

# ANNUAL REPORT

2021-22

*Naye Bharat Ki Udan!!*





**ALLIANCE AIR AVIATION LIMITED**



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## CHAIRMAN'S MESSAGE



*Dear Shareholders,*

It gives me great pleasure to present to you the 39<sup>th</sup> (Thirty Ninth) Annual Report of the Company for the financial year 2021-22. Alliance Air Aviation Limited (formerly known as Airline Allied Services Limited) is one of the leading regional airlines in the country providing connectivity to Tier II & Tier III cities in India. It is in the process of expanding its operations on Pan India basis by inducting more aircraft in its fleet. These aircraft will serve shorter routes within the country and also fly overseas.

### **OVERVIEW- CIVIL AVIATION INDUSTRY**

India's Civil Aviation Industry seems to have become a more mature market than any time in the past. As per the Indian Brand Equity Foundation (IBEF), the Indian aviation market is expected to become the world's third largest market in terms of passengers by 2024. The industry's growth is being propelled by the development of airports across multiple city tiers liberalized FDI policy, increasing adoption of information technology and a strong focus on regional connectivity.

At the onset of the pandemic crisis in early 2020 and throughout the subsequent year, the expectation was that the aviation industry would suffer tremendously from the sudden and widespread restrictions on global air travel and understandably so. IATA initially predicted aviation industry losses to peak above \$118bn in 2020, however, they actually ended up exceeding \$137bn, devastating the industry. Throughout 2021, there was a steady improvement in the performance of the airline industry. Domestic passenger markets are in full recovery and for many jurisdictions, levels have returned to within 20% of pre-pandemic figures. The aviation industry has proven its resilience throughout the pandemic, and its recovery is also progressing, even if intermittently.

India's Aviation sector is on the path of steady recovery from the demand suppression caused by the pandemic, as both corporate and leisure travel returns rapidly. However, the ongoing surge in fuel prices and weakening of the rupee pose short term challenges. With increasing vaccination coverage, waning of the pandemic, the opening of the economy, reduction in travel restrictions, and the resumption of scheduled international services, the Indian Aviation sector will again become an important contributor for socio-economic prosperity.





## AIR TRAVEL GROWTH

India's passenger traffic stood at 188.89 million in financial year 2021-22. In financial year 2021-22, airports in India pegged the domestic passenger traffic to be 166.8 million, a 58.5% year over year increase and international passenger traffic to be 22.1 million, a 118% year over year increase, as compared to Financial Year 2020-21.

Between financial year 2015-16 and financial year 2021-22, freight traffic increased at a CAGR of 2.52% from 2.70 MMT to 3.14 MMT. Freight traffic on airports in India has the potential to reach 17 MT by FY40. In Financial Year 2021-22, the number of aircraft movements stood at 1,757,112. To cater to the rising air traffic, the Government of India has been working towards increasing the number of airports. As of 2022, India had 129 operational airports. India has envisaged increasing the number of operational airports to 190-200 by FY40. (Source: IBEF).

A rising proportion of middle-income households, infrastructure development at leading airports and a supportive policy framework have collectively given positive impetus to the aviation sector. The Government's focus on privatising the sector will add a further push.

The Government of India has taken various initiatives to strengthen aviation. This included the calibrated opening of the domestic sector as the first wave of the pandemic ebbed, the introduction of air transport bubbles with specific countries (followed by scheduled international flights from March 27, 2022), privatisation and expansion of airports, a boost to the regional connectivity scheme - UDAN, and the incentivisation of maintenance, repair and overhaul set-ups (MROs) within the country.

Air travel is among the first sectors impacted whenever variants of concern emerge and Government react to protect their citizens and halt the spread of the disease. In some ways, COVID-19 has helped airlines to become much more focused on cost cutting and almost all of them have reduced their fleets and costs, especially labour and capex costs.

## INDIA TO BE THIRD LARGEST AVIATION MARKET

The Civil Aviation Industry in India has emerged as one of the fastest growing industries in the country during the last three years. India has become the third largest domestic aviation market in the world and is expected to overtake UK to become the world's third largest aviation market by 2024. With a market size of US\$ 16 billion, the country is the tenth-largest Civilian Aviation Market.

India is expected to overtake China and the United States as the world's third-largest air passenger market in the next ten years by 2030, according to the International Air Transport Association (IATA). According to the data released by the Department for Promotion of Industry and Internal Trade (DPIIT), FDI inflow in India's air transport sector (including air freight) reached US\$ 3.54 billion between April 2000-March 2022. The Government has allowed 100% FDI under the automatic route in scheduled air transport service, regional air transport service and domestic scheduled passenger airline. However, FDI over 49% would require Government approval. India's aviation industry is expected to witness Rs. 35,000 Crores (US\$ 4.99 billion) investment in the next four years. The Indian Government is planning to invest US\$ 1.83 billion for development of airport infrastructure along with aviation navigation services by 2026. India aims to have 220 new



airports by 2025. Cargo flights for perishable food items will also be increased to 30% with 133 new flights in the coming years. In February 2022, the Airports Authority of India (AAI) and other airport developers have set a capital outlay target of Rs. 91,000 Crores (US\$ 12.08 billion) for the development of the airport industry. (Source: IBEF)

According to Morgan Stanley, the Country will witness an investment of USD 25 Billion in the next decade in the airports sector and traffic growth of 13 %. It has projected that the share of air travel in air and rail travel combined in the country will grow to 15.2 % per cent by 2027. Given the huge investments being planned for the Civil Aviation sector, it is clear that the Country is poised for a big leap in the arena of air travel. It has enormous potential for expansion since air transport remains beyond the reach of most of the country's travelling public. Rail travel has increasingly become more expensive. In contrast, air travel provides comfort with speed. There is thus no doubt that Civil Aviation needs to keep a focus on quality, cost and passenger interest, which will enable it to become the third-largest aviation market by 2025.

### **CHANGE IN HOLDING COMPANY**

At the advent of the financial year 2021-22, your Company was a wholly owned subsidiary of Air India Limited. However, due to the disinvestment of Air India Limited and as per the decision of Air India Specific Alternative Mechanism (AISAM) for transferring the investments of Air India Limited (AI) in Alliance Air Aviation Limited (AAAL) to AI Assets Holding Limited (AIAHL), the entire shareholding of AAAL was transferred from AI to AIAHL at book values on 25 January 2022 and your Company has become the wholly owned subsidiary of AI Assets Holding Limited (AIAHL).

### **FUEL PRICES**

Fuel prices account for about 30% - 40% of airline's operational cost. In the beginning of the financial year 2021-22, due to COVID pandemic and economic slowdown, fuel prices went down to provide relief to the airlines but in the later part it was consistently increasing on the back of supply concerns following Russia's invasion of Ukraine and demand returning after being hit by the pandemic thereby adding burden to the operational cost of the airlines.

Indian consumers tend to be extremely price conscious and airlines find that a hike in price leads to an immediate dip in demand. The airline needs to ensure better efficiency in operations to cut costs and improve passenger service to lure customers.

To sum it up, the Indian Aviation Industry is on the verge of a major leap forward in the coming years, the economy gets a dip due to COVID 19 which also impacted the aviation industry to great extent, since March 2020 onwards. It can only be hoped that the policy environment continues to be conducive to its growth so that the industry can realize its full potential in the coming years.

### **NEW CIVIL AVIATION POLICY – REGIONAL CONNECTIVITY SCHEME**

The Regional Connectivity Scheme "Ude Desh ka Aam Nagrik" (UDAN) introduced by the Government, which will run for 10 years from 2017, will work to revive existing airstrips and airports. Under this scheme in 1<sup>st</sup> round of bidding, Government had awarded approximately 128 regional routes.



In the 2<sup>nd</sup>, 3<sup>rd</sup>, 3.1, 4<sup>th</sup> and 4.1 round of Regional Connectivity Scheme (RCS), 325 routes, 235 routes, 44 routes, 90 routes and 156 routes respectively, have been awarded to airlines and helicopter operators with the aim of enhancing flight services to hilly and remote areas. Under the scheme airline operators have to offer half of their seats at discounted rates with the Government providing Viability Gap Funding (VGF) or subsidy to airlines.

With the introduction of RCS, a number of new routes to unserved and underserved airports have opened up for Alliance Air and it has been awarded 17 routes, 26 routes, 40 routes, 12 routes, 16 routes and 08 routes (119 routes in total) in the 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 3.1, 4<sup>th</sup> and 4.1 round respectively of the bidding process. Alliance Air had actively participated in the 4.2 round of Regional Connectivity Scheme (RCS) bidding and awaiting its route allotment.

The Hon'ble Prime Minister flagged off the first UDAN flight on the Shimla-Delhi sector on 27 April 2017 and Alliance Air had the privilege of being the launch carrier. Alliance Air had launched 79 routes as on 31 March 2022 and also holds the credit for the first airline to complete commencement of operations on all the awarded routes in the first round of bidding. Under Wings India 2018 organized by FICCI in association with Government of India, Alliance Air has been declared as the winner of 'Best Airlines and Helicopter under RCS'. Further, Alliance Air has received an award for "Best airline operator" under RCS UDAN Scheme in Wings India 2022.

Alliance Air participated in World Aviation Festival Virtual week 19-23 April 2021, one of the largest events for Aviation and Travel Technology Industry held in London, UK.

RCS UDAN completed 4 successful years on the 22<sup>nd</sup> of November 2021. Alliance Air in the presence of the Hon'ble Minister of Civil Aviation and other dignitaries of the Ministry participated in UDAN UTSAV in Jharsuguda. On this special occasion, Alliance Air has provided an opportunity to the young and old local residents to experience the joy of flying at Jharsuguda. Alliance Air was awarded a certificate of appreciation as 'Champion of UDAN' for continuous service and support for the success of Government of India's UDAN Scheme.

As operation to unserved and underserved airports has incentivized by the Government, it will stimulate traffic on regional routes connecting Tier-2/3 cities. Alliance Air with its young fleet of ATR aircraft can take a position of dominance in the regional market. It, therefore, plans to participate aggressively in the subsequent rounds of RCS bidding as well.

## **PERFORMANCE OF THE COMPANY DURING THE YEAR**

The Net Loss after Tax of the Company was Rs. 447.39 Crores for the financial year 2021-2022 as compared to the Net Loss after Tax of Rs. 359.93 Crores for the financial year 2020-21. The increase in loss by Rs. 87.46 Crores was mainly due to increase in ATF prices & maintenance expenses. Salient features of the Annual Accounts of the Company for financial year 2021-22 are as follows:

- The operating revenue has also increased to Rs. 717.53 Crores in 2021-22 from Rs. 453.54 Crores in 2020-21 (approx. 58.21% increase). Although the restrictions in flight operations imposed during 2020-21 due to COVID-19 has been eased by



Government but due to second wave that hit the country in May 2021 to July 2021 and followed by third wave of pandemic in January 2022, the targeted operation could not be achieved.

