Sales Tax against which Company has paid ₹ 7.07 million (previous year ₹ 7.07 million) under protest.

Claims of Service Tax amounting to ₹ 58 million for which the Company has preferred appeals

Counter Claim of ₹ 23.57 million by M/s Sahara Hospitality Ltd. (formerly known as M/s Batra Hospitality Pvt. Ltd.), the buyer of Centaur Hotel Mumbai Airport, towards Net Current Assets which was disputed by the Company, as the Net Current Assets and other obligations of the buyer were to be settled in terms of the Agreement to Sell dated 18.4.2002. In the prior years, the Hon'ble Arbitral Tribunal published their award under which the buyer had to pay ₹ 18.8 million and interest thereon along with legal costs of ₹ 0.40 million. The buyers preferred an appeal

in the Hon'ble High Court of Bombay against the award. The Hon'ble High Court has set aside the Arbitration Award. This has been challenged by the Company before the Divisional Bench of the Hon'ble High Court of Bombay which has been admitted and is pending for hearing.

The Management Contract Agreement executed on 15 September 2010 with M/s B.D.&P Hotels (India) Pvt. Limited for running the Centaur Hotel Lake View, Srinagar (CLVH) under Management Contract. However, before handing over the unit, a communication was received from the Ministry forwarding the decision taken in the meeting of the Committee of Secretaries, GoI stating that J&K Govt had indicated that since the land was leased to the Company by J&K Government, the Management Contract was not feasible and the decision of offering the unit under Management Contract may be reviewed. Accordingly, with the approval of the Board the said Management Contract was terminated on 26 September 2011 and the interest free Security Deposit of ₹ 100 million and proportionate Minimum Guaranteed Amount of ₹ 10.8 million deposited by the party was returned to the Bidder, M/s BD & P Hotel (India) Pvt. Ltd.

M/s B.D.&P Hotels (India) Pvt. Limited had filed a writ in the High Court of Bombay for invoking arbitration. The Hon'ble High Court granted the appeal of the party and sole arbitrator was appointed. The party challenged the termination of the Agreement and claimed ₹ 3,410 million plus 18% interest from the Company, The Arbitration Award was received on 14th August 2015 directing HCI to hand over the property to the party along with legal cost of ₹ 5.4 million, which was challenged by the Company in the Hon'ble High Court of Bombay vide order dated 8 January 2019 passed by the single judge the arbitration petition has been dismissed.

Subsequently, the Company has challenged the said order before the Division Bench of Hon'ble High Court of Bombay in March 2019 and is still pending for hearing. The options available to the Company are being explored with the guidance of the Senior Counsel in the matter.

The Company had entered into an Agreement with M/s. N S Associates for renovation of guest rooms together with connected shafts and corridors at Centaur Hotel Delhi Airport (CHDA). Certain disputes and differences arose with the said Party and the final bill was not settled. Accordingly, the party invoked arbitration clause claiming an amount of ₹ 78.78 million and interest thereon @ 15%. The Arbitration Award was published by the Learned Arbitral Tribunal on 19.10.2019 by holding that the Company has to pay only ₹ 8.84 million along with litigation costs of ₹ 0.5 million to the party. The Company filed a petition under section 34 of the Arbitration and Conciliation Act, 1996 for partly setting aside the impugned award, which has been admitted. Hearing in the matter is pending. Against the amount payable as per the award totaling to ₹ 9.343 million, an amount of ₹ 2.388 million (including ₹ 0.03 million as Earnest Money Deposit) is reflected as payable in the books of accounts. Hence the balance amount of ₹ 6.96 million is reflected under Contingent Liability.

Subsequent to the sale of Centaur Hotel Juhu Beach in 2002, Govt. of Maharashtra claimed an amount of ₹ 44.8 million from M/s V. Hotels Limited and from the Company for premium payable on the transfer of 1810 sq.mtr of land attached to the hotel property which was on lease from the State Govt. and is to be kept open to sky - to be used only as garden. The same was disputed by the Company before the Revenue Minister, Government of Maharashtra quoting the Agreement to Sell. The Order of the State Government dated 1.6.2014 has directed M/s V. Hotels to make payment of the said premium. M/s V. Hotels Limited has challenged the order in the Bombay High Court, wherein the Company has been made a party.

Pertains to the Company's share of the cost of landscaping of Centaur Hotel Srinagar claimed by Shere Kashmir Convention Centre/ J&K Govt., disputed by the Company.

Awards that have gone against the Company for which appeals are preferred.

Lease rentals and Turnover levy amounting to ₹ 563.80 million are payable to Airports Authority of India (AAI)/DIAL/MIAL and the same are provided in the books of accounts as per the working of the Company, subject to confirmation. In view of disputes with AAI/DIAL/MIAL, interest on account of outstanding dues payable to AAI/DIAL/MIAL amounting to ₹ 693.65 million (previous year 770.82 million) is reflected as Contingent Liability.

During the Year the company has made addition of ₹ 35.74 million against interest on account of outstanding dues payable to AAI/DIAL/MIAL and reversal of ₹ 112.91 million, due to wrong computation of Interest on statutory portions (Indirect Tax) included while deriving the actual liability during the previous years.

Claims made by employees - various claims on account of reinstatement, promotions, permanency, wage revision, etc. by existing and retired employees of the Company are under litigation and the claims will depend on the outcome of the cases. Hence amount is indeterminate.

- vi. **In the case of AAAL**, miscellaneous claim includes unsettled legal claims of ₹ 16.96 million in respect of ongoing legal cases.
- vii. **In the case of AIESL**, the employees of the company have filed cases in various courts relating to staff matters, making the company a party. In the opinion of the management, the amount of liabilities may not arise to the company.

## II. **Guarantee given by the holding company:**

As per the approval granted by the Board of Directors in its 29th meeting held on 27<sup>th</sup> December 2021 the holding company has given guarantees of USD 71.74 million (equivalent to ₹ 5,437.35 million). Out of this, USD 45.60 million (equivalent to ₹ 3,456.14 million) is the Corporate Guarantee, USD 19.05 million (equivalent to ₹ 1,443.85 million) is in the form SBLC, and USD 7.09 million (equivalent to ₹ 537.37 million) in the form of BG issued on behalf of a subsidiary M/s Alliance Air Aviation Limited (AAAL) for lease agreements executed with M/s DAE, M/s Elix and M/s AVAP for leasing of 18 number of



ATR-72 aircraft. Against such SBLC/BG a cash margin of ₹ 2,079.26 million in the form of fixed deposit has been given by the holding company to the bank. The total exposure of corporate guarantee and SBLC given to DAE shall not exceed USD 38.10 million (equivalent to ₹ 2,887.69 million). FEDAI spot rate (75.7925) as on 31<sup>st</sup> March 2022 has been considered for the conversion of USD into ₹.

Further, the expenses / guarantee fee in relation to the above incurred on behalf of AAAL amounting to ₹ 8.86 million have been transferred for reimbursement to Holding Company.

### III. Capital & Other Long-Term Commitments:

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

(₹ in million)

Sl. No.	Particular	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>In case of Holding Company</b>			
<b>1</b>	<b>Due Dates of Principal Repayments</b>		
	1. 6.99% Series – I dated 16-12-2022	₹ 70,000	₹ 70,000
	2. 7.39% Series – II dated 12-10-2029	₹ 70,000	₹ 70,000
	3. 7.39% Series – III dated 22-10-2029	₹ 79,850	₹ 79,850
<b>2</b>	9.08% NCDs of ₹ 74,000 million of Air India Limited (one of the Identified Debts) as obligation/commitment of the Company for servicing of interest and repayment of principal.	Nil*	₹ 74,000
<b>3</b>	<b>In case of AIESL</b> - The company has given Performance Guarantee (BG) to Bangalore International Airport Limited (BIAL) amounting to 1.00 million (previous year 1.00 million) for due performance of the obligation under the contract with BIAL.	1.00	1.00

\* Premature payment fully by AIL in January 2022 out of funds provided by the holding company.

### IV. Contingent Assets

#### In Case of HCI,

The Hon'ble Arbitral Tribunal published their award under which M/s Sahara Hospitality Ltd. (formerly known as M/s Batra Hospitality Pvt. Ltd.), the buyer of erstwhile Centaur Hotel Mumbai Airport had to pay an amount of ₹ 18.8 million and interest thereon along with legal costs of ₹ 0.40 million to the Company. However, the buyers preferred an appeal in the Hon'ble High Court of Bombay against the award. The Hon'ble High Court set aside the Arbitration Award, which has been challenged by the Company before the Divisional Bench of the Hon'ble High Court of Bombay which has been admitted and is pending for hearing.

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

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

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

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

- i) Its shares held in AIASL, AAAL, AIESL, and HCI
- ii) Paintings artifacts and other non-operational assets as may be decided by Air India Ltd and the Government of India
- iii) Non-core assets as may be decided by Air India Ltd and the Government of India
- iv) Immovable properties whether leasehold or freehold
- v) Accumulated working capital loans not backed by any asset and
- vi) Other assets/liabilities or of its subsidiaries, as may be decided by Air India Ltd/ Government of India

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

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

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

Sl. No.	PARTICULARS	(₹ in million)
	<b>In case of Holding Company</b>	
<b>A</b>	<b>FUNDS TRANSFERRED TO THE THEN AIL</b>	
i	NCDs proceeds (including ₹ 790 million monetization proceeds) transferred by the Company in the FY 2019-20 to the then AIL towards repayment of identified Loans (Refer Note No. 23.b.I)	2,20,640.00
ii	Add:- Additional support/fund provided to the then AIL during the FY 2021-22 (Refer Note No. 23.b.II)	6,11,780.00
iii	Less:- Fund unspent refunded by the then AIL in the FY 2021-22	470.42
	<b>Net Fund Transferred to the then AIL {excluding Government grants as referred in Note No. 24} (A)</b>	<b>8,31,949.58</b>
<b>B</b>	<b>ASSETS/LIABILITIES/MONETIZATION PROCEEDS TRANSFERRED BY THE THEN AIL TO THE HOLDING COMPANY</b>	
i	Monetization Proceeds (Net) from the sale of Identified Properties (Refer Note No. 23.c.I)	3,995.34
ii	Investment into four Subsidiaries transferred from the then AIL to the holding company (Refer Note No. 23.c.II)	8,179.41
iii	Recoverable outstanding with four Subsidiaries of the then AIL transferred to the holding company (Refer Note No. 23.c.II)	49,839.76

iv	Immovable properties transferred to the Company (Refer Note No. 23.c.III)	76,039.28
	Less:- Adv. Received from AIL against sale of immovable properties transferred to the holding company (Refer Note No. 25.ii)	-385.76
v	Movable Assets (workshop equipment, Plant & Machinery, Ground Handling, Ramp Equipment, Furniture & Fixture, Electrical Fittings, Office Appliances. (Refer to Note No. 23.c.III)	1,494.48
vi	Recoverable of Garnishment of Fund by IATA in Devas Case transferred to the holding Company (Refer Note No. 23.c.IV)	1,322.93
vii	Recoverable from DRDO by the then AIL transferred to the holding company (Refer Note No. 23.c.V)	2,657.43
viii	Prepayment charges paid on NCDs of ₹74000 million of the then AIL (pending novation in the name of the holding company) (Refer Note No. 23.c.VI)	8,918.68
ix	Sale proceeds of investment in shares of Air Mauritius transferred to the holding company (Refer Note No. 23.VII)	45.61
x	Advance paid by the then AIL to MADC for MRO Nagpur Land (Refer Note No. 23.c.VIII)	114.00
xi	Amount withheld against PSS (AMADEUS) implementation fees as on 31-12-2021 (Refer Note No. 23.c.IX)	309.61
xii	Amount withheld against Provision for maintenance of 6 aircraft Given short in flying condition (\$40 million) (Refer Note No. 23.c.X)	3,000.00
xiii	Scrap proceeds recoverable from AI	0.09
xiv	Monetization proceeds Samata Nagar Property payable (Refer Note No. 23.c.XI)	-50.28
xv	Advance Nerul HSG Project Payable (Refer Note No. 23. c.XII)	-415.33
xvi	CIDCO Expense Payable (Refer Note No. 23.c.XIII)	-376.62
xvii	Profit on Sale of 8 Properties after disinvestment of the then AIL (Refer Note No. 30)	-257.30
	<b>Value of assets/liabilities transferred by the then AIL (B)</b>	<b>1,54,431.34</b>
	<b>Fund transferred to AI over and above assets/liabilities received has been grouped under the “Other Equity” (A-B) #</b>	<b>6,77,518.24</b>

Note:- # The above data are based on the information provided by the then AIL to the holding company and the excess amount transferred by the Holding Company over the assets/liabilities received amounting to ₹ 6,77,518.24 million has been grouped under the “other equity”. However, the holding company has not accepted asset/liability transferred to the Holding company as mentioned below in note no. 23.c.III and 44.i. (i.e. cost of one flat located at 6B, Shriram Apartments, Middleton Street, Kolkata for ₹10.09 million and corresponding sale consideration as an advance of ₹ 20.15 million and adjustment of ₹ 955.91 million interest prior to 1st October 2018 adjusted by AIL in its RFATR A/c). Hence there will be a difference to that extent in Air India Recoverable A/c in the books of the holding company and signed RFATR A/c as submitted by AIL on 12th October 2022.

The holding company has reminded AIL vide emails, latest dated 20th October 2022 to provide the details of remaining assets and liabilities (other than above), if any, to be transferred by the then AIL, as per government decisions, for which details/information is yet to be provided. Further, AIL has not provided the breakup of the above balance amount and the details of current assets equal to current liabilities, etc.

Further, as per the table in para 23(a) above, total amount of ₹6,11,309.58 million (net of ₹ 6,11,780.00 million and ₹ 470.42 million i.e. refunded by the then AIL) transferred by the Holding Company to the then AIL during the FY 2021-22 and utilization thereof by the then AIL are based on the information/documents provided by the management of the AIL.