- Actual block hours flown in 2021-22 has increased to 38,636 as against 29,248 block hours flown in 2020-21 (approx. 32.10 % increase). The yield per passenger improved to Rs. 3,612/- in 2021-22 as against Rs. 3,193/- in 2020-21.
- Fuel Cost has increased by Rs. 90.93 Crores in 2021-22 in comparison to 2020-21. The increase was due to increase in operations by 32.10 % along with exponential increase in ATF Rates (Average ATF rate increased to Rs. 63429.74 per KL in 2021-22 from Rs. 38,571.71 per KL in financial year 2020-21 which was approx. 64.45% increase in rates.
- The operating expenditure has also increased to Rs. 304.73 Crores in 2021-22 from Rs. 206.42 Crores in 2020-21, mainly due to increase in aircraft maintenance charges because of increased block hours by 32%. The additional increase in maintenance charges of Rs. 23.37 Crores was due to the following reasons:
  - The HSI (Hot Section Inspection) cost increased by Rs. 10.42 Crores (approx. 48%) during 2021-22 since 11 HSI (Hot Section Inspection) amounting to 31.72 Crores were conducted in FY 2021-22 as against 7 HSI amounting to Rs. 21.30 Crores in financial year 2020-21.
  - The usage fees cost of the leased engines increased by Rs. 7.93 Crores amounting to Rs. 11.12 Crores in 2021-22 as compared to Rs. 3.19 Crores in 2020-21 due to return of long term leased engines and engines taken on short term lease from OEM.
  - GMSA expense increased by Rs. 4.75 Crores in 2021-22 amounting to Rs. 38.63 as compared to Rs. 33.88 in 2020-21 due to withdrawal of COVID relief provided by ATR during 2020-21.
- The total expenditure has increased to Rs. 1,170.54 Crores in 2021-22 from Rs. 819.32 Crores in 2020-21. Other than operating cost, the increase in Finance Cost was due to negative ROE, resulted in impact of Forex on lease liability.
- ASKMs has increased by 766.358 million in 2021-22 as against 551.546 million in 2020-21. RPKMs has increased by 498.000 million in 2021-22 as against 282.639 million in 2020-21. The yield per RPKM was 7.81 in 2021-22 as against 7.1 in 2020-21. Passenger Load Factor was 65% in 2021-22 as against 57% in 2020-21.

## FUTURE PLANS

Presently, Company has a fleet of 18 ATR 72-600, 1 ATR 42-600 and 1 Dornier DO-228 aircraft deployed to operate about 65 flights every day over a network of 50 stations (as on 6<sup>th</sup> September, 2022). The Company has deployed made in India Dornier 228 Aircraft in the month of April 2022



and has inducted one ATR 42-600 in its fleet in the month of July 2022. Alliance Air has also planned to induct 01 (one) more new ATR 42-600 and 01 (One) Dornier DO-228 to its fleet phase wise year 2022-23. In the financial year 2019-2020, the Company had expanded its network and reached the neighbouring countries, however, due to COVID restrictions on International air travel, the operations were put on hold. Alliance Air has planned to resume its international operations to Sri Lanka by the end of September 2022.

Alliance Air has resumed its full operations in the mid of financial year 2021-22. The Company is also expected to reverse its financial parameters and back to operational profit in the coming years. Alliance Air also plans to add more 16 RCS routes PAN India in the year 2022-23. Alliance Air is the only leading airline to operate maximum flights in the high challenging north-eastern region of India. In near future, Alliance Air looks forward for new opportunities to expand its flight operations Internationally as well as in the Domestic sector.

### **CORPORATE GOVERNANCE**

Alliance Air Aviation Limited was in compliance with the guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE), wherever applicable during the year. The quarterly returns/annual returns on Corporate Governance were filed with the authorities concerned within the stipulated time.

### **ACKNOWLEDGEMENT**

I take this opportunity to thank Air India Limited (the then Holding Company), AI Assets Holding Limited, the Airport Authority of India, the Bureau of Civil Aviation Security, Director General of Civil Aviation and the Ministry of Civil Aviation for their unstinted support. I also acknowledge the support extended by all other authorities including banks and regulatory agencies and assure that we will continue our growth trajectory, taking the Company to greater heights. I would like to thank my colleagues on the Board for their valuable guidance.

I would like to thank all employees of the Company for their contribution and support to transform Alliance Air as the first choice of the travelling public.

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

Sd/-  
**(Vikram Dev Dutt)**  
Chairman



**VISION:**

To be a leading International Regional Airline, connecting Tier II and Tier III cities of India, in complete synergy with the network of Air India and linking South Asian cities with Alliance Air network.

**MISSION & OBJECTIVES:**

Prominent International Regional Airline

**Customer**

- Provide safe, reliable and on-time services
- Take effective steps to provide a high level of customer satisfaction
- Explore new passenger base for the airline market
- Provide one-stop connectivity to metros and beyond for seamless travel to main domestic and international destinations.

**Processes**

- Continuously improve standards of safety and efficiency
- Operate and maintain a young and modern fleet
- Provide the best and most efficient network in conjunction with main network of Air India
- Create economic value
- Enhance its competitive market standing and image as a Regional short-haul airline.

**Route – Network**

- Compete with high-density train traffic
- Meet regional aspirations of swift connection to metros and beyond
- Provide connectivity to cities so far not air connected.

**People**

- Build a highly motivated and professional team
- Maintain the highest degree of transparency and ethics
- Be a responsible corporate citizen.



## DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting the 39<sup>th</sup> (Thirty Ninth) Annual Report on the business and operations of the Company together with Audited Financial Statement, Auditor's Report, and Comments of the Comptroller and Auditor General of India for the year ended 31<sup>st</sup> March 2022.

### FINANCIAL PERFORMANCE OF THE COMPANY

The Financial performance for the year under review vis-a-vis the previous year was as under:

#### Financial Performance

(Rs. in Million)

Particulars	2021-22	2020-21
Operating Revenue		
Schedule Revenue	4,283.89	2,535.79
Non-Schedule Revenue	2,862.82	1,988.29
Other Operating Revenue	28.57	11.31
Other Income	65.81	56.88
Total Revenue	7,241.10	4,592.27
Total Expenses	11,705.43	8,193.21
Tax Expense	13.00	-
Other Comprehensive Income	3.71	1.62
Net Profit/(Loss) for the year before Tax	(4,464.33)	(3,600.94)
Net Profit/(Loss) for the year after Tax & Comprehensive Income	(4,473.92)	(3,599.32)
Share Capital	4,022.50	4,022.50

The total revenue of the Company for the financial year 2021-22 was Rs.7,241.10 million as compared to Rs. 4,592.27 million in the financial year 2020-21. The total expenses for the financial year 2021-22 were Rs 11,705.43 million as compared to the total expenses of Rs. 8,193.21 million in the financial year 2020-21. The Net Loss before tax for the financial year 2021 -22 was Rs. 4,464.33 million as against the net loss of Rs 3,600.94 million in the financial year 2020-21. The Net Loss after Tax & comprehensive income for the financial year 2021-22 was Rs. 4,473.92 million as against the Net Loss of Rs. 3,599.32 million in the financial year 2020-21.

#### IMPACT OF COVID 19

The COVID-19 pandemic continued to be a global challenge creating disruption across the world. In the first three months of FY 2022, the second wave of the pandemic overwhelmed India's medical infrastructure.

However, countries across the globe focused on vaccination coverage and implemented various economic stimuli to minimize the impact of COVID-19 and hasten economic recovery.



The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has used internal and external sources of information including credit reports and related information, economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets to be recovered.

However, the full extent of the impact of the COVID-19 pandemic on the Company's operations, and financial metrics will depend on future developments across the geographies that the Company operates in and the governmental, regulatory and the Company's responses thereto, which are highly uncertain and incapable of estimation at this time, however, we will continue to carry out the impact assessment on our assets and closely monitor any material changes to future economic conditions.

### **INFORMATION ON STATE OF AFFAIRS OF THE COMPANY**

Alliance Air Aviation Limited (AAAL) was a wholly-owned subsidiary of Air India Limited (AI), however pursuant to the disinvestment of AI and the decision of Air India Specific Alternative Mechanism (AISAM), the entire shareholding of the AAAL was transferred from AI to AI Assets Holding Limited (AIAHL) on 25 January 2022 and consequently, AAAL has become a wholly owned subsidiary of AIAHL w.e.f 25 January 2022.

The Company is in the business of air transportation which includes mainly passenger and cargo services and other related services in India. As at year end, the Company has a fleet of Eighteen ATR-72-600 Aircrafts.

For more detailed information on State of Affairs of the Company, please refer Management Discussion and Analysis Report forming part of the Report.

### **SHARE CAPITAL**

#### Authorized Share Capital

As on 31 March 2022, the Authorized Share Capital of the Company was Rs.2,000 Crores divided into Twenty Crores Equity Shares of Rs.100 each.

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

As on 31 March 2022, the Issued, Subscribed and Paid-up Share Capital of the Company was Rs.402.25 Crores divided into Four Crores Two Lakhs Twenty Five Thousand Equity Shares of Rs.100 each.

### **CHANGE OF NAME OF THE Company**

Effective 7 March 2020, the name of the Company was changed from Airline Allied Services Limited to Alliance Air Aviation Limited.

### **CHANGES IN THE SHARE CAPITAL, IF ANY**

During the year, there was no change in the paid up share capital of the Company.





## **CHANGE IN NATURE OF BUSINESS**

During the year, there was no change in the nature of business of the Company. However due to the disinvestment of Air India Limited, the entire shareholding of Air India Limited (the then Holding Company), held in Alliance Air Aviation Limited was transferred to AI Assets Holding Limited on 25 January 2022. Consequently, your Company has become the wholly owned subsidiary of AI Assets Holding Limited (a Government of India Undertaking).

## **DIVIDEND**

In terms of Section 123 of the Companies Act, 2013, the dividend could not be considered due to accumulated losses.

## **TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND**

Since there was no unpaid/unclaimed Dividend for the past years, the provision of Section 125 of the Companies Act, 2013 did not apply.

## **AMOUNTS TRANSFERRED TO RESERVES**

In view of the accumulated losses, the Board of Directors have decided not to transfer any amount to reserves during the year.

## **HUMAN RESOURCES**

The staff strength of the Company at the close of the year was 849 (843) contractual employees excluding 2(8) employees on deputation from the parent Company, Air India, 10 (16) employees on deputation from AIESL and 05 employees on deputation from IAF. All the employees of the Company are on fixed term employment agreement basis. Out of the 849 contractual employees, 256(30.15%) were female employees. Cadre-wise, as on 31 March 2022, there were 199 Pilots, 157 Cabin Crew and remaining 493 were other categories of employees.

Region wise, as on 31 March 2022, there were 506 employees from Northern Region, 70 employees from Western Region, 122 employees from Eastern Region and 151 employees from Southern Region.

As on 31 March 2022, there were total 25 expatriate pilots for ATR 72-600 fleet. At present, Alliance Air has 18 expatriate pilots as against 25 expatriate pilots in March 2022. Due to cost cutting measures and initiative to avoid dependency on expatriate pilots and efforts to increase Indian commander strength the expat pilot number has been reduced to 18 at present. The Company's endeavour is to keep the number of expatriate pilots to bare minimum to maintain minimum mandatory strength of commander vis-à-vis aircraft fleet.

## **IMPLEMENTATION OF RESERVATION POLICY**

The Reservation Policy has been implemented as per the Presidential Directives issued in the year 1975 along with the revised Directives effective 1991 and 1996.

**SC/ST/OBC– Number of employees as on 31 March 2022**

Total No. of employees	Total No. of SC employees	% of SC employees	Total No. of ST employees	% of ST employees	Total No. of OBC employees	% of OBC employees
849	109	12.84	37	4.36	156	18.37

**IMPLEMENTATION OF OFFICIAL LANGUAGE - USE OF HINDI**

To fulfill the objectives of the Official Language Policy of the Government, the Company played meaningful role in promoting the usage of Hindi at all levels. Officers/ Staff were encouraged to work more and more in Hindi. Hindi Pakhwara was conducted wherein Officers/ Staff participated with enthusiasm. Prizes and awards were distributed to winners and participants during the function.

**CONTRIBUTION TO EXCHEQUER**

The Company has contributed Rs.123.30 million (Rs. 69.00 million) to Government exchequer by way of Sales Tax and other levies on Aviation Turbine Fuel.

**COMPLIANCE WITH RTI ACT, 2005**

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

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

During the financial year 2021-22, 43 Requests and 2 Appeals were received and all RTI requests/ appeals related to Alliance Air have been disposed off during the financial year 2021-22.

**INFORMATION ABOUT SUBSIDIARY/JV/ASSOCIATE COMPANY**

The Company does not have any Subsidiary, Joint Venture or Associate Company.

**MATERIAL CHANGES AND COMMITMENTS**

In terms of the provisions of Section 134(3)(l), no material changes have occurred which have affected the financial position of the Company between 31 March 2022 and the date of Board's Report.

**MANAGEMENT DISCUSSION & ANALYSIS REPORT**

A detailed Management Discussion and Analysis Report is given separately.

**MEETINGS OF THE BOARD OF DIRECTORS**

During the Financial Year 2021-22, the Company held Eight meetings (including adjourned & re-adjourned meetings) of the Board of Directors as per Section 173 of Companies Act, 2013 which is summarized below:



Sr. No.	Date of Meeting	Board Strength	No. of Directors Present
1.	10.06.2021	5	5
2.	14.07.2021	5	5
3.	22.10.2021	5	5
4.	30.12.2021	5	5
5.	14.01.2022	5	4
6.	25.01.2022	5	5
7.	11.02.2022	3	3
8.	09.03.2022	4	3

### **DIRECTORS' RESPONSIBILITY STATEMENT**

The Board of Directors of the Company confirm: -

- (a) That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The Directors have prepared the Annual Accounts on a going concern basis;
- (e) The Company being unlisted sub clause (e) of section 134(3) is not applicable.
- (f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively

### **AUDIT COMMITTEE**

The Audit Committee comprised of 4 Directors. In the absence of Independent Directors on the Board of the Company, the Audit Committee is chaired by the Government Director.

Due to the reconstitution of Board by the Ministry of Civil Aviation (MoCA) vide its OM dated 31-12-2021 and 11-02-2022, the Audit Committee was reconstituted by the Board in its 173<sup>rd</sup> and 174<sup>th</sup> Meeting held on 11<sup>th</sup> February 2022 and 9<sup>th</sup> March 2022 respectively. As on 31 March 2022, the following were the members of the Audit Committee:

Name of the Director	Position held in the Committee	Category of the Director
Smt Usha Padhee	Chairperson	Government Nominee Director
Shri Vikram Dev Dutt	Member	Chairman (Nominee Director)
Shri Pranjol Chandra	Member	Government Nominee Director
Shri Deepak Sajwan	Member	Government Nominee Director

The Board has accepted the recommendations of the Audit Committee.



## **NOMINATION & REMUNERATION COMMITTEE**

The constitution of the Nomination & Remuneration Committee under section 178 of Companies Act 2013 has been exempted for the unlisted wholly-owned subsidiary companies vide notification no. GSR 880(E), dated 13-07-2017. Alliance Air Aviation Limited, being an unlisted wholly owned subsidiary Company of AI Assets Holding Limited thus got exempted from these provisions.

## **AUDITORS**

The Comptroller & Auditor General of India (CAG), has appointed M/s S K Kapoor & Co., Chartered Accountants, Delhi as Statutory Auditors of the Company for FY 2021-22.

Qualifications or adverse remarks in the Auditors' Report which require any clarification/ explanation along with reply of Management thereto are attached herewith in the Report.

The Notes on Financial Statements are self-explanatory and needs no further explanation.

## **COMMENTS OF COMPTROLLER AND AUDITOR GENERAL**

The Comments of the Comptroller & Auditor General of India under Section 143(6) of the Companies Act, 2013 on the accounts of the Company for the year ended 31 March 2022 are annexed to this report.

## **SECRETARIAL AUDIT REPORT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Board has appointed M/s Agarwal S. & Associates, Company Secretaries, New Delhi, to conduct Secretarial Audit for the financial year 2021-22.

The Secretarial Audit Report for the financial year ended 31 March 2022 is annexed to this Report.

## **LOANS, GUARANTEES AND INVESTMENTS**

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the provisions of Section 186 are not applicable to the Company.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO**

The particulars as required under the provisions of Section 134(3) (m) of the Companies Act, 2013 in respect of conservation of energy and technology absorption are given below:

### **(A) Conservation of energy-**

The Management is highly conscious of the criticality of the conservation of energy at all operational levels particularly of aviation turbine fuel which is leading source of energy for aviation activity. Adequate measures are taken to reduce energy consumption whenever possible by using energy efficient equipment and technology infusion. These measures among other includes maintenance of engine and airframe, flight planning, training to operational staff, regular analysis etc.

**(B) Technology absorption-**

- (i) **the efforts made towards technology absorption.**-Mobility solutions are being exercised so that workforce can operate from anywhere effectively and efficiently.
- (ii) **the benefits derived like product improvement, cost reduction, product development or import substitution.**-Cost saving has been achieved by moving from fixed infrastructure to shared cloud infrastructure and incorporating wireless/mobility options of telco.
- (iii) **in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-**
- (a) the details of technology imported: Aircraft Communication Addressing and Reporting System (ACARS).
- (b) the year of import: 2021-2022
- (c) whether the technology been fully absorbed: the technology is under the stage of implementation and expected to be implemented by December 2022.
- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and: Its as per Project Delivery timeline
- (iv) the expenditure incurred on Research and Development. : None

**(C) Foreign exchange earnings and Outgo**

		<b>CURRENT YEAR</b>	<b>PREVIOUS</b>
		<b>2021-22</b>	<b>YEAR 2020-21</b>
		<b>(Rs. in Million)</b>	<b>(Rs. in Million)</b>
<b>A.</b>	<b>Expenditure on Imports (CIF) during the year ended 31 March 2022</b>		
	- Aircraft Spares Parts & Tools	<b>151.27</b>	272.51
	- Capital Items-Ground Support Equipment Airframe Rotables and Aero Engg. Rotables	<b>5.86</b>	159.21
<b>B.</b>	<b>Expenditure on Consumption during the year ended 31 March 2022</b>		
	- Imported Spares & Components	<b>165.46</b>	152.45
	- Indigenous Spares	<b>Nil</b>	Nil
<b>C.</b>	<b>Earnings in Foreign Currency</b>		
	- Interline Revenue	<b>Nil</b>	Nil
<b>D.</b>	<b>Expenditure in Foreign Currency</b>		
	- Aircraft Lease & Maintenance Charges	<b>3706.75</b>	2922.62
	- Purchase of Stores & Equipment	<b>157.13</b>	431.72
	- Technical Literature	<b>22.45</b>	46.54
	- Training & travelling	<b>1.32</b>	0.22
	- Legal charges	<b>2.38</b>	Nil
	- Fuel & Landing/Parking	<b>Nil</b>	Nil



## DEPOSITS

The Company has not accepted any deposits during the year.

## SIGNIFICANT & MATERIAL ORDERS

During the financial year 2021-22, no significant and material orders were passed by the regulators or courts or Tribunals impacting the going concern status and Company's operations in future.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

The provisions of Section 135 of Companies Act, 2013 relating to Corporate Social Responsibility is not applicable to the Company as the Company has not earned any profits during the year.

## COMPLIANCE WITH THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The details of sexual harassment cases reported in the Company during the financial year 2021-2022, are as under: -

- i. Complaints of sexual harassment received during the relevant year -01(case closed).
- ii. Number of cases pending for more than ninety days- Nil.
- iii. Number of workshops or awareness programmes carried out in connection with sexual harassment:

General awareness programmes are normally conducted periodically. Besides this, Do's and Don'ts's prohibit of Sexual Harassment Posters were also displayed at all work places.

- iv. Remedial measures taken by the Company:

In line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, an Internal Complaints Committee (ICC) has been set up to deal with the complaints and also spread awareness in the organization.

## CORPORATE GOVERNANCE

The Company has complied with the requirements of Corporate Governance with the exception of appointment of Independent Directors on the Board.

The report on Corporate Governance in compliance of the provisions of Companies Act, 2013 and DPE guidelines on Corporate Governance issued by the department of Public Enterprises, Government of India is annexed at **Annexure A**.

## RISK MANAGEMENT

Since the revenue of AAAL was tied up through its parent Company Air India Limited till disinvestment of Air India Limited and the parent Company was having adequate risk Management policy in case of sales through Agents, credit cards, etc. by establishing a Capping monitoring policy, Bank Guarantee policy, Risk monitoring through Risk engine attached to web portal, AAAL being 100 percent subsidiary was not prone to high business risk. Therefore, the Company did not have any



Risk Management Policy yet, as the element of risk threatening the Company's existence was very minimal.

However, due to the disinvestment of Air India Limited, the process of framing a risk Management policy for the Company has been initiated.

### **EXTRACT OF ANNUAL RETURN**

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of Annual Return in form MGT 9 is enclosed as **Annexure B** and is also available on the website of Alliance Air Aviation Ltd. [www.allianceair.in](http://www.allianceair.in). Further, pursuant to Section 134(3)(a) of the Act, 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 <https://plone.allianceair.in/allianceair/en/assets/mgt-7/mgt-7-aaal-2021-22.pdf>.

### **DECLARATION OF INDEPENDENCE**

AAAL is a wholly owned subsidiary of AI Assets Holding Ltd. As per the provisions of Article 117 of the Articles of Association of the Company, the number of Directors of the Company shall not be less than three and not more than twelve all of whom shall be appointed by AI Assets Holding Limited, who in turn can do so subject to the directions of the Government of India.