**b. Funds transferred to the then AIL by the holding company along with explanatory details are as under: -**

**I. Funds transferred for the repayment of the Identified Debts of the then AIL - ₹2,94,640.00 million**

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

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

- i. 6.99% NCD Series-1 (GoI fully serviced) of ₹ 70,000 million,
- ii. 7.39% NCD Series-2(GoI assured for servicing and repayment) of ₹ 70,000 million; and
- iii. 7.39% NCD Series-3(GoI assured for servicing and repayment) of ₹79,850 million

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

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

**II. Funds transferred for the settlement of guaranteed/other past dues/overdues of the then Air India Limited- ₹ 6,11,309.58 million:**

In addition to the para-I above, GoI has approved further financial assistance to the then AIL for settling guaranteed/other past dues/overdues for ₹ 6,22,220 million vide

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

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

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

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

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

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

(₹ in million)

S. No.	Particulars	FY 2021-22	FY 2020-21
1.	Opening balances at the beginning of the year	1,102.44	1892.44
2.	Add: Monetization proceeds during the year credit given by AIL	904.85	885.33
	<b>Total fund with AI against monetization proceeds</b>	<b>2,007.29</b>	<b>2,777.77</b>
1.	Less: Monetization proceeds funds transferred by AIL to AIAHL Escrow Bank Account during the year	904.85	885.33
2.	Less: Adjustment out of lumpsum payment received from the then AIL of ₹ 5500 million against the monetization proceeds.	1102.44	-
3.	Less: Monetization proceeds utilized by Air India for the payment of identified debts, monetization proceeds payable reduced (Adjustment approved by MoCA, GOI vide their letter dated 18 <sup>th</sup> June 2021)	-	790.00
4.	<b>Total amount paid by AIL against monetization proceeds</b>	<b>2,007.29</b>	<b>1675.33</b>
5.	<b>Closing balance with AIL against monetization proceeds</b>	<b>-</b>	<b>1,102.44</b>

## II. Investment and outstanding recoverable from Subsidiary Companies:

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

S. No.	Name of the Subsidiaries	No. of equity shares	Value of equity shares (₹ in million)	Date of transfer	Outstanding recoverable (₹ in million)
1	AI Airport Services Limited	138,424,200 Equity Shares of ₹10 each fully paid up	1,384.24	13 <sup>th</sup> Jan, 2022	386.56
2	AI Engineering Services Limited	166,666,500 Equity Shares of ₹10 each fully paid up	1,666.67	12 <sup>th</sup> Jan, 2022	21,175.63
3	Alliance Air Aviation Limited	40,225,000 Equity Shares of ₹ 100/- each fully paid up	4,022.50	25 <sup>th</sup> Jan, 2022	23,345.28
4	Hotel Corporation of India Limited	11,060,000 Equity Shares of ₹100 each fully paid up	1,106.00	11 <sup>th</sup> Jan, 2022	4,932.30
<b>Total</b>			<b>8,179.41</b>		<b>49,839.76</b>

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

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

The Company was operationalized in February 2013 and commenced its autonomous operationalization from F.Y 2014-15, the Company since its stand-alone operationalization has been a profitable Company excepting the F.Y 2020-21 and 2021-22. During the FY 2020-21, the operations of the Company were majorly affected due to the advent of COVID-19 pandemic, resulting in losses of ₹ 2,230.85 million.

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

AIESL is the largest MRO set up in India that can serve as a one-stop-shop for all aircraft engineering requirements. The Company has got hangar facilities available in

all major airports in Mumbai, Delhi, Chennai, Hyderabad, Kolkata, Trivandrum, and Nagpur. AIESL commenced its operations from January 2015 after receiving its DGCA License. MRO business is a highly capital-intensive industry, and it generally has a gestation period of 4 to 5 years for consolidation of operations.

AIESL has taken various initiatives to improve its overall revenues such as signing of activity-based SLA with the then Air India Ltd, starting MRO facility in Sharjah and plans to expand the same to Dubai, developing dedicated marketing teams to capture MRO business, offering training services, handling VVIP flights to generate additional revenue. Further to the above, Government of India under its recent initiatives under its 'Make in India' program, has reduced the GST rate from 18% to 5% w.e.f. 1<sup>st</sup> April 2020, which is likely to boost up the revenue from MRO Services in the coming days. During the Financial Year 2021-22 the Company turns into the profit making and in the current year it is showing improvement in its performance on a year-to-year basis. With a steady increase in revenue and the Make in India thrust of the Govt. of India which will ensure that maintenance of aircraft is within the country, the rapid growth of Aviation in the country and a large number of aircraft orders by Indian carriers, AIESL is best poised for taking advantage of the growth in maintenance activities and MRO business within India. In view of this AIESL is likely to earn enhanced revenues and be profitable in the near future.

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

AAAL has emerged as a major player in the Government of India's premier scheme UDAN, which connects to various Tier - II and Tier - III cities with the development of unserved / underserved airports. The growth in Tier - II and Tier - III cities is still largely untapped and AAAL is likely to emerge as a largest player with its ATR 72-600 fleet suitable for serving these smaller airports. The Company has continued to operate to the Northeastern region like Guwahati, Lilabari, Tezpur in Assam, Shillong in Meghalaya and Agatti and Diu on request from NEC, MHA and Diu Administration under Viability Gap Funding (VGF) arrangements. These routes are operationally profitable. The Company has strategized itself to invest major resources in Government of India's UDAN scheme. The performance of the airline under UDAN has been excellent wherein the Company has been operationally positive. Alliance Air is in the threshold of turnaround and poised to lead the regional connectivity in India in the next decade and be a leading regional carrier of Asia. Alliance Air is on its way to reverse the trend of adverse financial parameters in this financial year 2021-22 and thereafter further consolidate the gains. The Company is in operating profit. Further, the Company has also implemented cost saving measures for the reduction of costs.

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

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

The Company faces uncertainties due to COVID-19 which have impacted the operations of the Company adversely starting from the month of March 2020. Management has assessed the impact of existing and anticipated effects of COVID -19. However, in spite of the negative Net Worth of the Company as at 31st March 2022, considering the continuous support of the Government and the then holding Company, the Company is and will continue to be able to meet its financial obligations as they fall due. Accordingly, the Company has prepared its accounts on a “Going Concern” basis. Various initiatives have also been taken by the management for improving the operational performance of the Company and increasing the revenues of the Company.

**III. Movable and immovable properties transferred to the holding company by the then AIL:**

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

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

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

S. No.	Class of Assets	Transferred Value/Cost (₹ in million)	Nos. of Items/ Assets
<b>A</b>	<b>IMMOVABLE ASSETS</b>		
1	Freehold	3,927.19	22
2	Other than Freehold	68,795.60	43
3	Other Structures	3,316.49	416
	<b>TOTAL</b>	<b>76,039.28</b>	<b>481</b>



S. No.	Class of Assets	Transferred Value/Cost (₹ in million)	Nos. of Items/ Assets
<b>B</b>	<b>OTHER MOVABLE ASSETS</b>		
	Electrical Fitting	26.43	8,448
	Furniture	59.42	35,291
	Ground Handling	127.21	2131
	Office Appliances	72.92	22,885
	Plant & Machinery	517.39	2,645
	Workshop Equipment	667.34	2,063
	Vehicles	23.79	535
	<b>TOTAL</b>	<b>1,494.48*</b>	<b>73,998</b>

\*Inclusive of GST

**a. Title and Physical Possession of the Assets transferred by the then AIL to the holding company:**

- i. Title and Physical possession of the immovable Assets are still with the AIL. As per para 2.8 of the restated framework agreement these properties will be held in trust by AIL.
- ii. All the assets, referred in para 23(c)(III) above, received by the Holding Company have been accounted for on the basis of value/cost at which it has been transferred by the then AIL to the Holding Company vide debit note dated 31<sup>st</sup> March 2022 and invoices dated 1<sup>st</sup> January 2022.
- iii. The movable and immovable assets have been book transferred without any physical handover-takeover. The Holding Company has appointed an external agency for identification and tagging of the movable assets which is under process. In the case of deviation/discrepancies, if any, found on reconciliation of book transfer of the assets by the then AIL with tagging/physical identification report of such assets will be adjusted on approval from the appropriate authority in due course.

**b. Other Structures:**

Other Structures include temporary structures, structures on license land owned by Airport operators etc. for which Holding Company is in the process of verification and identifying the status of these structures. The structures are very old and as per the license agreement, the licensor i.e the airport operator may ask to return the land in original condition i.e without these structures. On completion of the identification and verification, accounting impact required, if any, in this regard will be given in due course on approval from the competent authority.

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

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

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

- ii. Office building at Nariman point Bombay has been given on rent to third parties by AIL and rent accrued against the said property collected by AIL, being the lessor, is being transferred to the Holding Company by AIL in the escrow bank account.
- iii. For the properties other than above referred in point no. i & ii which are still under the possession of AIL, AIL has given a vacation plan for these properties.
- iv. As per para no. 2.8 of Restated Framework Agreement that any benefit accruing to AIL, AIXL or AI-SATS post disinvestment closing date on account of the remaining AI assets including any interest accrued, shall be paid to the government (or such other person as nominated by the Gol). In view of the above, the Holding Company has requested AIL to provide the details of such benefits/income to which the Holding Company/Gol is entitled, including any deposits taken by the then AIL from the tenants to be refunded at the time when the properties will get vacated. On receipt of such information accounting impact will be given.

**IV. Deposits recoverable under dispute transferred by the then AIL to the Holding company:**

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

In 2012, Mauritius Entities commenced arbitration against India and Mauritius Bilateral Agreement and arbitral award of 2020 in this matter was granted in favor of the Mauritius entities. The petitioners treated AIL as “alter ego” of the Indian Government and adjudging AIL should be jointly and severally liable for the amount and the Supreme Court of the provinces of Quebec, passed an ex-parte garnishment order on IATA. Under this garnishment order, all the collection of Air India, on global basis, settled by IATA, were required to be garnished and not paid to Air India, in the regard to the litigation of Devas with Government of India. The ex-parte garnishment was challenged by AIL through its counsel in Canada and the Supreme Court of Quebec passed an order on 8<sup>th</sup> January, 2022 whereby the garnishment amount was reduced to 50% of the collections and the final decision on this matter is pending Further, in terms of Gol letter ref. 17046/15/2020-AI dated 31<sup>st</sup> March 2022 liability or any further sums as may be necessary to be paid on the basis of the final order of Superior Court, Quebec, Canada. Accordingly accounting impact of the same will be given on receipt of the demand against the same.

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

AIL has also transferred a recoverable from DRDO by the then AIL amounting to ₹ 2,657.43 million against which the Holding Company has received ₹ 1,611.76 million

from AIL during the financial year 2021-22 and a balance amount of ₹ 1,045.67 million is yet to be paid by AIL to the Holding Company i.e. on receipt from DRDO by AIL.

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

The then AIL 9.08% Non-Convertible Debentures (NCDs) of ₹74,000 million, were to be novated in the name of the Holding Company but due to the pending approval for novation of these NCDs to the Holding Company by the majority bond holder, NCDs continued to be accounted in the books of the then AIL. The due dates for the repayments of series I, II and III were from November/December 2027 to November/ December 2031 but the same has been prepaid on 20<sup>th</sup> January, 2022 (by the then AIL out of funds transferred by the Holding Company) as a result of which prepayment charges of ₹ 8,918.68 million has been paid for early redemption of NCDs.

However, the then AIL has adjusted prepayment charges of ₹ 9,874.59 million against ₹ 74,000 million of the then AIL (pending novation in the name of the Holding Company) including ₹ 955.91 million interest prior to 1st October 2018 (out of ₹ 2,244.48 million ₹ 955.91 million interest adjusted in RFATR and ₹ 1,288.57 million in AIL Settlement A/c) for which there is no mandate of the GoI hence the Holding Company has not accepted the adjustment. (Refer Note No. 44.i as well)

**VII. Sale proceeds of investment in shares of Air Mauritius transferred to the Holding Company:**

The then AIL has transferred in Escrow Account of the Holding Company an amount of ₹ 45.61 million against the sale of the equity investment of the then AIL made in Air Mauritius.

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

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

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

As per the letter dated 17<sup>th</sup> September 2022 provided by the AIL, the then AIL had provided a liability of ₹ 309.61 million towards implementation cost payable to AMADEUS, the amount is payable even if AIL decides to terminate the contract. Such provision against the commitment made in January 2022 by the then AIL is routed through “Recoverable from AIL”. However, the Holding Company has not accepted such amount withheld by AIL. Since the amount withheld by AIL is not paid hence the Holding Company has accounted the amount as recoverable from AIL.

**X. Amount withheld by AIL towards maintenance of 6 aircraft:**

As per AIL letter/email dated 23<sup>rd</sup> September 2022, it has been stated that in terms of Share Purchase Agreement (SPA), signed between the then AIL and M/s Talace Private Limited (SP), the then AIL was obliged to provide 58 aircraft of A320 family in an airworthy condition out of which not more than 5 aircraft are grounded for schedule maintenance. However as on the date of transfer of ownership, AIL could hand over only 52 A320 aircraft, as against 58 A320 aircraft. The engineering department of the then AIL has estimated expenditure of ₹ 3,000 million to be incurred for recovery of these 6 A320 aircraft in airworthy condition and accordingly to that extent the then AIL has retained this estimated amount as on 31<sup>st</sup> March 2022.

Since the actual expenditure to be incurred against estimated amount of ₹ 3,000 million withheld by the then AIL is not known hence the same has been shown under current assets in the books of the Holding Company. The Holding Company has requested AIL vide email dated 30<sup>th</sup> September 2022 to provide tail-wise details of total maintenance expenses incurred along with supporting documents by AIL in respect of these aircraft. On receipt of the statement of actual expenditure, such estimated amount withheld by AIL will be adjusted.