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)**

The following changes have occurred in the constitution of Directors and KMP of the Company during the FY 2021-22:-

<b>Sr. No</b>	<b>Name</b>	<b>Designation</b>	<b>Date of Appointment</b>	<b>Date of Cessation</b>	<b>Mode of Cessation</b>
1.	Shri Rajiv Bansal	Chairman	14 February, 2020	21 January, 2022	Ceased to Chairman
2.	Shri Vikram Dev Dutt	Chairman	24 January, 2022	25 January, 2022	Ceased to Chairman
3.	Shri Vinod S Hejmadi	Director	20 November, 2015	25 January, 2022	Ceased to Director
4.	Ms Meenakshi Mallik	Director	14 July, 2020	25 January, 2022	Ceased to Director
5.	Shri Pranjol Chandra	Director	31 August, 2018	25 January, 2022	Ceased to Director
6.	Shri Prem Singh Negi	Regional Director, Northern Region, Air India Ltd.	7 October, 2019	01 May, 2021	Ceased to Director
7.	Shri Satyendra Kumar Mishra	Director*	25 January, 2022	27 January, 2022	Ceased to Director
8.	Shri Vikram Dev Dutt	Chairman	27 January, 2022	-	-
9.	Smt Usha Padhee	Director	25 January, 2022	-	-



<b>Sr. No</b>	<b>Name</b>	<b>Designation</b>	<b>Date of Appointment</b>	<b>Date of Cessation</b>	<b>Mode of Cessation</b>
10.	Shri Pranjol Chandra	Director	11 February, 2022	-	-
11.	Smt Harpreet A. De Singh	Chief Executive Officer, AAAL	3 November, 2020	31 July, 2021	Ceased to Chief Executive Officer
12.	Shri Vineet Sood	Chief Executive Officer, AAAL	31 July, 2021	-	-
13.	Smt Manjiree Vaze	Company Secretary, AAAL	21 March, 2017	14 January, 2022	Ceased to Company Secretary
14.	Smt Shilpa Bhatia	Company Secretary, AAAL	14 January, 2022	-	-

\* Due to the reconstitution of Board by the Ministry of Civil Aviation (MoCA) vide its OM dated 31-12-2021, the Board in its 172<sup>nd</sup> meeting held on 25.01.2022 has nominated Shri Satyendra Kumar Mishra as Chairman for the further proceeding of Board Meeting and for the further Board and General Meetings till any further communication from MoCA/ AIAHL.

## **PERFORMANCE EVALUATION OF BOARD, ITS COMMITTEES AND INDIVIDUALS**

As per the Notification dated 5 June 2015 of the Ministry of Corporate Affairs, the provisions of Section 134(3) (p) of the Companies Act, 2013 shall not apply in case the Directors are evaluated by the Ministry, which is administratively in charge of the Company as per its own evaluation methodology. Alliance Air Aviation Limited, being a Government Company, the performance evaluation is carried by the MoCA, Government of India, as per the applicable Government guidelines.

## **POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION**

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

## **PARTICULARS OF EMPLOYEES**

Alliance Air Aviation Limited, being a Government Company, its directors are appointed / nominated by the Government of India as per the Government / DPE Guidelines which also include fixation of pay criteria, determining qualifications and other matters.

As per the Ministry of Corporate Affairs exemption Notification dated 5 June 2015, the provisions of Section 134(3)(e) are not applicable to a Government Company. Consequently, details on Company's policy on Directors' appointment as specified in Section 178 (3) are not provided.

Similarly, disclosure of the ratio of the remuneration of each Director to the median employee's remuneration and other such details including the statement showing the names and other particulars of every employee of the Company, who, was in receipt of remuneration in excess of the limits set out in the Rules, are not provided.





## **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

Exemption from the first and second proviso to sub-Section (1) of Section 188 with regard to obtaining approval of the Company in General Meeting, has been provided to a Government Company in respect of contracts or arrangements entered into by it with any other Government Company.

All Related Party Transactions are placed before the Audit Committee and also the Board for approval.

Particulars of contracts or arrangements or transactions in Form AOC-2 are attached as **Annexure C**.

## **REPORTING OF FRAUDS BY AUDITORS**

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and / or Board under Section 143(12) of Act and Rules framed thereunder.

## **INTERNAL CONTROL SYSTEMS**

The Company internal control systems are designed to ensure operational efficiency, accuracy and promptness in financial reporting and compliance with laws and regulations. The internal control system is supported by an internal audit process for reviewing the adequacy and efficiency of the internal controls, including its systems and processes and compliance with regulations and procedures. Internal Audit Reports are discussed with the Management and are reviewed by the Audit Committee of the Board, which also reviews the adequacy and effectiveness of the internal controls.

## **DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016**

During the year under review, there were no applications made or proceedings pending in the name of the Company under the Insolvency and Bankruptcy code, 2016.

## **DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE-TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS**

During the year under review, there has been no one time settlement of Loans taken from Banks and Financial Institutions.

## **MAINTENANCE OF COST RECORDS**

During the period under review, the provision of section 148 of the Companies Act, 2013 relating to maintenance of cost records does not applicable to the Company.



## ACKNOWLEDGEMENTS

The Board sincerely appreciates the Company's valued customers in India and abroad for using the services of Company and looks forward to their continued support and confidence.

The Board also gratefully acknowledges the support and guidance received from Air India Ltd., AI Assets Holding Limited, the Bureau of Civil Aviation Security, Ministry of Civil Aviation and various Ministries of the Government of India, to the Company's operations and development plans. The Board expresses their grateful thanks also to the DGCA, Comptroller and Auditor General of India, the Ministry of Corporate Affairs, the Statutory Auditors, Secretarial Auditor, Internal Auditors, Airports Authority of India, other Govt. Departments, airlines, agents.

**For and on behalf of the Board**

Sd/-  
**(Vikram Dev Dutt)**  
Chairman

Place: New Delhi  
Date: 16.09.2022



## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### ANALYSIS OF FINANCIAL PERFORMANCE

#### Revenue

- ❖ The total revenue earned during the year was Rs.7,241.10 million as against Rs. 4,592.27 million during 2020-21.

#### Expenditure

- ❖ The total expenditure incurred during the year was Rs.11,705.43 million compared to the previous year's figure of Rs. 8,193.21 million.

### HUMAN RESOURCES

#### Staff Strength

As on 31 March 2022, AAAL had 849 employees on Fixed Term Employment Agreement basis. In addition, there were 2 employees on deputation from Air India Limited, 10 employees on deputation from AIESL and 05 employees on deputation from IAF. The Industrial Relation scene remained peaceful during the period 1 April 2021 to 31 March 2022.

### FLEET POSITION

As on 31 March 2022, aircraft available in AAAL fleet are as under:

Aircraft	MSN	TYPE
VT-AII	1197	ATR72-212A
VT-AIT	1226	ATR72-212A
VT-AIU	1246	ATR72-212A
VT-AIV	1252	ATR72-212A
VT-AIW	1272	ATR72-212A
VT-AIX	1268	ATR72-212A
VT-AIY	1273	ATR72-212A
VT-AIZ	1279	ATR72-212A
VT-RKC	1381	ATR72-212A
VT-RKD	1383	ATR72-212A
VT-RKE	1421	ATR72-212A
VT-RKF	1423	ATR72-212A
VT-RKG	1427	ATR72-212A
VT-RKH	1434	ATR72-212A
VT-RKJ	1439	ATR72-212A
VT-RKK	1445	ATR72-212A
VT-RKL	1456	ATR72-212A
VT-RKM	1463	ATR72-212A

**ON TIME PERFORMANCE AND TECHNICAL DISPATCH RELIABILITY**

i) Aircraft on time performance during the year 2021-22 was as under:

On Time performance (OTP)	
Period	OTP
FY 2021-22	81.10

ii) Aircraft technical dispatch reliability during the year 2021-22 was as under:

Aircraft Type	Period	Technical Dispatch Reliability
ATR 72-212A (600)	FY 2021-22	98.94%

**AIRCRAFT UTILIZATION**

Aircraft utilization during the year 2021-22 was as under:

Financial Year	Flying Hrs. Utilization	Block Hrs. Utilization
2021-22	30473:56	38636:22

**EXPANSION OF AIRCRAFT WORKSHOP FACILITIES**

As per MOU dated 29-07-2013 signed between AIESL and AAAL, all engineering/maintenance activities of AAAL are being carried out by AIESL w.e.f. 1st Jan 2015.

Hence, no Aircraft workshop facilities are with AAAL and are being handled by AIESL.

**MARKETING INITIATIVES**

Performance during the year 2021-22 was as under:

No. of Stations: 48

Departures per day: 111

RCS & VGF Departures per day: 53

Commercial Departures per day: 58

**Revenue Performance**

Month	Rev Pax	Pax Yield	Revenue (Crores)	RCS + VGF	Total Revenue (Crores)
Apr-21	63,147	3,073	19.40	21.29	40.70
May-21	29,756	3,262	9.71	18.48	28.19
Jun-21	52,874	3,547	18.75	21.18	39.93
Jul-21	70,363	3,495	24.59	24.00	48.59
Aug-21	80,491	3,375	27.16	23.82	50.98
Sep-21	91,031	3,423	31.16	23.48	54.63
Oct-21	1,07,694	3,853	41.49	25.00	66.49
Nov-21	1,20,306	3,814	45.88	26.24	72.12
Dec-21	1,25,358	3,916	49.09	24.60	73.69
Jan-22	79,509	3,487	27.73	25.89	53.61
Feb-22	1,11,715	3,616	40.39	22.06	62.45
Mar-22	1,45,441	3,666	53.31	27.06	80.37
<b>FY 2021-22</b>	<b>10,77,685</b>	<b>3,607</b>	<b>388.67</b>	<b>283.09</b>	<b>671.76</b>

**Physical Statistics**

Month	Capacity	% Seat Factor	Block Hours	OTP
Apr-21	1,27,741	50%	2,957	88%
May-21	90,138	33%	2,025	90%
Jun-21	1,05,475	51%	2,421	89%
Jul-21	1,22,399	57%	2,845	82%
Aug-21	1,30,407	62%	3,023	78%
Sep-21	1,40,902	65%	3,277	83%
Oct-21	1,47,528	75%	3,516	73%
Nov-21	1,63,055	74%	3,812	66%
Dec-21	1,69,081	75%	3,958	68%
Jan-22	1,46,672	53%	3,369	83%
Feb-22	1,46,655	77%	3,303	81%
Mar-22	1,82,319	80%	4,131	80%
FY 2021-22	16,72,372	65%	38,636	80%

**New Flights introduced in FY 2021-22**

Routes	Frequency	Effective	Flight Type
Delhi-Ahmedabad-Nasik & vice versa	5 flights per week	12 Jul 2021	Commercial
Bengaluru-Hyderabad-Bengaluru	Daily	12 Jul 2021	Commercial
Hyderabad-Chennai-Hyderabad	Daily	29 Aug 2021	Commercial
Mumbai-Sindhudurg-Mumbai	Daily	09 Oct 2021	RCS
Kolkata-Guwahati-Shillong-Aizawl & vice versa	4 flights per week	18 Oct 2021	VGF
Guwahati-Shillong-Dimapur & vice versa	4 flights per week	22 Nov 2021	VGF
Bengaluru-Goa-Bengaluru	Daily	26 Nov 2021	Commercial
Hyderabad-Vijayawada-Hyderabad	Daily	01 Dec 2021	Commercial
Bengaluru-Vijayawada-Bengaluru	Daily	01 Dec 2021	Commercial
Delhi-Lucknow-Delhi	Daily	17 Mar 2022	Commercial
Hyderabad-Goa-Hyderabad	Daily	27 Mar 2022	Commercial
Hyderabad-Pune-Hyderabad	Daily	27 Mar 2022	Commercial
Kolkata-Ranchi-Kolkata	Daily	27 Mar 2022	Commercial
Bengaluru-Kochi-Bengaluru	Daily	27 Mar 2022	Commercial
Delhi-Chandigarh-Delhi	Daily afternoon (additional)	27 Mar 2022	Commercial
Hyderabad-Vijayawada-Hyderabad	Daily morning (additional)	27 Mar 2022	Commercial