**XI. Monetization Proceeds Samata Nagar Property Payable:**

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

**XII. Advance Nerul CIDCO HSG Project Payable:**

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

**XIII. CIDCO Expense Payable:**

The then AIL has transferred expense payable of ₹376.62 million to CIDCO towards beautification of Nerul HSG property etc. The said expense payable has been transferred to the Holding Company and Holding Company has also sought details from AIL.

**24. Government Grants:**

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

The details of Budgetary support / Grants given by the Government of India to the Holding Company for servicing the Interest of identified debts of the then AIL from 1<sup>st</sup> October 2018 to till the date of repayment of such identified debts including interest of AI's 9.08% Bonds/debentures of ₹74,000 million and servicing the Interest on bonds issued by AIAHL.

(₹ in million)

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

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

As per the decision of Government of India (MoCA) vide letter dated 16<sup>th</sup> February, 2022 (File No. 17046/65/2-19-AI) a scheme has been approved for providing medical facilities to the eligible permanent retired/retiring beneficiaries of AIL including eligible permanent employees of AI Engineering Services Limited (AIESL) and AI Airport Services Limited (AIASL) post disinvestment. In line with the said scheme, Government of India vide letter dated 28<sup>th</sup> March, 2022 released ₹ 450.00 million to the Holding Company. The Holding Company has remitted ₹ 391.18 million to CGHS on account of the annual subscription charges for the financial year 2022-23 and ₹ 50.00 million will be utilized towards Inward Patient Department (IPD) expenses of the eligible employees after due execution of MoU.

iii. **Summary of grant received by the Holding Company and its utilization during the financial year 2021-22 are as under: -**

(₹ in million)

Sl. No.	Particulars	FY 2021-22	FY 2020-21
1.	Opening Un-spent Grant-in-aid	2451.40	2426.55
2.	Total of budgetary support/Grants received by the Company from Min. of Civil Aviation, GOI	13780.0	21,836.20
3.	Grant utilized for Interest expenses of AI Bond for the FY (Net of excess Interest Rs. 18.73 credited by AI FY2020-21)	(5,430.59)	(6688.27)
4.	Grant utilized for Interest expenses of AIAHL Bond for the FY	(10797.36)	(15,116.00)
5.	Utilization of Fund for bond expenses debited by AI for 9.08% ₹74,000 million NCDs obligation of AIAHL	(3.46)	(7.08)
6.	Balance Unspent Grant in Aid with the then AIL	2603.00	2451.40
7.	Balance of Grant-in-aid available with the then AIL adjusted against receipt of ₹ 5,500 million	2603.00	-
	Balance of Grant-in-aid available with Air India Limited	Nil	2043.14
	Balance of Grant-in-aid available with AIAHL	Nil	408.26
	Grant-in-aid for CGHS Subscription	400.0#	-
	Grant-in-aid for NHA Subscription	50.0	-
	<b>Total Unspent Grant in Aid</b>	<b>450.00</b>	<b>2451.40</b>

# Out of this ₹400 million ₹391.18 million has been paid to CGHS as annual subscription for the financial year 2022-23.

**25. Assets included in disposal group held for sale:**

**i. Immovable Assets:**

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

The ownership/possession of identified properties are in the name of the then AIL and the then AIL had disposed of 47 full properties and 3 partial properties \* (out of above said total of 111 identified properties) and the sale proceeds of these properties (47+3) amounting to ₹ 3,995.4 million till 31<sup>st</sup> March, 2022 has been received by the Holding Company through the escrow mechanism.

The remaining unsold properties (61 full, 3 partial\* MRO Land at Thiruvananthapuram and 416 structures built on Airport land) classified as held for sale by the then AIL in their books of accounts are transferred to the Holding Company at carrying value of the respective assets held for sale as on 31<sup>st</sup> March 2022. Hence the same have been classified as assets held for sale. The values of these properties are as under: -

S. No.	Class of Assets	Transferred Value/Cost (₹ in million)	Nos. of Items/ Assets
1	Freehold	3,927.19	22
2	Other than Freehold	68,795.60	43
3	Other Structures	3,316.49	416
	<b>Total</b>	<b>76,039.28</b>	<b>481</b>

\* CTE, Hyderabad; Sohini Apartment, Kolkata; and AGVC Delhi

- ii.** Out of the unsold properties (freehold/ other than freehold) as stated above (63 full and 3 partial) the then AIL had initiated the process of monetization and then AIL has transferred an advance as liability of ₹ 405.9 million against sale of 13 properties out of unsold properties. The monetization of these properties is yet to be completed. However, advance of ₹ 405.9 million includes ₹ 20.15 million sale consideration of one of the flat/property located at 6B, Shriram Apartments, Middleton Street, Kolkata. The AIL has transferred the cost of the property for ₹ 10.09 million along with the sale consideration as advance although as the copy of sale agreement provided to the Holding Company such flat was already sold by the then AIL in the month of October 2021. Since the monetization was completed prior to the disinvestment of the then AIL (i.e. 27th January 2022), and hence the Holding Company has adjusted/reversed the cost of such flat and advance and balance of advance of ₹ 385.76 million has been shown as liabilities against assets included in disposal group held for sale in its books of accounts.
- iii.** Further, out of 111 identified properties, assets held for sale includes 2 properties (namely AI Housing Colony Vasant Vihar, New Delhi, and AI Plot of Land at Baba Kharak Singh Marg New Delhi). A meeting was held on 1<sup>st</sup> June 2017 under the chairmanship of

Hon'ble Finance Minister, and it was decided vide O.M. No-LIIA/1(140&427)/347 dated 17<sup>th</sup> August, 2017 that the above said land shall be handed over to Ministry of Housing Urban Affairs (MoHUA) and it was also agreed that MoHUA shall monetize the land and proceeds received there from shall be utilized solely for the purpose of liquidation of AIL liabilities. Accordingly, the above said lands were handed over to MoHUA on 21<sup>st</sup> August, 2017.

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

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

- v. The Holding Company has decided to surrender some of lease hold properties (which does not have provision for monetization/ properties having issues) on the basis of compensation from lessor due to the surrender of the right to use. However, some of the lessors have not agreed to offer any compensation taking the ground that there was no clause in the lease deed for any compensation. Accordingly, the Holding Company is in the process of surrendering 4 immovable properties without any compensation. The carrying value of these 4 properties transferred by the then AIL is ₹ 1.00 per property. These 4 properties belong to the respective state governments to whom properties will be surrendered. Further the Holding Company had requested 27 lessors to offer suitable compensation against surrendering the properties. 5 lessors have agreed to offer a suitable compensation to the Holding Company whereas the response from remaining 22 lessors is awaited.
- vi. Holding Company has also initiated e-auction of 4 properties (out of 111 properties) during the FY 2022-23 which are under the process of monetization.
- vii. The then AIL had paid an advance of ₹ 24.6 million to CIDCO for purchase of another plot of leasehold land at Nerul for the purpose of construction of staff quarters. The possession of the plot allotted by CIDCO in this regard has not been handed over to the then AIL and agreement/ lease deed has not been executed till date. However, the same has been transferred by the then AIL as immovable properties and as classified under "Assets held for Sale".

**viii. Movable Assets:**

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

Category	No. of Items	Value at which transferred to the Holding Company (₹ in million)
Electrical Fitting	8,448	22.49
Furniture	35,291	50.79
Ground Handling	2,131	107.97
Office Appliances	22,885	61.94
Plant & Machinery	2,645	438.86
Workshop Equipment	2,063	565.65
Vehicles	535	20.30
<b>Total</b>	<b>73,998</b>	<b>1,268.00*</b>

\*Excluding GST

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

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

## 26. Disinvest plan of the subsidiaries:

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

Consequent to the Strategic Disinvestment of Air India the government has initiated the process of disinvestment of three subsidiaries of AIAHL (AI Airport Services Ltd., AI Engineering Services Ltd., & Alliance Air Aviation Ltd.). Committees have been constituted to oversee the disinvestment process and DIPAM has commenced the exercise of investor meetings for the disinvestment. PIM (Preliminary Information Memorandum) shall be issued in due course and interested bidders will submit their Expression of Interest (EOI) to DIPAM and qualified bidders will submit the Financial Bids after due diligence. The Strategic partner will be selected after following the due process of disinvestment.

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

## 27. Disclosure with regard to joint working group

**In case AIASL** - HAL Bangalore airport belongs to Hindustan Aeronautics Limited (HAL) and Ground Handling Services were provided by HAL. However, Company entered into an



arrangement vide agreement dated April 29, 2016 with HAL to provide the expertise of the Company for Ground Handling Services at Bangalore Airport. In terms of such arrangement, the Company will use all infrastructure of HAL to provide the Ground Handling Services at that airport and in terms of the same net profit of HAL, after tax, shall be shared equally between HAL and the company. Accordingly, 50% share of net profit of HAL for the current year amounting to ₹ 8.35 millions has been accounted for as Other Income.

( ₹ in million )	
Name of the joint working Group	AIASL joint working group As at March 31, 2022
Share of company / ownership interest	50%
Income - company's share	44.10
Expenditure - company's share	27.40
Profit - company's share	16.70
Share of income of joint working groups of the company with HAL	8.35
Contingent liability	-

## **28. Entitlement of “Service Export from India Scheme” (SEIS)**

**In the case of AIASL** - The company is entitled for credit under the “Service Export from India Scheme” on the basis of the foreign exchange earned by the company through export of services. The said benefit, in the form of license /scrips, is provided by the Director General of Foreign Trade (DGFT). The company is in the process of submitting of claim for the FY 2018-19, 2019-20 and 2020-21, 2021-22. Pending submission of claim, no export entitlement has been recognized for such financial years in the current year.

During the year, the company had received a demand notice from Directorate General of Foreign Trade (DGFT) dated December 2, 2021, for recovery of excess claim of SEIS amounting to ₹ 24.58 millions. The company has made provision for the same in the books.

During the year, SEIS license no. 0319271362 issued for the year 2017-18 having entitlement claim of ₹ 22.06 millions, had expired on January 19, 2022. The company had applied to Policy Relaxation Committee (PRC) for extension of expiry date for the aforesaid license. However, the Company had created a provision to the extent of full value of the license during the year.

During the year, the Company had written off excess balance of SEIS lying in the books to the extent of ₹ 20.16 millions.

## **29. INCOME FROM IDENTIFIED ASSETS:**

**In the case of Holding Company -**

### **i. Rental Income from identified Properties:**

In terms of the decisions of the Government and Framework Agreement, income of the identified assets is to be transferred to the Company. Accordingly, the rental incomes credited to the Company in respect of Air India Nariman Building, one of the listed properties in Schedule II of the Framework Agreement, is ₹ 837.07 million (Previous Year ₹1252.5 million) out of total rental income ₹ 838.67 million including maintenance recovery of ₹38.7 million (Previous Year ₹ 37.0 million) and ₹ 4.6 million towards misc. receipts (Previous Year ₹ 4.4 million).

AIL has debited the Maintenance and other utilities expenses for such rental building equivalent to ₹ 98.5 million (Previous Year ₹ 77.6 million), accounted as maintenance expense. Further the then AIL has also debited property related expenses against property located at London & Nairobi which has been grouped under maintenance expenses amounting to ₹ 2.33 million and ₹ 2.09 million under legal expenses (Previous Year ₹ Nil).

Further as per the Gol decision, the Company has accounted rental revenue of ₹0.71 million (previous year Nil) for Airlines House Rakabganj-Delhi, CTE Hyderabad Building and Kolkata Building from 27<sup>th</sup> January, 2022 to 31<sup>st</sup> March, 2022 at the rate of ₹ 0.01 million per month per building. An office order to this effect has been issued dated 27<sup>th</sup> October, 2021 by the then AIL vide reference No. HQ/CMD/2021/3263 giving reference to clause 8.7 of the Share Purchase Agreement between AIL and M/s Talace Private Limited.

**ii. Transfer of Revenue share from subsidiaries:**

As part of the Framework agreement for transfer of income/distribution of the subsidiaries identified for transfer to the Company, the then AIL has credited to the Company, the Revenue share under their agreement with AIASL for 20% share of their 3rd party handling revenue, amounting to 356.53 million (Previous Year ₹ 213.58 million) for the period 1st April 2021 to 13th January, 2022. This credit has been accounted as “other income” by the Company during the year. As per the decision of the Board of Directors of the Company in the meeting held on 22nd July, 2022, revenue share shall not be charged/recovered by the Company from 13th January, 2022 onwards i.e. after the date of transfer of holding of AIASL to the Company.

**30. PROFIT ON SALE OF PROPERTIES:**

**In the case of HOLDING COMPANY -**

Consequent to the Strategic Disinvestment of the then AIL as on 27<sup>th</sup> January, 2022 the Company being the beneficial owner of the properties and based on the credit note received from the AIL has accounted for the profit on sale of the identified properties (considering associated Real estate activities envisaged for the Company for monetization/transfer of the Identified properties) for the sales of the properties took place after the disinvestment the then AIL. Accordingly, the Company from the date of disinvestment to till 31<sup>st</sup> March 2022 has accounted for ₹ 257.30 million as profit on sale of 8 properties (Net Book Value of these properties were ₹ 231.32 million and sale proceeds of these properties were ₹ 488.62 million).

**31. INTEREST INCOME ON FDRS:**

**In the case of Holding Company -**

- a. During the year, the Company has earned interest income of ₹ 1271.65 million (previous year ₹ 41.90 million) on FDs. Funds realized from the interest credited by the bank have been utilized for the servicing bond interest and recurring expenses of AIAHL and hence recognized as interest income of the Company.