**PLAN FOR 2022-2023****New Routes proposed in FY 2022-23**

Routes	Flight Type	Frequency	Proposed date of Commencement
Mumbai-Keshod-Mumbai	RCS	3 flights per week	Apr 2022
Dibrugarh-Pasighat-Lilabari & vice versa	VGF	Twice a week	Apr 2022
Jabalpur-Bhopal-Gwalior-Bhopal-Jabalpur	Commercial	3 flights per week	Jun 2022
Bhopal-Bilaspur-Bhopal	RCS	4 flights per week	Jun 2022



The other routes which are also being explored include:

- Ahmedabad-Diu-Ahmedabad
- Diu-Surat-Diu
- Ahmedabad-Kandla-Ahmedabad
- Ahmedabad-Daman-Ahmedabad
- Daman-Diu-Daman
- Dibrugarh-Tezu-Dibrugarh
- Silchar-Imphal-Silchar
- Lilabari-Tezpur-Lilabari
- Shillong-Lilabari-Shillong
- Imphal-Aizawl-Imphal
- Bhubaneshwar-Varanasi-Bhubaneshwar
- Delhi-Kota-Delhi
- Delhi-Shimla-Delhi

#### **STEPS TAKEN TO MEET COMPETITION**

- Targeted SMS and Email Marketing campaign through Call Centre database for all new flights.
- Digital Marketing on social media with video campaigns.
- Banner display on OTA to promote new flights & promotions.
- Extensive National and Regional media coverage to promote multiple new routes launched in March 2022.

#### **CHARTERS**

- Competitive Charter rates were introduced & communicated to trade partners & all station managers. Marketing fliers on Charters were created and updated on social media handles for wider publicity. No. of Flights: 75.

#### **ACHIEVEMENTS**

- Alliance Air participated in World Aviation Festival Virtual week 19-23 April 2021, one of the largest events for Aviation and Travel Technology Industry held in London, UK..
- Brand promotion and publicity at Aviation Festival Asia.
- Branding and question answer inputs promoting Alliance Air in the special feature on UDAN in the August edition of Business India Magazine.
- RCS UDAN completed 4 successful years on the 22 November 2021. Alliance Air in the presence of the Hon'ble Minister of Civil Aviation and other dignitaries of the Ministry participated in UDAN UTSAV in Jharsuguda. We were pleased to provide an opportunity to the young and the old to experience the joy of flying at Jharsuguda. Alliance Air was awarded a certificate of appreciation as 'Champion of UDAN' for continuous service and support.



- Alliance Air received award for Best airline operator under RCS UDAN in Wings India-2022.
- Brand promotion creative campaign run on social media with flyers, speech, celebrations & flag hoisting on the auspicious occasion of 75 years of Independence (Azaadi ka Amrut Utsav).
- Traveller Type Campaign on social media for follower engagement and brand recall.

**NORTH EAST OPERATIONS****North East flights operated in FY 2021-22**

<b>Route</b>	<b>Frequency</b>	<b>Flight Type</b>
Guwahati-Tezpur-Passighat-Tezpur-Guwahati	3 flights per week	VGf
Kolkata-Guwahati-Kolkata	Daily	VGf
Kolkata-Lilabari-Kolkata	Daily	VGf
Kolkata-Guwahati-Aizawl-Shillong & vice versa	4 flights per week	VGf
Guwahati-Dimapur-Imphal & vice versa	Daily	VGf
Guwahati-Shillong-Dimapur & vice versa	4 flights per week	VGf

**FARES DURING 2021-2022**

Reasonable market fares were offered by the airline during 2021-2022 taking into consonance factors interalia:

- Dynamic fares offered by competitors in price sensitive market
- Seasonality
- VGf / RCS Sectors
- Flight frequency, timings, direct / indirect operations, product strength, competitors' activities, seasonality etc.

**PROMOTIONAL SCHEME**

Alliance Air had a "Festive Season" sale starting from 16th October 2021 to 20th October 2021. Passengers booking during the sale window can fly in the travel period from 6th November 2021 up till 31st March 2022.

**PASSENGER FACILITATION**

- Passenger's facilitation and food services have been provided.
- Undertaking also proactive complaints resolution.

<b>Quarter</b>	<b>Complaints Received</b>	<b>Complaints Closed</b>	<b>% Complaints Closed</b>
Q1	150	150	100%
Q2	278	277	99.6%
Q3	464	454	98%
Q4	450	432	96%
<b>FY 2021-22</b>	<b>1,342</b>	<b>1,313</b>	<b>98%</b>



**ECONOMY SAVING MEASURES**

- During COVID-19 scenario discontinued meal service.
- AAAL has migrated into the new PSS System (PAX Links) w.e.f. 15 April, 2022.
- Low-Cost printers with ink tank have been procured to cut down the running cost and blockage of high-cost cartridges of laser printer.
- BP/BT Printers also have been replaced by low-cost printers at 1/5th of the cost.
- ISP bandwidth has been upgraded to 100 MBP.

**INITIATIVES**

Various initiatives have been adopted during the period under review:

- Commercial Planning Sub system has been activated- Used for network planning, route analysis, flight scheduling, publishing and managing the commercial network schedule.
- Crew Management Sub System (CMSS) that covers all aspects of efficient Crew Management by generating automatic and manual rosters without violations.
- Integrated Training Management Sub System (ITMS – e-learning) has been implemented. This unifies staff training records for all employees to ensure that certification, skills and knowledge levels are monitored and maintained to satisfy safety, quality and regulatory compliances.
- Crew Web Portal for aircrew and cabin crew to interact with Management.
- Flight Planning and Dispatch System (FDS) that automates and optimizes the complete flight planning and dispatch process.
- Info – prompt – Integrated Document Management System (IDMS) – Laminaar that is used for managing digital content to provide paperless environment.

**IMPACT OF COVID**

Taking into consideration the COVID 2<sup>nd</sup> wave and the travel restrictions imposed by most States led to a drop in passenger loads. In order to curb cost and control losses, Alliance Air operations were rationalized whereby we restructured / curtailed our operations. This exercise resulted in cost saving via planned cancellations and curtailment.

Alliance Air also followed the ‘Capacity operated’ as per MoCA guidelines.

<b>Date of Circular</b>	<b>Allowed Capacity to Operate</b>
21-May-20	33%
26-July-20	45%
02-Sep-20	60%
11-Nov-20	70%
03-Dec-20	80%
28-May 20	50%
05-Jul-21	65%
12-Aug-21	72.50%
18-Sep-21	85%
18-Oct-21	100%





## VACCINE MOVEMENT & CHARTERS

- Approval was received from regulatory authorities to operate cargo freighters for vaccine and other medical equipment. Designated freight forwarders for vaccine and vaccine manufacturers were updated on the same. Assistance from Ministry of Civil Aviation was also taken to communicate this information to the concerned target audience.
- During COVID, Alliance Air carried 26,044 kgs / 861 pieces for the vaccine movement to support the cause.

## CORPORATE SOCIAL RESPONSIBILITY

- Campaign of Live organ (eyes) transported on Delhi- Dehradun flight on 19 August 2021.
- Virtual participation & presence for branding & promotion of Alliance Air at Commonwealth Forum & Awards 2021 “Serving Humanity, Protecting Lives”.
- Alliance Air purely believes in delivering a green world to the society. Alliance Air has taken various initiatives for plantation on day to day basis.

## ENGINEERING INITIATIVES

**Various economy measures adopted and achievements made thereon highlighting the specific items / areas, quantifying the amounts so saved.**

- From 1<sup>st</sup> Oct 2021, Engine maintenance program changed from hard time to on condition monitoring system and approx Rs.32 Cr. savings due to engine hour’s extension till December 22.
- GMSA negotiations with M/s ATR with the agreed annual saving of Rs 4.75 Cr.
- Renegotiated engine ED1422 shop visit, received credit note of Rs 31 Lakh.
- Replaced PT packs at Delhi, on the cost of P&W, approx saving of Rs 19 Lakh on the same.
- Optimized Aircraft maintenance programme with Rs 1.30 Cr yearly savings.
- Yearly saving of Rs 1.11 Cr after reviewing & renegotiation of NAV data billing.
- Engine condition trend monitoring (ECTM) contract reviewed and negotiated with yearly saving of Rs 11 Lakh.
- Reduced TAT on scheduled maintenance to get more availability of the fleet.
- Streamlined the technical procurement & logistics section, to ensure right material, right place at right time.

**A brief note on the steps taken to reduce the expenditure on the aviation fuel. Measures taken for improving maintenance and the savings affected may also be indicated.**

Fuel tester tool procured by AAAL and the same is handover to AIESL for manage fuel imbalance snag in the ATR 72 fleet.



**A brief note on Engineering and Maintenance including bases, new shops, major works, outstations;**

- No of Transit Stations- 48
- No of Night Halt Bases – 05 (Delhi, Hyderabad, Kolkata, Mumbai, Bangalore).
- Rotable spares (Fire extinguishers, Oxygen bottles, Batteries, SSCVR, SSFDR, ELT, wheels assy, brakes etc.) of AAAL are being serviced at AIESL and other vendor shops across Delhi, Hyderabad, Kolkata and Mumbai.

**Details of Engineering Services provided to other Airlines/Organization and Engineer's Training Programme:**

As per the MOU signed between AIESL and AAAL, all AME's (certifying staff) have been hived off and transferred from AAAL to AIESL. Hence all aircraft-related Engineering training is being managed by AIESL.

**Plan for 2022-23 with special reference to aircraft utilisation, availability of Engineers, new routes/services, utilisation of facilities etc. and also plan for fleet expansion.**

Dornier project with M/s HAL started with one aircraft VT-KNP and in next phase another one Do-228 aircraft VT-KNQ is going to be induct in AAAL's fleet.

The Company has inducted one ATR 42-600 in the month of July 2022 and planning to induct one more aircraft in the month of September 2022.

**FLIGHT SAFETY**

The Company has independent Flight Safety Department which functions as per the DGCA requirements in proactive manner. Under proactive function, the Flight Safety Department does FOQA (Flight Operational Quality Assurance) which require continuous monitoring of flight data i.e., of SSFDR, CVR and internal Safety audit of the base station as well as safety inspection of line stations, airfield inspection, spot checks and ramp inspection.

Total 50 incidents were reported for the FY 2021-2022, out of which 49 cases were investigated by the Permanent Investigation Board (PIB) of the Company with DGCA representatives, 1 case is under investigation by AAIB.

In the financial year 2021-2022, 1 (RUNWAY EXCURSION) Serious Incident at Jabalpur was reported. Total 23 Bird hit/strike occurrences were reported in the financial year 2021-2022. NIL damage was observed. The respective aerodrome authorities as well as DGCA were informed about these occurrences for corrective measures.

To ensure safety of aircraft following measures are taken up by the Flight Safety Department: -

- For SMS & Quality Assurance throughout the organisation SQMS (Safety Quality Management System) is procured & training has been imparted to various Departments for implementation of the Software.
- Safety audit of base station (Delhi) & 18 Line station was carried out as per approved Safety audit plan 2021-2022.



- Load and trim sheet of ATR 72-600 fleet are being monitored on monthly basis.
- FOQA trends on quarterly basis shared with Training Department for emphasis during Training session.
- As per FOQA program crew were timely cautioned, advised and counselled for exceedance value.
- SAG (Safety Action Group) meetings are being conducted every month & employees are encouraged to submit Voluntary report on any hazard identified. Total 44 voluntary reports were received and closed for the year 2021-2022.
- The recommendations of Permanent Investigation Board are circulated to the concerned departments for necessary action.
- In house SRM/SRBM are conducted in the month of August & December 2021.

## OPERATIONS

**A brief note on the steps taken to reduce the expenditure on Aviation Fuel. Measures taken for shortening of flights routes, optimization of flights, improving flight technique/ maintenance and savings affected may also be indicated.**

### **Measures taken for Fuel Saving by Operations Department:**

1. Computerized Flight Plan (CFP) was implemented for all Alliance Air flights for the last six months instead of manual flight plan.  
  
CFP optimizes the Flight Level to fly to destination based on the actual wind, trip distance and actual weight of the aircraft, as a result overall fuel consumption is reduced. CFP also predicts the exact fuel required to fly to destination based on the actual takeoff weight, whereby carrying extra fuel is avoided which also gives higher payload especially RTOW restricted runways.
2. Descent speed for all Alliance Air flights (ATR 72-600 aircraft) was revised, as a result there is fuel saving of approximately 10400kg per week (800 flights per week) and a cost saving of approximately Rs. 11.7 lakhs per week. This change also helps flight crew to fly stabilized approaches.
3. Alternates are selected in such a way that they are at minimum distance from destination. Hence block fuel requirement decreases which enables higher pay load and fuel saving.
4. Concept of Fuel Tankering is being utilized and fuel tankering circular is being issued every fortnight by Operations Department. Close coordination is being done between Operations and Finance Department to ensure accurate, updated and revised fuel prices at every station depending on whether the sector is being operated as a commercial flight or RCS flight.
5. Ground cooling unit is being used at selected metro stations wherever available instead of Hotel Mode thereby reducing fuel consumption.
6. Pilots are encouraged to conduct straight in approach/ visual approach as much possible which reduce track miles travelled by the aircraft.



7. Single Engine Taxi in post landing is being followed by Alliance Air cockpit crew in adherence to ATC procedures.
8. Continuous Descent Technique from top of descent is encouraged to cockpit crew instead of level of segments which aids in fuel saving. It also helps in noise abatement regulations.

**FUEL TANKERING**

Aircraft fuel price at each airport differs due to many reasons. In order to reduce the expenditure on fuel, extra amount of fuel is uplifted at airport where fuel price is cheaper and this is known as Fuel Tankering.

Fuel Tankering is possible in a very limited way in ATR 72-600 and only when payload is permitting (under load conditions) without exceeding any weight limitations.

Alliance Air Operations Department in coordination with Alliance Air Finance Department evaluates fortnightly the fuel price at each station where Alliance Air operates. After careful analysis, based on the fuel price difference and sector length, Fuel Tankering sectors are identified and Operations Circular is issued to flight crew and flight dispatchers to carry out Fuel Tankering, if payload is permitting.

Presently, Fuel Tankering is recommended for 34 sectors and as a result of Fuel Tankering cost saving is approximately Rs. 35- 40 Lakhs per month.

**Aircraft type-wise number of Pilots trained as Commander and Co-Pilots with training flying hours and change in training pattern, if any.****No. of Pilots trained as Commanders & Co Pilots**

Sr. No	No. of Pilots Trained/Upgraded (ATR 72-600)					
	P1 (Including Transition Captains)	P2	DEs	TRIs	SFIs	LTCs
1	27	23	2	2	2	9

**Number of performance/ technical/endorsement refresher courses/ training conducted along with the number of participants-Pilots/Cabin Crew etc.**

Pilots Ground Training Details				
Sr. No	ATR 72-600 Type of Training	Number of Captain (P1)	Number of Co-Pilots (P2)	Number of Trainings Conducted
1	ATR 72-600 Recurrent Ground Training	61	86	23
2	ATR 72-600 Extended Refresher Training	14	8	6
3	ATR 72-600 LTC Refresher Training	12	0	8
4	ATR 72-600 TRI Refresher Training	2	0	3
5	ATR 72-600 New Pilots OCC Refresher Training	10	11	4
6	ATRP Training Program	8	2	2
7	ATR 72-600 PIC Refresher Training	0	12	5
8	ATR 72-500 To ATR 72-600 Difference Training Program	1	1	1
9	ATR 72-600 SFI Train The Trainer Training	3	0	2



Sr. No	DO-228 Type of Training	Number of Captain(P1)	Number of Co-Pilots (P2)	Number of Trainings Conducted
1	DO-228 New Pilots OCC Refresher Training	5	0	1
2	DO-228 Train The Trainer Training	2	0	1

Cabin Crew Ground Training Details		
Type of Training	No. of Trainings conducted	No. of candidates
Initial Training	1	17
DGR Training	33	133
Refresher Courses	21	171
AVSEC Training	47	105
Life Jacket Drill	12	79

#### Requirement of Pilots and shortage, if any, with reference to the fleet.

Presently, there is no shortage of pilots on ATR 72/600 fleet. However, in view of two (2) ATR 42-600 aircraft in Alliance Air fleet, walk-in interviews are being conducted every month for type rated captains.

Currently, there are 18 expats on Indian Contract on pay roll of Alliance Air. Efforts are being undertaken to replace expat captains with Indian Commanders before MoCA deadline of 31<sup>st</sup> December 2022.

**Dornier – 228:** Currently, five (5) captains have been inducted in Alliance Air with MoU with IAF. Limited operations have commenced on DO 228 fleet with effect from 18<sup>th</sup> April 2022. Hiring is being expedited to increase crew strength on DO 228 fleet.

Alliance air has two (2) DO 228 aircrafts which requires minimum 3 sets per aircraft, hence requirement of total 12 cockpit crew. Remaining crew is being recruited through walk in from the open market.

#### A note on cabin/ cockpit crew utilisation with special reference to type-wise & region-wise crew utilisation.

Cockpit Crew/ Cabin Crew were utilized on ATR 72-600 type of aircraft only.

**Cockpit Crew and Cabin Crew Utilization Base wise for the FY 2021-22 is given below:**

Month	Delhi (DEL)			Hyderabad (HYD)		
	Commander	First Officer	Cabin Crew	Commander	First Officer	Cabin Crew
Apr-21	64:02	65:24	39:01	59:05	65:30	40:17
May-21	55:54	49:46	32:44	19:32	39:34	17:10
Jun-21	51:28	42:01	32:17	35:03	35:48	23:08
Jul-21	59:09	44:17	35:41	43:13	34:48	25:21
Aug-21	63:57	41:20	37:19	48:27	38:08	27:03
Sep-21	64:13	42:53	39:11	47:28	44:35	30:21
Oct-21	68:21	49:42	43:43	49:24	50:25	31:58



Month	Delhi (DEL)			Hyderabad (HYD)		
	Commander	First Officer	Cabin Crew	Commander	First Officer	Cabin Crew
Nov-21	66:06	52:16	50:07	58:33	54:59	38:07
Dec-21	66:53	43:38	45:52	73:52	71:27	49:14
Jan-22	51:50	44:24	37:48	56:30	44:30	37:13
Feb-22	49:40	45:05	36:37	54:02	41:34	37:12
Mar-22	65:39	62:39	50:33	72:53	63:00	58:28

Month	Bengaluru (BLR)			Mumbai (BOM)		
	Commander	First Officer	Cabin Crew	Commander	First Officer	Cabin Crew
Apr-21	58:23	58:32	41:34	49:17	47:22	21:10
May-21	42:52	47:20	37:33	20:11	17:02	09:30
Jun-21	44:22	59:10	34:30	35:46	30:06	15:26
Jul-21	53:42	53:31	47:37	52:01	28:32	21:00
Aug-21	61:06	50:49	45:04	41:11	28:20	25:36
Sep-21	65:02	54:26	53:59	54:02	26:23	30:40
Oct-21	61:17	47:03	41:11	51:57	40:24	45:48
Nov-21	60:22	55:03	40:49	62:55	45:35	48:06
Dec-21	81:14	76:44	63:14	69:16	48:21	41:14
Jan-22	66:36	59:32	52:15	65:39	60:05	40:18
Feb-22	55:51	50:01	52:48	50:54	44:15	36:57
Mar-22	77:46	54:04	57:54	56:12	51:34	43:47

Month	Kolkata (CCU)		
	Commander	First Officer	Cabin Crew
Apr-21	84:44	57:30	35:07
May-21	46:39	36:53	28:10
Jun-21	53:26	49:51	39:02
Jul-21	64:15	61:32	44:37
Aug-21	69:45	54:18	46:20
Sep-21	80:24	59:42	50:19
Oct-21	63:01	49:04	54:43
Nov-21	69:28	58:47	56:39
Dec-21	72:41	61:37	52:52
Jan-22	73:12	69:44	52:36
Feb-22	61:33	55:03	47:47
Mar-22	71:42	63:18	54:32

Various economy measures adopted and achievements made thereon highlighting the specific

The key economic measures adopted by the Operation Department are as below:-

- Fuel/Energy conservation related measure: Fuel Tankering is being closely monitored and fuel tankering circulars are issued twice a month.
- Crew availability is monitored to maximize utilization.



- Phasing of expat pilots: The expat contract was changed to bring great availability of pilots by changing leave rotation, decrease in living allowance to INR 77000 from USD 1200 and a travel allowance of INR 22000 was introduced for further saving. Then in the final phase Indian contract are being offered to these pilots. Currently, there are 18 expats on Indian Contract on pay roll of Alliance Air. Efforts are being undertaken to replace expat captains with Indian Commanders.
- Cost cutting related to transportation and hotel and clubbing of crew is done for transportation.
- Optimum utilization of cockpit crew as per availability.
- Monitoring of SOD movement for flight operations. We have been able to curtail SOD movement.
- Permanent posting of cockpit and cabin crew to make bases independent so as to avoid hotel and SOD.
- Meeting through webex/video conferences to reduce SOD travel.
- Full support to marketing and other departments for charter operations as when it comes, even at a short notice, so as to earn additional revenue for the Company.
- AVSEC training is being done at concerned bases as far as possible so as to avoid hotel and SOD.
- Dornier project has been successfully launched with inaugural on 12<sup>th</sup> April, 2022 and commencement of its commercial operations out of Dibrugarh base w.e.f. 18<sup>th</sup> April 2022. 03 Indian Air Force (IAF) pilots on deputation to Alliance Air have been released to undertake Dornier operations at the ALGs of Arunachal Pradesh. Most cost effective and time effective measures are being taken by Alliance Air to augment its crew strength on the fleet.
- Airline Type Rating Programme (ATRP) is being introduced for the 1st time in the Alliance Air where entire type rating of pilots will be done in house. This is a significant source of revenue for the Airline.
- COVID cuts are still on for Crew and staff. There has been no cancellation of flights due to close cooperation of pilots.
- No additional manpower has been hired for Dornier operations in Operations Department.
- Hiring of cockpit and cabin crew is being closely monitored by Operations Department and is being done as per operational requirement and future projection. There is no excess crew in the Company.
- We have been able to achieve Indian Commander strength of 64 as against 19 in the previous years.
- Total TRI strength is 4 and DE is 4.