- b. During the year, Air India has credited ₹15.54 million (previous year ₹ 30.1 million) as the Interest on short-term FDR created by the then AIL out of Gol grant received from the Company towards servicing the interest payments of their NCDS of for ₹ 74,000 million. The amount has been shown as income.

### **32. M/S Gati**

#### **In the case of AAAL,**

An agreement for freighter charter operations (undertaken by AAAL) between the then AIL and M/s GATI was terminated by GATI in March 2009, consequent to which AIL the then invoked the Bank Guarantee of ₹ 300 million deposited by GATI. The Arbitral Tribunal has given its award against which an appeal has been filed by the then AIL before the Hon'ble Delhi High Court which has also upheld the decision of the Arbitral Tribunal. To file an appeal in the Delhi High court (Double Bench) against the subject order, AIL deposited ₹ 220 million with Hon'ble High Court as deposit money on 17.11.2015. Against this deposit, Provision for Doubtful Security Deposit has been made for ₹ 220 million as prudence, although the matter is sub-judice. The last hearing date has been further postponed to 26.09.2022 for arguments.

### **33. INVENTORIES :**

**In the case of AAAL,** the inventory is mainly comprised of aircraft spares & consumables and tools of ATR aircraft. The spares for exclusive use in ATR aircraft are being procured through the MMD department and recorded with the help of, Inventory Management System called RAMCO system, which is also used for procuring, controlling, issuing and managing the inventory of the entire Air India Group Companies maintained at AIESL. For inventory including consumables, which can be commonly used for ATR, Airbus and Boeing aircraft are being procured either by AIL or by AAAL. The Interface between RAMCO and SAP has been implemented hence all the transactions which are taking place in RAMCO are now being directly posted in SAP through the interface.

### **34. PROVISION FOR REDELIVERY:**

**In the case of AAAL,** the movements in the provisions for redelivery made are disclosed hereunder:

(in ₹ million)	
<b>PARTICULARS</b>	<b>For the year ended 31 March 2022</b>
Balance as at beginning of the year	542.33
Provisions created during the year	-
Interest accretion on provisions during the year	5.34
Amounts utilized/adjusted during the year	-
Impact of exchange loss on restatement of opening provision	-
Impact of exchange Gain/Loss on restatement of closing provision	23.98
<b>Balance as at end of the year</b>	<b>571.65</b>
<b>Balance as at end of the year - non-current</b>	<b>571.65</b>
<b>Balance as at end of the year – current</b>	<b>-</b>

### 35. PHYSICAL VERIFICATION AND RECONCILIATION:

#### a) Property, Plant & Equipment :

- I. **In the case of Holding Company,** As per the policy of the Company, physical verification of property, plant & equipment (PPE) has been conducted by the management during the year 2021-22 and no discrepancy on physical verification has been found.
  - II. For Physical verification of assets classified as held for sale for which physical handover-takeover was not carried out at the time of transfer from the then Air India Limited to the Company. An external agency has been appointed for the identification and tagging which is under process. In case any discrepancies are found on completion of verification and tagging, the same will be adjusted on approval from the competent authority.
  - III. **In the case of AIESL,** the Company has appointed a professional firm of Chartered Accountant including for the assets tagging of the PPE (Delhi) in a phase manner. The firm has submitted its report dated 17<sup>th</sup> August, 2022 showing shortage of 41 items having WDV of ₹ 0.83 million and found 2152 excess items. The discrepancies and excess found will be adjusted / accounted for after taking approval from the competent authority. Further, as per report submitted, 1056 number of assets could not be verified due to non-availability of product/assets code to identify the assets code given in the assets list.
  - IV. **In the case of AIASL,** As per the policy of the company physical verification of the major assets of the company will be done on rotational basis so that every asset will be verified every two years. Accordingly, the company has appointed independent agency for the physical verification of the assets and the discrepancies observed in the course of the verification will be adjusted in the year in which report will be submitted and after taking approval from the concerned authority. As per the latest physical verification report submitted by M/s Mekley Consulting LLP dated January 10, 2022, there exist fixed assets (ground handling equipment's) in AIASL's Fixed Asset Register (FAR) which are actually not available on ground. The amount of fixed assets to be written off is ₹ 25.66 Millions and amount of fixed assets to be added is ₹ 7.70 millions. The above impact shall be taken after obtaining approval from the competent authority.
  - V. **In the case of AAAL,** the physical verification and reconciliation of Property, Plant and Equipment as on 31.03.2022 located at Delhi, Kolkata & Hyderabad Stations has been completed and Assets mainly consisting of furniture & fixtures and ground support equipment, having a Gross Value of ₹ 3.29 million and a net book value of ₹ 0.01 million were found beyond economical repairs due to normal wear and tear. The necessary reconciliation and accounting action has been taken in the books of accounts as on 31.03.2022 with the approval of the competent authority.
- As per the policy of the company, Physical Verification and reconciliation of Property, Plant and Equipment consisting of office Equipment, Furniture & fixtures, Engine & airframe Rotables, etc. is carried out on a biennial basis.

The majority of assets constituting around 98% of the total value of assets are located at Delhi, Kolkata & Hyderabad stations.

The physical verification and reconciliation of Property, Plant and Equipment as on 31.03.2022 located at Delhi, Kolkata & Hyderabad Stations has been completed.

Assets mainly consisting of furniture & fixtures and ground support equipment, having a Gross Value of ₹ 3.29 million and a net book value of ₹ 14,952 were found beyond economical repairs due to normal wear and tear.

The necessary reconciliation and accounting action has been taken in the books of accounts as on 31.03.2022 with the approval of the competent authority.

**VI. In the case of HCI,** the Company had conducted physical verification of each group of fixed assets in 2019-20. All the assets so verified have been mapped with the Fixed Assets Register during the year 2021-22. No major discrepancies have been observed.

**b) Inventories:**

**In the case of AIESL,** the company for the physical verification of inventories will appoint an agency for the physical verification in the financial year 2022-23 and the process as well as the physical verification will be completed in due course on approval from the competent authority.

**In the case of AIASL,** Physical Verification of Inventories carried out internally at four locations where inventories are stored has been carried out by officer of the company and duly certified. Physical verification has been carried out on March 31, 2022. The inventories have value in use at least equal to the carrying value in the books based on the confirmation received from the user (technical) department. The consumption of inventories is computed on the basis of derived figure.

**In the case of AAAL,** The Physical Verification of Inventory has been carried out in FY 2021-22. The physical verification of the Aircraft Inventory was conducted by Internal Auditors at Kolkata, Delhi, & Hyderabad in the year 2021-22. Physical Verification of Aircraft Inventory for the period 2021-22 has been completed and a shortage of ₹ 52.22 million and excesses of ₹ 5.22 million have been observed. Pending approval from the Competent Authority, a net provision amounting to ₹ 31.13 million, over and above the existing provision of ₹ 15.86 million for the shortages have been made in books of accounts.

**In the case of HCI,** the Company is in the process of streamlining the inventory reporting system in terms of generation of reports towards movement of item-wise store records and configuring of the stores ledger during the year.

At the year end, consumption as per the stores records is reconciled with the financial records and adjustments are duly accounted for.

The company is in the process of instituting a maker checker process in order that a system of checks and balances is in place to prevent revenue leakage through Purchase and misuse and to ensure proper control over the Procurement and Consumption Cycles.

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

*There transaction with MSME entities and outstanding as at 31<sup>st</sup> March 2022 is given below: -*

(₹ in million)

	Particulars	Total for 31st March, 2022	31st March, 2021
a.	Principal amount due and remaining unpaid	48.75	-
b.	Interest due on above	0.06	-
c.	Payment made beyond the appointed day during the year	-	-
d.	Interest paid	-	-
e.	Interest due and payable for the period of delay	-	-
f.	Interest accrued and remaining unpaid	0.06	-
g.	Amount of further interest remaining due and payable in succeeding year	-	-

**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.

The above data includes ₹ 48.75 million for entities included in disposal group held for sale.

**In the case of HCI,** The Micro, Small and Medium Enterprises suppliers defined under “The Micro Small and Medium Enterprises Development Act 2006” have been identified. The payments to such undertakings covered under Micro Small and Medium Enterprises are generally being made within the prescribed credit period agreed upon with the supplier and hence no interest is calculated on delayed payments.

**37. RELATED PARTY DISCLOSURES:**

Disclosure of the names and designations of the Related Parties as required by Indian Accounting Standard (Ind AS24) during the year 2021-22.

**A. Key Managerial Personnel & Relatives**

**i. Key Managerial Personnel & Relatives – of Holding Company**

SI No	Name of Director	Designation	Date of Appointment / Cessation
1	Shri Vikram Dev Dutt	Chairman	27.01.2022 (Appointment)
2.	Shri Rajiv Bansal	Chairman	11.02.2022 (Cessation)
3.	Shri Vinod Shanker Hejmadi	Director	31.12.2021 (Cessation)
4.	Shri Satyendra Kumar Mishra	Director	22.01.2018 (Appointment)
5.	Shri Vimlendra Anand Patwardhan	Director	28.01.2020 (Appointment)
6.	Shri Baldeo P Baldeo Purushartha	Director	18.11.2021 (Cessation)
7.	Smt. Parama Sen	Director	10.06.2021(Appointment)
8.	Shri Peeyush Kumar	Director	18.11.2021 (Appointment)
9.	Shri Krishan Chander Anand	CFO	12.11.2021(Cessation)
10.	Shri Rajiv Kapoor	CFO	12.11.2021 (Appointment)
11.	Ms. Shilpi Singh	CS	31.03.2022 (Cessation)

**ii. Transactions with Key Managerial Personnel**

There are no transactions with Key Managerial Personnel except for the Salaries or remuneration paid to the KMPs as under during the year FY 2021-22. Details for the same are as under: -

- a. Shri Vikram Dev Dutt, CMD ₹ 0.65 million (prev. year Nil)
- b. Shri Krishan Chander Anand, CFO ₹1.16 million (prev. year ₹1.12 million)
- c. Shri Rajiv Kapoor, CFO ₹0.70 million (prev. year ₹Nil)
- d. Ms. Shilpi Singh, CS ₹0.90 million (prev. year ₹ 0.70 million)

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

**iv. Board of Directors – of AIESL**

SI No	Name of Director	Designation	Date of Appointment / Cessation
1	Shri Vikram Dev Dutt	Chairman	27.01.2022 (Appointment)
2	Shri Rajiv Bansal	Chairman	12.01.2022 (Cessation)
3.	Shri Vimlendra Anand Patwardhan	Director	20.03.2020 (Appointment)
4.	Shri Satyendra Kumar Mishra	Director	02.02.2017 (Appointment)
5	Ms. Meenakshi Mallik	Director	12.01.2022 (Cessation)
6.	Shri Pranjol Chandra	Director	11.02.2022 (Cessation)
7.	Smt Parama Sen	Director	11.02.2022 (Appointment)

**v. Board of Directors – of AIASL**

SI No	Name of Director	Designation	Date of Appointment / Cessation
1	Shri Vikram Dev Dutt	Chairman	27.01.2022 (Appointment)
2	Shri Rajiv Bansal	Chairman	12.01.2022 (Cessation)
3.	Shri Vimlendra Anand Patwardhan	Director	20.03.2020 (Appointment)
4.	Shri Satyendra Kumar Mishra	Director	02.02.2017 (Appointment)
5.	Ms. Meenakshi Mallik	Director	12.01.2022 (Cessation)
6.	Shri Pranjol Chandra	Director	11.02.2022 (Cessation)
7.	Smt Parama Sen	Director	11.02.2022 (Appointment)

**vi. Board of Directors – of AAAL**

SI No	Name of Director	Designation	Date of Appointment / Cessation
1	Shri Vikram Dev Dutt	Chairman	24.01.2022 (Appointment) 25.01.2022 (Cessation) 27.01.2022 (Appointment)
2	Shri Rajiv Bansal	Chairman	21.01.2022 (Cessation)
3.	Shri Vinod S Hejmadi	Director	25.01.2022 (Cessation)
4.	Ms. Meenakshi Mallik	Director	25.01.2022 (Cessation)
5.	Shri Pranjol Chandra	Director	25.01.2022 (Cessation) 11.02.2022 (Appointment)
6.	Shri Satyendra Kumar Mishra	Director	25.01.2022 (Appointment) 27.01.2022 (Cessation)
7.	Smt Usha Padhee	Director	25.01.2022 (Appointment)
8.	Sh. Deepak Sajwan	Director	1.1.2021 (Appointment)

**vii. Board of Directors – of HCI**

SI No	Name of Director	Designation	Date of Appointment / Cessation
1	Shri Vikram Dev Dutt	Chairman	27.01.2022 (Appointment)
2	Smt Rubina Ali	Director	11.02.2022 (Appointment)
3.	Sh. Deepak Sajwan	Director	11.02.2022 (Appointment)
4.	Shri Pranjol Chandra	Director	11.01.2022 (Appointment)
5.	Shri Rajeev Bansal	Chairman	11.01.2022 (Cessation)
6.	Shri Vimalendra Anand Patwardhan	Director	11.01.2022 (Cessation)
7.	Smt. Amrita Sharan	Director	11.01.2022 (Cessation)
8.	Shri Joyanta Chakroborty	Director	11.01.2022 (Appointment) 11.02.2022 (Cessation)
9	Shri Satyendra Kumar Mishra	Chairman	11.01.2022 (Appointment) 27.01.2022 (Cessation)

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

**(i) In the case of Holding Company, name and relationship of group companies:**

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

Transactions with Group Companies

**(iii) Others (Government and Government Related Entities:**

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

Major transactions with Government and Government related parties: -

(₹ in million)		
Name of Entity	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>In case of Holding Company</b>		
Amount of budgetary support / grant received from GoI	13,780.00	21,836.2
Equity Capital Received from Government of India	6,23,654.00	-
Funds transferred to the then AIL (net of refund)	6,11,309.58	-
Amount of GOI grant transferred to Air India Limited towards servicing the Identified Debts	6,719.16	6,719.2



Reimbursement of Interest expenses including withholding taxes, Penal and default interest debited to the Company by Air India advising utilization of Grant for servicing the Identified debts –obligation of AIAHL	5,430.59	6,707.0
Reimbursement of and other charges including legal expenses to the Company by Air India advising utilization of Grant for servicing the Identified debts –obligation of AIAHL	3.46	7.1
Rental Income and Revenue Sharing credited by AI	838.67	1,466.1
Interest on FDR credited by AI	15.54	30.1
Monetization Proceeds received/receivable from AI	904.85	885.3
Maintenance, Utilities, taxes, etc. debited to the Company by AIL	100.82	77.6
Salary of Deputed employee of AIL	-	0.9
Amount Recoverable from Air India under AI Reconciliation account (Net of payable).	7,244.48	5,879.5
Immovable properties t/f to AIAHL the then AIL	76,039.28	-
Movable properties t/f to AIAHL by the then AIL	1,494.48	-
Outstanding recoverable of the then subsidiaries of AIL	49,839.76	-
Transfer of investments of the then subsidiaries of AIL	8,179.41	-
<b>In case of AAAL - Expenditure</b>		
Airport Authority of India (including space)	190.29	-
<b>Oil Companies:</b>		
Indian Oil Co Ltd	1,082.39	-
Hindustan Petroleum Co Ltd	414.81	-
Bharat Petroleum Co Ltd	324.44	-
<b>In case of AAAL - Revenue :</b>		
<b>(i) Subsidy for Operation from Govt.</b>		
Govt of India	2,842.10	-
<b>(ii) Charter Revenue – Others</b>		
Govt of India	20.72	-

**38. IN COMPLIANCE WITH IND AS 27 “SEPARATE FINANCIAL STATEMENTS” THE REQUIRED INFORMATION ARE AS UNDER:**

S. No.	Transactions	% of ownership interest	
		As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
1	AI Airport Services Limited (AIASL)	100%	-
2	AI Engineering Services Limited (AIESL)	100%	-
3	Alliance Air Aviation Limited (AAAL)	100%	-
4	Hotel Corporation of India Limited (HCI)	80.38%	-

**39. Claims from Jet Airways (India) Ltd.**

**In the case of AIASL**, the Company has submitted its claims of ₹ 250.18 millions (including interest) from M/s Jet Airways (India) Ltd to the Interim Resolution Professional / Resolution Professional of M/s Jet Airways (India) Ltd out of which claims of ₹ 166.10 millions has been admitted. Further, with reference to regulation 39 (5A) of the Insolvency and Bankruptcy Board of India Regulations 2016, principle or formulae proposed to Operational creditors (other than Workmen & employees and Ticket Refund) under the Approved Resolution Plan (Jet Airways (I) Limited) by Hon'ble NCLT on 25th June 2021 vide order dated 22nd June 2021, payment of a fixed sum of ₹ 15000/- (irrespective of the claim amount) to each Relevant Creditor was awarded. The company has submitted that the payment of a fixed sum of ₹ 15,000/- was not acceptable. However, 100% provision of the receivables from M/s Jet Airways (India) Ltd is considered in ECL.

**40. CORPORATE SOCIAL RESPONSIBILITY-CSR:**

Section 135 (1) of the Companies Act 2013 requires provision for CSR to be made for a Company having a threshold Net Worth of ₹5000 million or ₹ 10,000 million Turnover or ₹50 million Net profit during the immediately preceding financial year.

**In the case of Holding Company**, however, the Holding Company, being an SPV specifically incorporated for the limited purposes of enabling specified transactions for the Disinvestment of Air India and not being a commercial business entity dependent upon the Govt. of India grant funds, has sent a request to the Min. of Corp. Affairs, Govt. of India through Ministry of Civil Aviation, vide AIAHL letter dated 25<sup>th</sup> March 2021 to consider exemption for the SPV from the applicability of such provisions to the Company including constitution of a Board CSR Committee and request the Govt. of India for considering whether the applicability of these requirements of CSR for commercial operational business entity, can be considered for being exempted for the SPV. The decision of the government is awaited. In view of loss incurred by the Company, Section 135 (1) of the Companies Act 2013 shall not be applicable.

**In the case of AIESL**, As the company has average net loss during immediately preceding three financial years, hence the provisions of the CSR is not applicable.

**In the case of AIASL**, Pursuant to the requirement of Section 135 of the Companies Act, 2013, CSR committee has been formed by the Company. The primary function of the CSR Committee is to assist the Board of Directors in formulating a CSR Policy and review the implementation and progress of the same from time to time. The CSR Policy focuses on making positive contribution to the society through high impact, sustainable programs. During the year Company has paid to PM Care Fund amounting to ₹ 23.66 million under CSR Scheme.

**41. PROVISION FOR TAXATION:**

**In the case of Holding Company** - In terms of the provisions of Section 115 BAA of the Indian Income tax 1961, which provide for an option of lower rate of 22% plus applicable surcharge for a domestic Company (as against higher rate of about 30% plus applicable surcharge) for any previous year relevant to the assessment year beginning on or after 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 the such option once exercised to continue forever.

Considering the nature of SPV, 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 2022: -

(₹ in million)

Sl. No.	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
1	Net Taxable Profit	(10,574.67)	646.00
2	Tax Payable @ 22% plus 10 Surcharge and 4% Cess	-	162.60
3.	Net Tax Payable/(Refund) after TDS deducted claimed	-	(121.9)*
4.	Short Provision of Income tax for FY2019-20 due Interest u/s 234C	-	-
5	*Interest u/s 234A, B and C included above	-	6.6

\* The Holding Company has deposited an Advance tax of ₹ 26.00 million in December 2021, for FY 2021-22 based on the estimated taxable profit of ₹ 98.80 million. However no advance tax was paid in the later part of the year based on the estimated annual Net Loss of ₹ 2,038.10 million.

#### 42. DEFERRED TAX ASSETS/LIABILITY:

In the case of Holding Company, the Holding Company has losses in the current financial year and may not be in profit in the future year. In the absence of convincing evidence that sufficient taxable profit will be available against which the unused tax losses, deductible timing differences or unused tax credit can be utilized by the entity in near future. Hence in line with Ind AS 12 "Income Taxes," the existence of tax losses is strong evidence that future taxable profit may not be available. Hence based on the same Deferred Tax assets / Liabilities have not been created. However deferred tax assets/ liability created in case of AIASL and AIESL as per details given below:

(₹ in million)

Particulars	As at March 31st, 2022	As at March 31st, 2021
Deferred tax asset (net)	4287.28	-

#### 43. EARNINGS PER SHARE:

(a) Earnings per share from continuing operations:

(₹ in million)

Details	As at March 31, 2022	As at March 31, 2021
Profit/(Loss) After tax for the year (as numerator)	(11,489.38)	436.96
Weighted Average no. of equity shares of ₹10 each (as denominator)	17,524.31	0.05
<b>EPS Basic &amp; Diluted After Tax</b>	<b>(0.66)</b>	<b>8,739.22</b>

- (b) Earnings per share from entities included in disposal group held for sale (discontinuing operations):

(₹ in million)

Details	As at March 31, 2022
Profit/(Loss) After tax for the year (as numerator)	3,823.64
Weighted Average no. of equity shares of ₹10 each (as denominator)	17,524.31
<b>EPS Basic &amp; Diluted After Tax</b>	<b>0.22</b>

- (c) Earnings per share from continuing and from entities included in disposal group held for sale (discontinuing operations):

(₹ in million)

Details	As at March 31, 2022
Profit/(Loss) After tax for the year (as numerator)	(7,665.74)
Weighted Average no. of equity shares of ₹10 each (as denominator)	17,524.31
<b>EPS Basic &amp; Diluted After Tax</b>	<b>(0.44)</b>

#### 44. REMUNERATION TO STATUTORY AUDITORS:

The details of the audit fees and out of pocket expenses for the year 2021-22 are as under:

(₹ in million)

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory Audit Fees	3.85	0.23
Tax Audit Fees	0.26	0.10
Out of Pocket Expenses	0.26	0.01
<b>Total</b>	<b>4.37</b>	<b>0.34</b>

The above amount includes remuneration to statutory auditors for entities held for sale amounting to ₹ 3.84 million (₹ 4.37 million – 0.53 million)

#### 45. DIVIDEND:

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

#### 46. INDEPENDENT DIRECTOR:

The appointment of the Independent Directors on the Board of AIAHL in terms of the Section 149 of the Companies Act 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 has been requested.

**In the case of AIESL**, as per Companies Act 2013, Sec 149(4), the Company has not appointed independent director. Consequently, the Audit Committee has no independent director. There is no remuneration committee as per Section 178. The company has applied to the DPE for seeking exemption vide letter ref no AIESL/CS/HQ/25 dated 01.09.2020. No

response to the said letter has been received.

#### **47. IMPAIRMENT:**

The holding company on disinvestment of AIL has received various assets and the holding company on the balance sheet date identify that its non-financial asset i.e. one of the property at CBO Mangalore has carrying amount higher than its recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use). Accordingly, the holding company has made the provision for impairment of ₹ 25.03 million (Previous Year Nil) in accordance with IND AS-36.

**In the case of HCI,** There is no impairment of assets as envisaged under Indian Accounting Standards (Ind AS 36) 'Impairment of Assets'.

#### **48. SEGMENT REPORTING:**

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

Segment reporting in respect of Entities held for sale is not reported.

#### **49. CONFIRMATIONS / RECONCILIATIONS:**

The Holding Company has sought the confirmation of balances for major receivables and payables as on 31<sup>st</sup> March 2022. However, some of the parties have responded and their balances are in agreement with the balances shown in the books of the Company except in case of AIASL and AIL for which details are as under:

- i. Regarding balance confirmation from AIL, the amount of ₹ 9.36 million confirmed by AIL is not in agreement with the balance shown in the books of the Company. The reconciliation of the same with AIL is under process. The details of the reconciliation along with the reason for the differences are as under: -

(₹ in million)		
<b>A</b>	Net balance recoverable from AIL as per the books of the Company	7,244.48
	Less:	405.91
	i. Amount transferred by AIL against advance received for sale of 13 immovable properties	
	Add:	
	ii. Rental Income not considered by the then AIL	0.67
	<b>Net (A.(i-ii)) Balance recoverable from AIL</b>	<b>6,839.24</b>
<b>B</b>	Net balance payable by AIL to the Company as per the confirmation of AIL	9.36
<b>C</b>	<b>Difference (A-B)</b>	<b>6,829.88</b>
	<b>Reasons for the differences</b>	
<b>I</b>	Excess expenses charged by AIL for maintenance of Housing Colony	18.55
<b>II</b>	Difference between debit note less amount received from the then AIL vs. amount not considered by AIL in their reconciliation statement against DRDO-related transactions	889.47
<b>III</b>	Rent accrued for HYD building, Kolkata & Airlines house (net of TDS) not considered by AIL in their reconciliation statement	0.66

<b>IV</b>	Sale proceeds of the scrappage pending transfer by AIL	0.09
<b>V</b>	Reimbursement of Interest (amount transferred for NCD bond expenses less expenses pass on to AIAHL) not considered by AIL in their reconciliation statement	1,288.57
<b>Vi</b>	Amount withheld against expense for maintenance of 6 aircraft	3,000.00
<b>VII</b>	Amount withheld against PSS (AMADEUS) implementation fees as on 31-12-2021 (Refer Note No. 23.c.IX)	309.61
<b>VIII</b>	Recoverable of Garnishment of Fund debited by AIL.	1,322.93
	<b>Total difference as per “C” above</b>	<b>6,829.88</b>

Further, the AIL vide its credit note no. 3 dated 31<sup>st</sup> March 2022 has claimed ₹ 2,244.48 million towards the interest on 9.08% NCDs Bonds of the then AIL period prior to 1<sup>st</sup> October 2018. The Holding Company has disputed this credit note amounting to ₹ 2,244.48 million as there was no mandates available for the payment of interest prior to 1<sup>st</sup> October, 2018 of the identified debts of the then AIL. However, AIL is contesting that interest on identified debts i.e. NCDs is payable by AIAHL against interest due for payment (actual payment) i.e. interest for the period last due before 1<sup>st</sup> October, 2018 to till immediate due date after 1<sup>st</sup> October, 2018 shall be considered for the interest reimbursement instead of calculating from 1<sup>st</sup> Oct, 2018 to immediate due date after 1<sup>st</sup> October, 2018. The AIL has adjusted ₹ 2,244.48 million in two part viz. ₹ 955.91 million interest in its RFATR a/c and ₹ 1,288.57 million in its AIL Settlement A/c for which there is no mandate of the GoI hence the Holding Company has not accepted the adjustment. As a result of this, there is difference to that extent i.e. ₹ 1,288.57 million in AIL Settlement A/c as compared to AIL Reconciliation A/c in the books of the Holding Company and ₹ 955.91 million interest in RFATR a/c as compare to AIL Recoverable A/c in the books of the Holding Company.

- ii. Regarding balance confirmation from AIASL, there is a difference of ₹ 1.34 million is due to short provision of interest by AIASL payable on outstanding recoveries (transferred by the then AIL) to the Holding Company.
- iii. Tax Deducted at source (TDS) receivable and payable, GST liability and inputs are in reconciliation with the books of accounts of the Holding Company.

**iv. In the case of AIESL,**

- a) The Company has sought for the confirmation of balances for all the major trade receivables & trade payables. However, only some of the parties have responded and are in agreement with the books of the Company. Wherever the balances confirmed are not in agreement with the books in that case reconciliation of difference is under process.