**Plan for 2022-23 with special reference to aircraft utilisation, availability of pilots, new routes/ services, utilisation of facilities etc.**

**Aircraft Utilization planned for FY 2022-23**

- a. ATR 72- 16.5 aircrafts ( 9 hours per day)
- b. ATR 42 – 2 aircrafts (8hours per day)
- c. Dornier 228- 2 aircrafts ( 6 hours per day)

**Total - 20.5 Aircrafts**

**GOING CONCERN**

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 of CMD, AIAHL and three 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

***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 UDAAN scheme. The performance of the airline under UDAAN has been excellent wherein the Company has been operationally positive. The total UDAAN route won by the Company now stands at 117. Out of allotted routes, the Company operated 81 routes as on 31<sup>st</sup> March 2022, which were 73 routes till 31<sup>st</sup> March 2021. Out of the total route operated by AAAL in 2021-22, around 69% were under the UDAN scheme. Alliance Air by deploying more resources on UDAAN sectors is moving towards profitability, as AAAL has been achieving operating profit on operation under the UDAAN scheme.





Alliance Air has entered into an agreement for taking two ATR 42-600 on operating lease to operate in Shimla and other RCS sectors.

Another milestone has been achieved by Alliance Air to operate the Dornier flight in commercial operation with effect from March 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. Rs. 86 Crores yearly.

The above model not only ensures the increased total revenue of Rs 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.

### **RISK MITIGATION STRATEGIES**

The Company continuously monitors the risk perceptions and takes preventive action for mitigation of risks on various fronts.

### **INTERNAL CONTROL SYSTEMS**

The Company had appointed M/s Thakur Vaidyanath Aiyar & Co., Chartered Accountants, New Delhi as Internal auditors for the year 2021-22 to carry out various internal audit assignments such as Tax compliance, Risk assessment & mitigation, Strengthening Internal control process, etc.



## REPORT ON CORPORATE GOVERNANCE

The Report on the Corporate Governance for the financial year 2021-22 in compliance of provisions of the Companies Act, 2013 and DPE Guidelines issued by the Department of Public Enterprises, Government of India is given as below:

### 1. Company's Philosophy on Code of Corporate Governance

The Company firmly believes in and has consistently practiced good Corporate Governance. The Company's essential character is shaped by the values of transparency, professionalism and accountability. The Company is committed to attain the highest standard of Corporate Governance. The philosophy of the Company in relation to Corporate Governance is to ensure transparency in all its operations, make disclosures and enhance all stakeholders' value within the framework of laws and regulations.

### 2. Board of Directors

Alliance Air Aviation Limited (AAAL) is a Public Sector Undertaking and a wholly-owned subsidiary of AI Assets Holding Limited (AIAHL). Its Directors are appointed by Holding Company in consultation with Government of India. As per the Articles of Association of the Company, the number of Directors shall not be less than three and not more than twelve.

At the advent of the financial year, AAAL was a wholly owned subsidiary of Air India Limited. However, due to the disinvestment of Air India Limited and as per the decision of Air India Specific Alternative Mechanism (AISAM) for transferring the investments of Air India Limited (AI) in Alliance Air Aviation Limited (AAAL) to AI Assets Holding Limited (AIAHL), the entire shareholding of AAAL was transferred from AI to AIAHL at book values on 25 January 2022 and AAAL has become the wholly owned subsidiary of AI Assets Holding Limited (AIAHL). Subsequently, the Ministry of Civil Aviation vide its OM dated 31 December 2021 and 11 February 2022 has conveyed the decision to reconstitute the Board of AAAL. Accordingly, the Board of AAAL was reconstituted on 25 January 2022 and 11 February 2022.

The composition of the Board of AAAL has been prescribed by MoCA vide its order dated 11-02-2022.

#### Composition of Board as on 31<sup>st</sup> March 2022:

S. No.	Name of Director	Designation
1.	Shri Vikram Dev Dutt Chairman & Managing Director, AI Assets Holding Limited	Chairman
2.	Smt Usha Padhee Joint Secretary, DT Division, Ministry of Civil Aviation	Govt. Nominee Director
3.	Shri Pranjol Chandra Director, Ministry of Civil Aviation	Govt. Nominee Director
4.	Shri Deepak Sajwan Deputy Secretary, Ministry of Civil Aviation	Govt. Nominee Director



Shri Vikram Dev Dutt, CMD Air India was appointed as Chairman in place of Shri Rajiv Bansal w.e.f 24 January 2022 and Shri Rajiv Bansal ceased as Chairman w.e.f 21 January 2022. The Board places on record its appreciation of the valuable services rendered by Shri Rajiv Bansal during his tenure as Chairman of the Company.

Due to the reconstitution of Board by the Ministry of Civil Aviation (MoCA) vide its OM dated 31-12-2021, the following changes were made during the period under review:

- i. Shri Vikram Dev Dutt ceased to be Chairman with effect from 25 January 2022. The Board places on record its appreciation of the valuable services rendered by Shri Vikram Dev Dutt during his tenure as Chairman of the Company.
- ii. Shri Vinod Hejmadi, Shri Pranjol Chandra and Smt Meenakshi Mallik ceased to be Directors with effect from 25 January 2022. The Board places on record its appreciation of the valuable services rendered by them during their tenure as Directors of the Company.
- iii. Shri Satyendra Kumar Mishra, MD AI Assets Holding Limited and Smt Usha Padhee were appointed as Directors with effect from 25 January 2022.

Shri Vikram Dev Dutt, CMD AI Assets Holding Limited was appointed as Chairman in place of Shri Satyendra Kumar Mishra w.e.f 27 January 2022. The Board places on record its appreciation of the valuable services rendered by Shri Satyendra Kumar Mishra during his tenure on the Board of Alliance Air Aviation Limited.

Shri Pranjol Chandra was appointed as Director w.e.f 11 February 2022 vide MoCA Order No.17046/56/2019-AI dated 11 February 2022.

During the year, all meetings of the Board were chaired by the Chairman. The Board met Eight times during the year to periodically review the performance of the Company.

### **3. Board Procedure**

The meetings of the Board of Directors are generally held at Air India's Headquarters in New Delhi or at the registered office of the Company, New Delhi. Due to the disinvestment of Air India Limited, the meetings of the Board of Directors are generally held at the registered office of the Company, New Delhi. The meetings are scheduled well in advance. In case of exigencies or urgency, resolutions are passed by circulation. The Board meets at least once a quarter to review the operating performance of the Company. The agenda for the meetings is prepared by the officials of the concerned departments and approved by the CEO & the Chairman. The Board papers are circulated to the Directors in advance. The members of the Board have access to all information and are free to recommend inclusion of any matter in the agenda for discussion. Senior executives are invited to attend the Board meetings and provide clarification as and when required. Action Taken Reports are put up to the Board periodically. To enable better and more focused attention on the affairs of the Company, the Board delegates certain matters to Committees of the Board set up for the purpose.

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

**Board Meetings:**

Board Meetings were held during the financial year 2021-22 on the following dates:

10 June 2021 (167<sup>th</sup> Meeting)

14 July 2021 (168<sup>th</sup> Meeting)

22 October 2021 (169<sup>th</sup> Meeting)

30 December 2021 (170<sup>th</sup> Meeting)

14 January 2022 (171<sup>st</sup> Meeting)

25 January 2022 (172<sup>nd</sup> Meeting)

11 February 2022(173<sup>rd</sup> Meeting)

09 March 2022 (174<sup>th</sup> Meeting)

Particulars of Directors including their attendance at the Board/Shareholders' Meetings during the financial year 2021-22:

Name of the Director	Academic Qualifications	Attendance Particulars		
		No. of Board Meetings		Last AGM Attended
		Held	Attended	
Shri Rajiv Bansal CMD – Air India Ltd.  Chairman (Ceased as Chairman w.e.f 21 January 2022)	Civil Engineer, IIT, Delhi, Diploma in Finance, ICFAI, HYD, EXE Masters in Intl Business, IIFT, Delhi	8	5	Yes
Shri Vikram Dev Dutt, CMD – Air India Ltd. (w.e.f 24 January 2022)  Chairman (Appointed w.e.f 24 January 2022 and Ceased w.e.f 25 January 2022)	B.Tech. & PGDM, IAS (UT:93)	8	1*	No
Shri S. K. Mishra MD, AIAHL (w.e.f 11 January 2022 to 27 January 2022)  Director (Appointed w.e.f 25 January 2022 and ceased w.e.f 27 January 2022)	M.Tech (Applied Geology) M.A. (Public Policy), IRS (IT:1990)	8	1	No



Name of the Director	Academic Qualifications	Attendance Particulars		
		No. of Board Meetings		Last AGM Attended
		Held	Attended	
Shri Vinod Hejmadi Director – Finance Air India Ltd.  Director (Ceased as Director w.e.f 25 January 2022)	B. Com, ACA	8	6	Yes
Ms. Meenakshi Mallik Director (Commercial), Air India Ltd.  Director (Ceased as director w.e.f. 25 January 2022)	Graduate in Science and Post Graduate diploma in Management (MBA)	8	5	Yes
Shri Vikram Dev Dutt, CMD – AI Assets Holding Limited w.e.f 27 January 2022.  Chairman (Appointed w.e.f 27 January 2022)	B.Tech. & PGDM, IAS (UT:93)	8	2**	No
Shri Pranjol Chandra Director, Ministry of Civil Aviation  Director (Ceased as Director w.e.f 25.01.2022 and again appointed as director w.e.f 11.02.2022)	B.E. Mechanical	8	6	Yes
Shri Deepak Sajwan Deputy Secretary, Ministry of Civil Aviation  Director	Post Graduate	8	8	Yes



Name of the Director	Academic Qualifications	Attendance Particulars		
		No. of Board Meetings		Last AGM Attended
		Held	Attended	
Smt Usha Padhee  Joint Secretary, DT Division, Ministry of Civil Aviation  Director (Appointed as Director w.e.f 25 January 2022)	Bachelor of Engineering (Civil), Visvesvaraya Technological University, Karnataka, masters in Public Administration (MPA), University of Birmingham, United Kingdom	8	3	No

\*Shri Vikram Dev Dutt attended 1 meeting in the capacity of CMD, Air India Limited.

\*\* Shri Vikram Dev Dutt attended 2 meetings in the capacity of CMD, AI Assets Holding Limited.