In case of trade receivables, the company has obtained the balance confirmation of balances receivables from the then holding company and new holding company including from the group companies, which consist of 75.57% (Previous year 70.39%) of receivables of the company and reconciliation has been completed and balance confirmations have been obtained. In case of trade payables some parties have responded and wherever the party's balances are not in agreement

with the books, the reconciliation of the differences is in progress. Impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt with in the year of completion of the reconciliation and approvals from appropriate authority.

- b) The then Air India Limited on account of AIESL use to pay under self-contributory Superannuation Pension scheme and recover from the company and an amount of ₹104.08 million debit balances is appearing in the books of the company, which is under reconciliation. Impact, if any, of the consequential adjustments arising out of the reconciliation will be accounted on approval from appropriate authority.
  - c) Good & Service Tax (GST) and other statutory dues are in the process of reconciliation with the returns filed and statutory records maintained by the company. Impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt with in the year of completion of the reconciliation and approvals from appropriate authority.
  - d) The reconciliation and matching of certain unmatched receivables/ recoverable from staff and payables including certain control ledger is in the process. Impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt with in the year of completion of the reconciliation and approvals from appropriate authority.
- v. In the case of HCI,** the subsidiary is in the process of obtaining confirmation of balances in respect of Trade payables, other Trade Receivables, Loans and Advances, Deposits and Other Liabilities as on 31st March, 2022. Accordingly, such accounts reflect the balances as per their respective ledger accounts and are subject to adjustments, if any on reconciliation of accounts. The difference, if any, will be adjusted in the accounts as and when reconciliation is completed.
- vi. In the case of AIASL,**
- (a) The Company has sought for the confirmation of balances for all the major trade receivables and the company has obtained the balance confirmation of balances receivables from the holding company, sister concern of the holding company and from some private parties which consist of reasonable amounts of receivables of the company and reconciliation has been completed and balance confirmations have been obtained. In case of trade payables some parties have responded and wherever the party's balances are not in agreement with the books, the reconciliation of the differences is in progress. Impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt with in the year of completion of the reconciliation and approvals from appropriate authority.
  - (b) The reconciliation and matching of certain unmatched receivables/ recoverable from staff and payables including certain control ledger is in the process. Impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt with in the year of completion of the reconciliation and approvals from appropriate authority.

- (c) The company had obtained certified balance confirmation from AAI and MIAL as on March 31, 2022. The company had made necessary changes and taken impact by restating the previous financial years.
- (d) Goods & Service Tax (GST) and other statutory dues have been reconciled with the returns filed and statutory records maintained by the company. Necessary adjustments have been made by restating the previous financial years.
- (e) The company has reconciled the IATA recharge receivables as appearing under trade receivables. During the year, the company had written off ₹ 110.00 million as bad debts in the statement of profit and loss and an amount of ₹ 181.10 million had been written off against ECL.

vii. **In the case of AAAL**, balance confirmation certificates as on 31<sup>st</sup> March 2022 have been sent to all vendors and customers. Confirmations have been obtained from 99.65% (previous year: 91.70%) of the total amount in case of vendors and in case of the customers all the parties are Govt Dept/Ministry and 96.34% (previous year: 98.06%) of the total dues as on 31<sup>st</sup> March 2022 is confirmed.

- a) Details of unconfirmed balances are tabulated as under:

(₹ in million)			
Head of Account	Balance as per Books	Balance which is unconfirmed	% Of amount unconfirmed
TRADE PAYABLE	11,102.97	38.81	0.35%
TRADE RECEIVABLE	805.13	29.47	3.66%

- b) An amount of ₹ 324.77 million is outstanding in books of accounts on account Suppliers Suspense Ledgers. The reconciliation and matching of Supplier – Ramco, Suspense Ledgers by relating GRN and PO is under process. The adjustment of these ledgers will be dealt with in the year of completion of reconciliation. Management is of opinion that the adjustments after reconciliation will have no material impact in statement of Profit & Loss A/C.
- c) Reconciliation with the Airport Authority of India has been carried out and has been reconciled till 31.03.2022. The accounts with BIAL, DIAL, HIAL and MIAL have been reconciled up to 31.03.2022.

## 50. Regional Connectivity Scheme

**In the case of AAAL**, till 31.3.2022, AAAL has been awarded (through the bidding process) 117 routes (previous year: 109 routes) under RCS (4 rounds), out of which 81 (previous year: 73) are operational. The remaining routes are proposed to be launched in the coming months, which include 10 routes awarded in the second round of allotment, 12 routes awarded in the third round of allotment, 06 routes awarded in round 3.1, 08 routes awarded in round 4 and 08 routes awarded in round 4.1 of allotment and remain non-operational till 31.03.2022, though as per terms of the LOI these are required to be operational during the year 2021-22. Management is of the view that delay to make the route operational is not on part of AAAL and is based on various factors beyond the control of AAAL, therefore AAAL has no liability for the above-stated delay in making the route operational.



**51. DISCLOSURES UNDER IND AS 116:**

- a. **In the case of AAAL**, the subsidiaries' leased assets primarily consist of leased aircraft and engines. The company has taken 18 ATR 72-600 Aircraft on lease. Liabilities on account of future minimum lease rentals are as under: -

Particulars	(₹ in million)	
	As at March 31, 2022	
	Non-Current	Current
<b>Lease Liabilities</b>	<b>19,856.31</b>	<b>2,608.93</b>

**b. Short Term Lease -**

During the year ended 31 March 2022, the AAAL has recognized an expense of ₹ 03.45 million on account of short-term leases which represents leased engines. The portfolio of other short-term leases to which the Company is committed at the end of the reporting period is not materially different from the portfolio of other short-term leases for which expense has been recognized during the year ended 31 March 2022.

**c. Other Disclosures relating to lease:**

**1. (₹ in million)**

<b>1. Maturity Analysis of Lease Liabilities</b>	
<b>PARTICULARS</b>	<b>2021-22</b>
Less than one year	2,636.50
One to five years	11,525.05
More than five years	9,049.77
<b>Total undiscounted lease liabilities at 31 March 2022</b>	<b>23,211.32</b>
<b>Lease liabilities included in the statement of financial position on 31 March 2022</b>	<b>22,465.24</b>
<b>2. Amount's recognized in the statement of profit and loss</b>	
<b>PARTICULARS</b>	<b>2021-22</b>
Depreciation expense on ROU Asset	2,381.85
Interest on lease liabilities	207.85
Variable lease payments not included in the measurement of lease liabilities	0
Income from sub-leasing right-of-use assets	0
Expenses relating to short-term leases*	3.45
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	0

\*Engines taken on lease have been classified as short-term leases since the lease term is less than 12 months as on the balance sheet date. Due to this reason, management has availed the practical expedient.

**3. Amounts recognized in the Statement of Cash Flows**

<b>PARTICULARS</b>	<b>2021-22</b>
<b>Amount Shown as Cash Flow from Financing Activity -</b>	<b>2,533.31</b>
Total cash outflow for leases	

**In the case of AIASL**, following the recognition exemption available under Ind AS 116, regarding short term leases, low value assets and those assets which were not covered under the previous Ind AS 17, the company has availed the same exemptions for the implementation of the new Ind AS 116.

In respect of other leases for various commercial premises, (with option to purchase/ renew but title of the same may or may not eventually be transferred) which are scattered at various locations/stations/regions, there is a foreclosure clause in the contract wherein it is cancellable by providing notice period of 90 days by either side.

Pending evaluation these the company has not considered as ROU under Ind AS 116 , regarding short term leases, low value assets and those assets which were not covered under the previous Ind AS 17, the company has availed the same exemptions for the implementation of the new Ind AS 116.

**In the case of HCI**, the company has taken land on lease which are generally long term in nature with varying terms, escalation clauses and renewal rights expiring from thirty to ninety-nine years. On renewal, the terms of the leases are renegotiable.

**a) Total Lease Liabilities are analysed as under:**

	(₹ in million)
<b>Particulars</b>	<b>31.3.2022</b>
Current	14.71
Non-current	349.55
<b>Total</b>	<b>364.26</b>

- 52. In the case of HCI**, as per the Agreement between Airports Authority of India (AAI) and the Company the lease period for the land on which Centaur Hotel Delhi and Chefair Delhi is located, is valid till 31.3.2032. However AAI had served notice dated 8 November 2016 for early termination of lease of land as the land is required by them for airport expansion. With the intervention of Ministry of Civil Aviation, an extension up to 31 December 2019 for vacating the said leasehold land has been granted. Thus, the Company was required to give vacant possession of land by 30.11.2019 and surrender the said leasehold land to AAI by 31 December 2019. In this regard, negotiations for compensation to be claimed from AAI were carried out in consultation with the Ministry.

Accordingly, a meeting was convened on 04.11.2019 by Secretary Civil Aviation to discuss the matter regarding compensation on termination of Lease agreement to HCI. In the said meeting AAI clarified that as per the proposed Master Plan 2016 for Indira Gandhi International Airport, Delhi the project at the HCI hotel site is to be developed under the Master Plan phase commencing from 2026 and it was also confirmed that the HCI property is not infringing the proposed runway but the land would be required for parking of aircraft.

Secretary, Civil Aviation stated that AAI needed to take an economic call on the issue taking into consideration the economics of allowing HCI to continue operations for the balance lease period. In view of the above, it was decided in the meeting that in case AAI decides that the land is not required by AAI for aeronautical purpose then full permission may be given to HCI for commercial utilisation including O&M contract for the remaining period of the lease. The said decision was communicated to HCI vide Ministry's letter 20.12.2019 allowing HCI to use the land/structure upto the expiry of the existing lease period i.e. on 31.03.2032 and to vacate the land positively upon the expiry of lease period. It was also conveyed that since HCI has defaulted in payment of AAI dues from 2002 onwards as per the terms of agreement, an Arbitrator may be appointed as per the provisions of existing agreement to

sort out the dispute, which is pending. In the meanwhile, DIAL filed a Writ in the Delhi High Court challenging the Ministry's letter dated 20.12.2019. The matter is still pending in the Hon'ble High Court

**53. In the case of HCI**

- i) the matters relating to cost of construction of Centaur Lake View Hotel Srinagar and the cost sharing arrangement between the hotel and Sher e Kashmir Convention Centre (SKICC) between the Company and Government of Jammu & Kashmir (J&K) had been agreed by both the parties in a joint meeting held on 15 October 2004 and all the matters of divergent views were settled. Consequent upon the agreement, the following amounts were receivable / payable:
  - a) Amount receivable from J & K government in respect of cost sharing arrangements with SKICC is ₹ 135.42 million - (previous year ₹ 127.04 million)
  - b) Amount receivable from J & K government on account of joint construction of the hotel and SKICC in 1982- ₹ 29.78 million and interest subsidy ₹ 12.00 million, totaling to ₹ 41.78 million
  - c) Amount payable to J & K government on account of joint construction of the hotel and SKICC in 1982 is ₹. 39.68 million

These balances are subject to reconciliation and confirmation. Adjustment, if any will be accounted in the year in which finality is reached

However, as a matter of abundant caution, the Company has not made any Provision for Doubtful Advances on the above matter during the current financial year

**ii) Subsequent events post Balance Sheet date:**

J&K Govt. vide its Order dated 03.05.2021 constituted a committee to negotiate with HCI to finalize all matters relating to the disposal of the Hotel. Despite a reminder sent on September 6, 2021 by the then Secretary, MoCA to initiate discussions with the HCI management, J&K Govt. instead sent a Termination Notice dt 27.12.2021 alleging that HCI had sublet the premises & given this violation, the lease stands determined and asked for the Hotel to be handed over to the J&K Govt. within 15 days. HCI submitted a detailed representation dt 24.01.2022 & requested for a meeting to resolve this. J&K Govt. appointed an Estate Officer who issued a notice dated 05.04.2022 under J&K Public Premises Act asking HCI to Show Cause as to why HCI should not be evicted. This was responded within the deadline. A Caveat was also filed by them on 09.04.2022. Estate Officer then sent an Eviction Notice on 25.04.2022 giving HCI 45 days to vacate. HCI filed an Appeal with the DM on 04.05.2022. Post receiving an approval from MoCA on 06.05.2022, HCI filed a Writ against the Termination Notice in the J&K HC which was dismissed dt. 02.06.2022. HCI filed a SLP in SC & despite the orders of the SC on 08.06.2022, J&K Govt sent forces on 14.06.2022 to seal the property & forcefully took possession of the hotel. The matter was again contested in J&K HC. HCI, J&K Govt., Workers Union & BD&P Hotels have completed the Arguments & the judgement is reserved.

### iii) Wages Revision

- a) The earlier wage agreements with workmen had expired on 31.12.2006. The Unions submitted their Charters of Demands

After protracted negotiations between Wage Negotiation Committee of the Management and Co-Ordination Committee of HCI Unions and after receipt of final approval from the Ministry of Civil Aviation, the Memorandum of Understanding dated 08.08.2019 was entered into between the unions and the Company for implementing wage revision for the Unionised category of employees for a period of 10 years effective 18.08.2008. The wage revision was implemented in the financial year 2019-20.

In view of the above , total estimated provision for arrears of wage revision for the unionised category of employees as on 31.3.2022 is ₹ 146.36 million against which an advance of ₹ 34.48 million is shown in the books of accounts. The calculations for arrears payable to employees effective 08.08.2008 are in progress. Hence any differential provision would be made in the year it is finalized.

- b) The wage revision relating to the Officers Cadre which was due on 01.01.2007 for a period of 10 years is pending. In view of the financial position of the Company the wage revision for the officers has been deferred.

The Management had announced an interim relief of ₹ 5,000/- per month per employee for officers effective 1.1.2017 which continues to be paid and has been expensed out in the Statement of Profit and Loss Account. As and when wage revision is approved, this amount would be adjusted against arrears payable , if any, for which employee wise details have been maintained separately in the books of accounts as Advance against Interim relief ₹.65.64 million and Provision against Interim Relief amounting to ₹ 66.81 million .

### iv) Renovation of Hotels

The Company received a sum of ₹ 50 million during 2015-16 against issue of equity shares from the Government of India for renovation of hotels. In April 2017, the Company appointed a Consultant to undertake the upgradation and refurbishing of 75 guest rooms and other allied works for Centaur Srinagar. The same is not actively pursued in view of the situation in the Valley and uncertainty regarding handing over of the Srinagar hotel property to the J&K Government. However, some essential capital expenditure required for the smooth operations of Centaur Srinagar will be incurred in the next financial year.

54. Following are the details of Foreign Currency earned and expended by the Group during the Financial Year 2021-22:

(₹ in million)	
Particulars	For the year ended March 31, 2022
Foreign Exchange Earnings	1,056.78
Foreign Exchange expended	193.16
<b>Net Foreign Exchange Earnings</b>	<b>863.62</b>

## 55. Going Concern:

**In the case of HCI,** The Company faces significant uncertainties due to the COVID-19 pandemic which has impacted the operations of the Company adversely starting from the month of March 2020. Management believes that as per estimates made conservatively, the Company will continue as a going concern and will be able to discharge its liabilities and realise the carrying amount of its assets as on March 31, 2022.

In spite of the negative Net Worth of the Company as at the balance sheet date, considering the continuous support Government of India will ensure the company runs its business as going concern. Also, the Company has signed Master Service Agreements with Air India which is valid upto 31.12.2024 which ensures that company will be able to run its business as going concern in near future. Accordingly the Company has prepared its accounts on a “going concern” basis. Various initiatives have also been taken by the management for improving the operational performance of the company and increasing the revenues in view of the following:

The Company is also tapping Online Travel Agents, Walk-in Customers, Event Booking, Corporates for increasing the business. The Company is also planning of introducing additional capex for operationally essential matters, obtaining ISO Certification in order to upgrade the present properties.

Refurbishment of existing 50 Guest Rooms at Centaur Hotel Delhi Airport to increase the occupancy level.

**In case of AAAL,** Considering the decision of the Government of India, 100 percent shareholding of the Company has been transferred from Air India Limited to AI Assets Holding Limited and the Board of Alliance Air Aviation Limited has also been reconstituted w.e.f 25 January 2022. Consequently, AI Assets Holding Limited (AIAHL) has become the new Parent Company/ Holding Company of Alliance Air Aviation Limited (AAAL). Being a Govt Company, the board of directors of the company comprises four Directors from the Ministry of Civil Aviation. Except for day-to-day operational activities, all the decision duly approved by the board is being executed to ensure the implementation of the guideline framed by the Govt of India in respect of the Ministry of Civil Aviation.

The company now being a wholly-owned subsidiary of AI Assets Holding Ltd. (AIAHL) has full support from the government of India to make the company fully operational after the disinvestment of Air India Ltd.

The company has taken various measures to improve its operational efficiencies and cost control measures. Since the company expects improvement in Operational and Financial Performances and the company has support from the government of India to make the company fully operational, hence the financial statements of the company have been prepared on the “Going Concern” basis despite having accumulated losses and net-worth being eroded.”

The company has emerged as a major player in the Government of India’s premier scheme UDAN, which connects various Tier II and Tier III cities with the development of unserved/ underserved airports. The growth in Tier II and Tier III cities is still largely untapped and

Alliance Air is likely to emerge as one of the largest players with its young ATR 72-600 fleet suitable for serving these smaller airports.

The company has strategized itself to invest major resources in the Government of India's UDAN scheme. The performance of the airline under UDAN has been excellent wherein the company has been operationally positive. The total UDAN route won by the Company now stands at 117. Out of allotted routes, the company operated 81 routes as on 31st March 2022, which were 73 routes till 31st March 2021. Out of the total route operated by AAAL in 2020- 22, around 69% (previous year: 56%) were under the UDAN scheme. Alliance Air by deploying more resources on UDAN sectors is moving towards profitability, as AAAL has been achieving operating profit on operation under the UDAN scheme.

Alliance Air has entered into an agreement for taking two ATR 42 on operating lease to operate in Shimla and other RCS sectors.

Another Milestone has been achieved by Alliance Air to operate the Dornier Aircraft in commercial operation with effect from April 2022, to fulfil the dream of the Honorable Prime Minister of India vision of "Make in India".

On the direction from the Ministry of Civil Aviation, Alliance Air has commenced successfully the operation from April 2022 in the different airfields of Arunachal Pradesh to establish Air Connectivity with the remote area of the North Eastern Region.

Under the VGF arrangement, MOCA has agreed to the scheme for a period of three years and agreed to reimburse both Fixed & Variable costs which are approx. ₹. 86 Crores yearly.

The above model not only ensures the increased total revenue of ₹ 9.74 Cr Per month but also ensures the profitability of the project.

Alliance Air is on the threshold of turnaround and poised to lead the regional connectivity in India in the next decade and be a leading regional carrier in Asia. Post-Covid 19, from November 2021 onward, AAAL is on the path of recovery and EBIT shows a positive trend. Alliance Air is on its way to reversing the trend of adverse financial parameters in this financial year 2022-23 and thereafter further consolidating the gains.

## **56. Wage Revision:**

### **In case of HCI,**

- a) The earlier wage agreements with workmen had expired on 31.12.2006. The Unions submitted their Charters of Demands.

After protracted negotiations between Wage Negotiation Committee of the Management and Co-Ordination Committee of HCI Unions and after receipt of final approval from the Ministry of Civil Aviation, the Memorandum of Understanding dated 08.08.2019 was entered into between the unions and the Company for implementing wage revision for

the Unionised category of employees for a period of 10 years effective 18.08.2008. The wage revision was implemented in the financial year 2019-20.

In view of the above , total estimated provision for arrears of wage revision for the unionised category of employees as on 31.3.2022 is ₹ 146.36 million against which an advance of ₹ 34.48 million is shown in the books of accounts. The calculations for arrears payable to employees effective 08.08.2008 are in progress. Hence any differential provision would be made in the year it is finalised.

- b) The wage revision relating to the Officers Cadre which was due on 01.01.2007 for a period of 10 years is pending. In view of the financial position of the Company the wage revision for the officers has been deferred.

The Management had announced an interim relief of ₹ 5,000/- per month per employee for officers effective 1.1.2017 which continues to be paid and has been expensed out in the Statement of Profit and Loss Account. As and when wage revision is approved, this amount would be adjusted against arrears payable , if any, for which employee wise details have been maintained separately in the books of accounts as Advance against Interim relief ₹.65.64 million and Provision against Interim Relief amounting to ₹ 66.81 million.

**57. In the Case of AIESL,** the company has signed a Long Term Maintenance Agreement (LTMA) with Indian Air Force (IAF) on 4 March, 2021 for the purpose of operation and maintenance of Special Extra Section Flights (SESF) two B-777 ER Aircraft for a period of five years from the effective date. The effective date of LTMA is 28th March, 2021.

**58. In the Case of AIESL,** the company is in process of transfer of hangars constructed on the land leased by Airport Authority of India or land owned by the holding company at various locations in India. This process is likely to complete in due course.

**59. TDS on Provisional Expenses**

**In the Case of AAAL,**

Provision has been created for the bills received from the vendor during 2021-23 but the service availed in 2021-22 (i.e., all the bills dated after 2021-22). As per the system being followed, the provisions created for 2021-22 are reversed in 2022-23 and the actual bill received in 2022-23 is booked in the vendor ledger after deducting applicable TDS in 2022-23. Due to the GST scenario, provisions have been created without deduction of TDS for the bills of the year 2021-22 received in 2022-23 and dated 2022-23.

**60. ADDITIONAL REGULATORY INFORMATION:**

- a) **Title deeds of Immovable Property not held in the name of the Group**

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative# of promoter*/ director or employee of promoter/ director	Property held since which date	Reason for not being held in the name of the Company
<b>Asset held for sale (Holding Company)</b>	<b>Freehold</b>	3,927.19	Air India Limited	No	31 March 2022	Refer Note No. – 23.III
	<b>Other than Freehold</b>	68,795.60	Air India Limited	No	31 March 2022	Refer Note No. – 23.III
	<b>Other Structures</b>	3316.49	Air India Limited	No	31 March 2022	Refer Note No. – 23.III
<b>PPE (AIESL)</b>	<b>i. Land (Leasehold)</b>	180.00	Air India Limited	No	8 <sup>th</sup> April, 2022	
	<b>ii. Building MRO Nagpur</b>	2,634.45	Air India Limited	No	8 <sup>th</sup> April, 2022	
	<b>iii. Jet 9D Test House</b>	10.42	Air India Limited	No	1 <sup>st</sup> April, 2019	

**b) Capital Work-in progress (CWIP)**

In case of AIESL, CWIP aging schedule is as under:-

CWIP	In CWIP for a period of				Total
	Less than 1 Year	1-2 year	2-3 year	More than 3 year	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	1,134.69	<b>1,134.69</b>

**c) Details of Benami property held:**

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

**d) Willful Defaulter**

Not Applicable

**e) Relationship with Struck off Companies:**

The Group has no outstanding balances as on 31.03.2022 (previous period: Nil) with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.

**f) Registration of charges or satisfaction with Registrar of Companies (ROC)**

All borrowings of the Holding Company are fully assured by Gol for interest and principal repayments and no charge has been created with ROC. However, the Holding Company has given SBLC/Bank Guarantee for one of its subsidiaries i.e. Alliance Air Aviation Limited's lessors namely Elix Aviation Capital, DAE Leasing, and AVAP for which the bank has kept margin deposit in the form of Fixed Deposit amounting to ₹ 2079.3 million.



**In the case of AAAL**, the company has registered charges of ₹ 2,805.03 million with the Registrar of Companies U/s 77 of Companies act 2013. The company is in the process of getting the said charges satisfied by following the procedure prescribed U/s 82 of the Companies Act 2013.

- g) The number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017. Such Compliance with number of layers of companies is not applicable for PSUs.

**h) Ratios – in case of Holding Company**

**Current ratio**

(₹ in million)

Particular	As at March 31, 2022	As at March 31, 2021
Total current assets	25,462	11,717
Total current liabilities	76,030	7,639
Ratio	0.33	1.53
% Change	-78%	
Reason	Due to a decrease in current assets as well as current liability as compared to previous year.	

**Debt equity ratio**

(₹ in millions)

Particular	As at March 31, 2022	As at March 31, 2021
Total debt	2,19,850	2,19,850
Shareholder's equity	1,18,163	1,778
Ratio	-1.86	123.67
% Change	-101.50%	-
Reason	Due to negative net-worth of the Company in the current year, due to excess of fund transferred to AI over assets/ liabilities received charged to other equity.	

**Debt service coverage ratio**

(₹ in millions)

Particular	As at March 31, 2022	As at March 31, 2021
Earnings available for debt service (EBIDTA)	18,826.79	23,278.3
Total debt	2,19,850.0	2,19,850.0
Ratio	0.09	0.11
% Change	-19.10%	-
Reason	Due to a decrease in total income of the Company.	

**Return on equity**

(₹ in millions)

Particular	As at March 31, 2022	As at March 31, 2021
Net loss after tax	(11,489)	437
Average Shareholder's equity	(59,971)	9,556
Ratio	0.19	0.05
% Change	319%	
Reason	Due to net loss during the year as compared to net profit during the previous year	

Inventory turnover ratio		(₹ in millions)
Particular	As at March 31, 2022	As at March 31, 2021
Cost of goods sold	-	-
Average inventory	-	-
Ratio	-	-
% Change	-	-
Reason	No inventory or COGS	

Trade receivable turnover ratio		(₹ in millions)
Particular	As at March 31, 2022	As at March 31, 2021
Revenue from operations	-	1,252
Closing trade receivables	-	-
Ratio	-	-
% Change	-	-
Reason	Nil Trade Receivables of the Company.	

Trade payable turnover ratio		(₹ in millions)
Particular	As at March 31, 2022	As at March 31, 2021
Other expenses	194	87
Closing trade payables	1.0	1.2
Ratio	200.39	74.66
% Change	168%	
Reason	Due to an increase in other expenses and a decrease in closing trade payables after covid as compared to previous year.	

Net capital turnover ratio		(₹ in millions)
Particular	As at March 31, 2022	As at March 31, 2021
Revenue from operations	-	1,252
Working capital	(50,568)	4,078
Ratio	-	0.307
% Change	-100%	
Reason	Due to decrease in revenue after covid as compared to previous year.	

Net profit ratio		(₹ in millions)
Particular	As at March 31, 2022	As at March 31, 2021
Net Profit for the year	(11,482)	437
Revenue from operation	-	1,252
Ratio	N.A.	0.35
% Change	N.A.	
Reason	Due to a decrease in revenue after covid as compared to the previous year and a comparatively huge loss mainly due to prepayment charges of bonds.	

Return on capital employed	(₹ in millions)
----------------------------	-----------------

Particular	As at March 31, 2022	As at March 31, 2021
Profit before exceptional item & tax plus finance cost	18,834	23,278
Capital employed	1,01,687	2,21,628
Ratio	0.185	0.105
% Change	76%	
Reason	Due to equity infusion by GoI in the CY and decrease in profit before exceptional item & tax plus finance cost	

Return on investment		(₹ in millions)
Particular	As at March 31, 2022	As at March 31, 2021
Income from investment	Nil	Nil
Closing balance of investment	Nil	Nil
Ratio	Nil	Nil
% Change	Nil	Nil
Reason	No investment made	

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

**i) Compliance with approved Scheme(s) of Arrangements**

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

**j) Utilization of Borrowed funds and share premium**

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

**61. FAIR VALUE MEASUREMENT AND FINANCIAL INSTRUMENTS:**

**a. Capital Management**

The Group's objective when managing capital is to:

- i. Safeguard its ability to continue as going concern so that the Company is able to provide return to stakeholders and benefits for other stakeholders; and
- ii. Maintain an optimal capital structure of debt and equity balance.
- iii. The capital structure of the Company consists of borrowings and total equity of the Company.
- iv. The Company's Audit Committee and BoD review the capital structure of the Company from time to time. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.
- v. During the financial year ended 31 March 2022, no significant changes were

made in the objectives, policies or processes relating to the management of the Company's capital structure.

**b. Financial instruments – by category and fair value hierarchy**

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

**As on 31st March 2022**

(₹ in million)

Particulars	Carrying Value				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
<b>Financial Assets</b>							
<b>Non-Current</b>							
Recoverable from AIL/ Govt. of India	-		-		-	-	-
Others	-		856.88	856.88			
<b>Current</b>	-			-			
Trade Receivable*	-		9,817.27	9,817.27	-	-	-
Cash & Cash Equivalents*	-		20,313.86	20,313.86	-	-	-
Bank Balances other than cash and cash equivalents*	-		1,367.59	1,367.59	-	-	-
AI Reconciliation Account/ Recoverable from AIL	-		7,244.48	7,244.48	-	-	-
Other Financial Assets	-		452.61	452.61	-	-	-
Others	-		108.90	108.90			
<b>Total</b>	-		<b>40,161.59</b>	<b>40,161.59</b>	-	-	-
<b>Financial liabilities</b>							
<b>Non-Current</b>							
Lease Liabilities	19,856.31		-	19,856.31			
Borrowings #	-		1,73,757.78	1,73,757.78	-	-	-
Other Financial Liabilities	-		21,647.41	21,647.41			
<b>Current</b>	-			-	-	-	-
Lease Liabilities	2,608.93		-	2,608.93			
Borrowing #	-		70,000.00	70,000.00	-	-	-
Trade Payables	-		12,561.82	12,561.82	-	-	-
(a) MSME	-		35.84	35.84			
(b) Other than MSME	-		4,044.71	4,044.71			
Other Financial Liabilities	-		6,986.65	6,986.65	-	-	-
Others	-		545.83	545.83			
<b>Total</b>	<b>22,465.24</b>		<b>2,89,580.05</b>	<b>3,12,045.29</b>	-	-	-

As on 31<sup>st</sup> March, 2021

(₹ in million)

Particulars	Carrying Value				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
<b>Financial Assets</b>					-	-	-
<b>Non-Current</b>					-	-	-
Recoverable from AIL/ Govt. of India	-	-	2,17,549.51	2,17,549.51	-	-	-
<b>Current</b>							
Trade Receivable*	-	-	-	-	-	-	-
Cash & Cash Equivalents*	-	-	40.34	40.34	-	-	-
Bank Balances other than cash and cash equivalents*	-	-	5,662.88	5,662.88	-	-	-
AI Reconciliation Account/ Recoverable from AIL	-	-	5,879.52	5,879.52			
Other Financial Assets	-	-	4.86	4.86	-	-	-
<b>Total</b>	-	-	<b>2,29,137.11</b>	<b>2,29,137.11</b>	-	-	-
<b>Financial liabilities</b>					-	-	-
<b>Non-Current</b>					-	-	-
Borrowings	-	-	2,19,850	2,19,850	-	-	-
<b>Current</b>					-	-	-
Borrowing	-	-	-	-	-	-	-
Trade Payables	-	-	1.16	1.16	-	-	-
<b>Other Financial Liabilities</b>					-	-	-
Interest Accrued but not due on debenture	-	-	5,185.72	5,185.72	-	-	-
Other Financial Assets	-	-	-	-	-	-	-
<b>Total</b>	-	-	<b>2,25,036.88</b>	<b>2,25,036.88</b>	-	-	-

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

\* The carrying amount of trade receivables, trade payables, cash and cash equivalents, bank balances other than cash and cash equivalents, and other current financial assets, approximates the fair values, due to their short-term nature. The other non-current financial assets represent the carrying value which approximates the fair values as on the reporting date.

Valuation techniques were used to determine fair value using discounted cash flow method.

### Fair Value Hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

Level 1:	Inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities.
Level 2:	Inputs are other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. prices) or indirectly (i.e. derived from prices).
Level 3:	Inputs are based on unobservable market data. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

## 62. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES:

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

- (i) Credit Risk
- (ii) Liquidity Risk
- (iii) Market Risk

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

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

The respective Company's management oversees the management of these risks. The Board of Directors of the Group Companies have reviewed the policies for managing each of these risks, which are summarized as under:

### (i) Credit Risk

In case of AIAHL, 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. Thus, there is no credit risk for the Company.

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation.

(₹ in million)

Particulars	Total Gross Carrying Amount	Total Loss Allowance
Debts not due	-	-
Debts overdue	6,924.80	585.18

### (ii) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligation

associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to manage Liquidity is to have sufficient liquidity to meet its liabilities when they are due, by seeking allocation for budgetary support from GOI.

In case of Holding Company, 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 ₹17,260.22 million as at 31<sup>st</sup> March 2022 (Previous Year ₹5703.22 million) anticipated future internally generated funds from government and interest, and its full availability, will enable it to meet its future known obligation in the ordinary course of business. However, if 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 date. The contractual cash flow amount is gross and undiscounted, and includes interest accrued but not due on.

(₹ in million)

As at 31st March 2022	Carrying amount	Contractual Cash Flows			
		Upto 1 year	1-5 Year	More than 5 years	Total
Non Current					
Other Financial Assets	9.17	9.17	0	0	9.17
Current	-	0	0	0	0
Trade Receivables	3,477.65	3477.65	0	0	3477.65
Cash And Cash equivalent and other bank balance	837.88	837.88	0	0	837.88
Other financial Assets	1.13	1.13	0	0	1.13
<b>Totals</b>	<b>4,325.83</b>	<b>4325.83</b>	<b>0</b>	<b>0</b>	<b>4,325.83</b>
Non-Convertible Debentures	70,000.00	70,000.00	0	0	70,000.00
(Series-1 AIAHL issued NCD full repayment assured by Min. of Fin, GOI vide letter No.12(29)-B(SD)/2018 dated 18.6.19 due for 100% repayment on 16 Dec 2022)					
Trade Payables	15,183.61	15,184.61	0	0	15,183.61
Interest Accrued but not due on Borrowings/NCDs	5,185.72	5,185.72	0	0	5,185.72

As at 31st March 2022	Carrying amount	Contractual Cash Flows			
		Upto 1 year	1-5 Year	More than 5 years	Total
Others Financial Liabilities	1,159.34	1,159.34	0	0	1159.34
Aircraft Lease	23,211.32	2,636.50	11,525.05	9,049.77	23,211.32
<b>Totals</b>	<b>1,14,739.99</b>	<b>94,165.17</b>	<b>11,525.05</b>	<b>9,049.77</b>	<b>1,14,739.99</b>

(₹ in million)

As at 31st March 2021	Carrying amount	Contractual Cash Flows				
		Upto 1 year	1-3 Year	3-5 Year	More than 5 years	Total
Non-Convertible Debentures (Series-1 AIAHL issued NCD full repayment assured by Min. of Fin, GOI vide letter No.12(29)-B(SD)/2018 dated 18.6.19 due for 100% repayment on 16 Dec 2022)	70,000.00	-	70,000.00	-	-	70,000.00
Trade Payables	0.20	-	-	-	-	0.20
Interest Accrued but not due on Borrowings/NCDs	5,185.72	5,185.72	-	-	-	5,185.72
Others	-	-	-	-	-	-
<b>Totals</b>	<b>75,185.92</b>	<b>5,185.72</b>	<b>70,000.00</b>	<b>-</b>	<b>-</b>	<b>75,185.92</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.

(₹ in million)

Particulars	AED	AUD	BDT	CNY	EUR	GBP	HKD	JPY	KRW	LKR	NPR	SAR	SEK	SGD	USD
Cash & Cash Equivalent	0.19	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02
Other Financial Assets	-	-	-	-	0	-	-	-	-	-	-	-	-	-	4.52
Trade Receivables	0.37	-	-	-	0.01	-	-	-	-	-	-	-	-	-	12.7
<b>Total Financial Assets</b>	<b>0.56</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.01</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17.24</b>
Other Financial Liabilities	-0.13	-0.13	-0.03	0.16	-0.16	0.02	-1.3	-	9.39	-	-1.5	-0.07	-0.01	-0.06	-0.03



<b>Particulars</b>	<b>AED</b>	<b>AUD</b>	<b>BDT</b>	<b>CNY</b>	<b>EUR</b>	<b>GBP</b>	<b>HKD</b>	<b>JPY</b>	<b>KRW</b>	<b>LKR</b>	<b>NPR</b>	<b>SAR</b>	<b>SEK</b>	<b>SGD</b>	<b>USD</b>
Trade Payables	-0.2	-	-	-	0.05	0.01	-	0.4	-	0.08	-	-	-	-0.02	2.57
<b>Total Financial Liabilities</b>	<b>-0.33</b>	<b>-0.13</b>	<b>-0.03</b>	<b>0.16</b>	<b>-0.02</b>	<b>0.02</b>	<b>-1.3</b>	<b>0.4</b>	<b>9.39</b>	<b>0.08</b>	<b>-1.5</b>	<b>0.07</b>	<b>0.01</b>	<b>0.04</b>	<b>2.54</b>

### **Exposure to Foreign Currency Risk**

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

### **Foreign Currency Sensitivity Analysis**

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

In the case of AIASL, based on the sensitivity analysis towards exposure to Foreign currency risk at 5% increase or decrease in INR against relevant foreign currencies the comparable impact on the Profit or Equity would be ₹ 6.27 million

## **B. Interest rate risk**

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

### **Interest rate sensitivity analysis**

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

- 63.** The Company has consistently applied its accounting policies in the preparation of the consolidated financial statements. During this year, there has been no change in the accounting policies being followed by the Group.
- 64.** Since the control of the subsidiaries have been transferred by the then Air India Limited on different dates in the month of January 2022, hence related party transactions is not comparable. Lower of transactions between subsidiaries to subsidiaries and Holding Company to subsidiaries have been eliminated.
- 65.** This is the first year of Consolidated financial statements, hence previous year's figures are not comparable.
- 66.** The Holding and Subsidiary Company has adopted the following materiality threshold limits in the recognition of expenses/ incomes and disclosures

(₹ in million)

Particulars	Holding Company	Subsidiaries			
		AIASL	AAAL	AIESL	HCI
Prior Period Expenditure / Revenue Restatement based on overall limit	10	-	15 1% of turnover of previous year	50 1% of total revenue of previous financial year	
Prepaid Expenses	-	-	0.010	-	-
Foreign Stations	-	-	0.050	-	-
Domestic Stations	-	-	0.010	-	-
Contingent Liability & Capital Commitments	-	-	0.10	-	-
Fair Valuation of Financial Instruments	50	-	5.0	50	-

- 67.** Previous year figures have been reclassified/regrouped, wherever considered necessary. Further, the holding company has reclassified the Rental Income as “Other Income” classified “income from operation” in the previous year as the income from the properties transferred by the then AIL has been classified as assets included in disposal group held for sale. Accordingly, previous year Revenue from operation is now Nil and other income has increased to that extent of rental income of ₹1,252.49 million and total income is now ₹ 23,368.21 million of previous year.

**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**

Sd/-  
**Vikram Dev Dutt**  
Chairman and Managing Director  
DIN 02055541

Sd/-  
**S.K.Mishra**  
Director  
DIN 07728790

Sd/-  
**Ashwani Sood**  
Partner  
M.No.084242

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

Sd/-  
**Kavita Tanwar**  
Company Secretary

Place: Delhi  
Date: 10 February 2023

**PART (A) : Statement of Salient Features of the Financial Statement of Subsidiaries (Form AOC-I)**

		(Rs in Cr)			
<b>Sr. No</b>	<b>Name of Subsidiary</b>	<b>AIESL</b>	<b>HCI</b>	<b>AAAL</b>	<b>AIASL</b>
1	Reporting Currency	INR	INR	INR	INR
2	Exchange Rate				
3	Closing as on 31.03.2022				
4	Average Rate 2021-22				
5	Share Capital	166.67	137.6	402.25	138.42
6	Reserve & Surplus	-1548.18	-751.46	-3500.8	223.23
7	Liabilities	3408.33	699.38	5903.59	552.28
8	Total liabilities	2026.82	85.52	2805.04	913.93
9	Total Assets	2026.82	85.52	2805.04	913.93
10	Investments	-	-	-	-
11	Turnover	1906.52	35.24	724.11	623.44
12	Profit before Exceptional items & taxation	575.28	-84.81	-446.43	-1.94
13	Exceptional items	-	-	-	-
14	Provision for taxation	-378.74	-84.81	-1.33	17.27
15	Other Comprehensive Income	6.86	0.56	0.37	22.89
16	Profit after taxation	837.18	-84.25	-447.39	38.22
17	Proposed Dividend	-	-	-	-
18	Percentage of shareholding	100%	80.38%	100%	100%

**PART (B) : Statement of Salient features of the Financial Statement of Associates and Joint Ventures: Not Applicable**

For and on behalf of the Board of Directors

Sd/-

**Vikram Dev Dutt**

Chairman and Managing Director

DIN 02055541

Sd/-

**S.K.Mishra**

Director

DIN 07728790

Sd/-

**Rajiv Kapoor**

Chief Financial Officer

Sd/-

**Kavita Tanwar**

Company Secretary

M.No ACS29486

Place: New Delhi

Date: 10 February, 2023

**AI Assets Holding Limited**

Registered Office: Airlines House,  
113 Gurudwara Rakabganj Road, New Delhi-110001  
website: [www.aiahl.in](http://www.aiahl.in)