### Directorships and Memberships of Board Committees

Details of Directorships and Memberships in the various committees as held by the Directors of the Company are as under:

Name of the Director	Details of Directorships held in other Companies excluding AAAL	Memberships held in Committees
Shri Rajiv Bansal CMD – Air India Ltd.  Chairman (Ceased as Chairman w.e.f 21 January 2022)	<u>Chairman &amp; Managing Director</u> Air India Limited <u>Part-Time Chairman</u> AI Airport Services Ltd (AIASL) AI Engineering Services Ltd (AIESL) Air India Express Ltd (AIXL) Hotel Corporation of India Ltd (HCI) Air India SATS Airport Services Pvt. Ltd. AI Assets Holding Limited (AIAHL) <u>Director</u> Air Mauritius Limited Air Mauritius Holdings Limited Bharat Yantra Nigam Ltd	<u>AIL</u> <u>Member</u> Nomination & Remuneration Committee <u>AIASL</u> <u>Chairman</u> Corporate Social Responsibility Committee <u>Member</u> Audit Committee <u>HCI</u> <u>Member</u> Audit Committee
Shri Vikram Dev Dutt, CMD – Air India Ltd. (w.e.f 24 January 2022)  Chairman (Appointed w.e.f 24 January 2022 and Ceased w.e.f 25 January 2022)	<u>Chairman &amp; Managing Director</u> Air India Limited till 27 January 2022 <u>Director</u> Port Blair Smart Projects Limited	-



Name of the Director	Details of Directorships held in other Companies excluding AAAL	Memberships held in Committees
<p>Shri S. K. Mishra Jt. Secretary, Ministry of Civil Aviation and MD, AIAHL (w.e.f 11 January 2022 to 27 January 2022)</p> <p>Director (Appointed w.e.f 25 January 2022 and ceased w.e.f 27 January 2022)</p>	<p><u>Director</u> Air India Limited till 27.01.2022 AI Airport Services Limited, AI Engineering Services Limited AI Assets Holding Limited Hotel Corporation of India Limited till 27.01.2022</p>	<p><u>AIL</u> <u>Chairman</u> Nomination &amp; Remuneration Committee Corporate Social Responsibility Committee Flight Safety Committee <u>Member</u> Audit Committee Selection Committee Share Allotment Committee <u>AIASL</u> <u>Member</u> Audit Committee Corporate Social Responsibility Committee <u>AIESL</u> <u>Chairman</u> Corporate Social Responsibility Committee <u>Member</u> Audit Committee <u>HCI</u> <u>Member</u> Audit Committee <u>AIAHL</u> <u>Member</u> Audit Committee</p>
<p>Shri Vinod Hejmadi Director – Finance Air India Ltd.</p> <p>Director (Ceased as Director w.e.f 25 January 2022)</p>	<p><u>Director</u> Alliance Air Aviation Limited till 25.01.2022 Air India Ltd AI Express Ltd (AIXL) AISATS Airport Services Pvt. Ltd. AI Assets Holding Limited (AIAHL) till 31.12.2021</p>	<p><u>AAAL</u> <u>Chairman</u> HR Committee <u>Member</u> Audit Committee Flight Safety Committee <u>AIXL</u> <u>Chairman</u> CSR Committee <u>Member</u> Audit &amp; Finance Committee HR cum Nomination &amp; Remuneration Committee</p>



Name of the Director	Details of Directorships held in other Companies excluding AAAL	Memberships held in Committees
		<u>AIL</u> Chairman Cost Cutting Committee <u>Member</u> HR Committee Corporate Social Responsibility & Sustainability Development Committee Share Allotment Committee Flight Safety Committee <u>AISATS</u> <u>Chairman</u> CSR Committee
Ms. Meenakshi Mallik Director (Commercial), Air India Ltd. (appointed as director w.e.f. 14 July 2020 and ceased w.e.f 25 January 2022)	<u>Director</u> Air India Limited(AIL) Air India SATS Airport Services Pvt. Ltd. AI Engineering Services Limited (AIESL) till 12.01.2022	-
Shri Pranjol Chandra* Director, Ministry of Civil Aviation  (Ceased as Director w.e.f. 25 January 2022 and again appointed as director w.e.f 11 February 2022)	<u>Director</u> Hotel Corporation of India Ltd.(HCI)	<u>AAAL</u> <u>Member</u> Audit Committee HR Committee Flight Safety Committee <u>HCI</u> <u>Member</u> Audit Committee
Shri Vikram Dev Dutt, CMD – AI Assets Holding Limited w.e.f 27 January 2022.  Chairman (Appointed w.e.f 27 January 2022)	<u>Chairman</u> AI Airport Services Limited (AASL) AI Engineering Services Limited(AIESL) Hotel Corporation of India Limited (HCI) AI Assets Holding Limited <u>Director</u> Port Blair Smart Projects Limited	<u>AAAL</u> <u>Chairman</u> HR Committee Flight Safety Committee <u>Member</u> Audit Committee <u>AASL</u> <u>Chairman</u> Corporate Social Responsibility Committee <u>Member</u> Audit Committee





Name of the Director	Details of Directorships held in other Companies excluding AAAL	Memberships held in Committees
		<u>AIESL</u> Chairman Corporate Social Responsibility Committee <u>Member</u> Audit Committee  <u>AIAHL</u> <u>Member</u> Audit Committee
Shri Deepak Sajwan Deputy Secretary, Ministry of Civil Aviation	<u>Director</u> Hotel Corporation of India Limited (HCI) AI Airport Services Limited (From 13 January 2022 to 11 February 2022)	<u>AAAL</u> <u>Member</u> Audit Committee HR Committee Flight Safety Committee <u>HCI</u> <u>Member</u> Audit Committee
Smt Usha Padhee Joint Secretary, DT Division, Ministry of Civil Aviation  (Appointed as Director w.e.f 25 January 2022)	<u>Director</u> Rohini Heliport Limited Pawan Hans Limited	<u>AAAL</u> <u>Chairperson</u> Audit Committee <u>Member</u> HR Committee Flight Safety Committee  <u>Pawan Hans Ltd</u> <u>Member</u> Nomination & Remuneration Committee

\*Shri Pranjol Chandra ceased to be Chairman, Audit Committee and Flight Safety Committee and member, HR Committee w.e.f 25 January 2022.

#### 4. Code of Conduct

In terms of requirements of DPE guidelines on Corporate Governance for CPSEs, the Board has adopted Code of Conduct for the Directors and Senior Management. There is a system of affirming compliance with the Code by the Board Members and Senior Management Personnel of the Company. A declaration of compliance signed by the Chief Executive Officer of the Company is enclosed with the Report.

#### 5. Audit Committee

As part of the Corporate Governance process and in compliance with the provisions of the Companies Act, 2013 and DPE Guidelines, the Audit Committee of the Board has been constituted.



Due to the reconstitution of Board of Directors by the Ministry of Civil Aviation (MoCA) vide its OM dated 31-12-2021 and 11-02-2022, the Audit Committee was reconstituted by the Board in its 173<sup>rd</sup> and 174<sup>th</sup> Board Meeting held on 11<sup>th</sup> February 2022 and 9<sup>th</sup> March 2022 respectively.

As on 31 March 2022, the following were the members of the Audit Committee:

Smt Usha Padhee	Chairperson
Shri Vikram Dev Dutt	Member
Shri Pranjol Chandra	Member
Shri Deepak Sajwan	Member

The terms of reference of the Audit Committee are:

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

The Audit Committee met four times during the year to review various issues including inter- alia annual accounts of the Company for the year before submission to the Board, on the following dates:

14 July 2021 (22<sup>nd</sup> Meeting)

22 October 2021(23<sup>rd</sup> Meeting)

17 February 2022 (24<sup>th</sup> Meeting)

09 March 2022 (25<sup>th</sup> Meeting)

**Attendance at the Audit Committee Meetings:**

<b>Name of the Member</b>	<b>No. of Meetings Attended</b>
Shri Rajiv Bansal*	2
Shri Pranjol Chandra**	3
Shri Vinod Hejmadi**	2
Shri Deepak Sajwan	4
Smt Usha Padhee	2
Shri Vikram Dev Dutt	2

\* Ceased as Permanent Invitee w.e.f 21 January 2022.

\*\* Due to reconstitution of the Board, Shri Pranjol Chandra ceased as Chairman, Audit Committee w.e.f 25 January 2022 and Shri Vinod Hejmadi ceased as Director/member w.e.f 25 January 2022.

**6. Annual General Meetings during the last three years**

The details of these meetings are given below:

	<b>Date and time of the Meeting</b>	<b>Venue</b>
36 <sup>th</sup> Annual General Meeting	26 September 2019 At 1500 hrs	Board Room, Airlines House, 113, Gurudwara Rakabganj Road, New Delhi – 110001
Extra Ordinary General Meeting	11 February 2020 At 12 Noon	Board Room, Airlines House, 113, Gurudwara Rakabganj Road, New Delhi – 110001
37 <sup>th</sup> Annual General Meeting	29 December, 2020 At 1130 hrs	Held through Video Conferencing (VC)
38 <sup>th</sup> Annual General Meeting	12 November 2021 At 1130 hrs	Alliance Bhawan, Domestic Terminal-I, IGI Airport, New Delhi-110037
Extra Ordinary General Meeting	27 January 2022 At 12 Noon	Alliance Bhawan, Domestic Terminal-I, IGI Airport, New Delhi-110037

**7. Disclosures and Statutory Compliances: -**

Adequate Disclosures pertaining to Director's interest, related party transactions, maintenance of statutory registers have been taken and placed periodically before the Board of Directors to take informed decisions, with the Board following a clear policy of specific delegation and authorization of designated officers to handle the business matters. MCA Filings with respect to disclosures, intimations, allotments and appointments have been made in a time bound manner with no pending matters. The Company, based on self-evaluation, falls under 'Excellent' grade for the compliance of DPE Corporate Governance Guidelines for both the financial year's 2020-21 and 2021-2022.

**For and on behalf of the Board**

Sd/-  
**(Vikram Dev Dutt)**  
Chairman

Place : New Delhi  
Date : 16.09.2022



## CODE OF CONDUCT DECLARATION

I hereby declare that all the Board Members & Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors for the year ended 31 March 2022.

Sd/-  
**(Vineet Sood)**  
**Chief Executive Officer**  
**Alliance Air Aviation Limited**

Place : New Delhi  
Date : 16.09.2022



## SECRETARIAL AUDIT REPORT

**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 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,  
Alliance Air Aviation Limited**

We have conducted the Secretarial Audit of the Compliance of applicable statutory provisions and the adherence to good Corporate Practices by **Alliance Air Aviation Limited** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, Minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 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 31<sup>st</sup> March, 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; - **Not Applicable**
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; - **Not Applicable**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- **Not Applicable**
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;



- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (vi) Compliances/processes/systems under other specific applicable Laws (as applicable to the industry), as listed below, are not being verified by us.
- (a) Aircraft Act, 1934 and the Rules made thereunder;
  - (b) Carriage by Act 1972 and the Rules made thereunder;
  - (c) The Aircraft (Carriage of Dangerous Goods) Rules, 2003 and the Rules made thereunder;
  - (d) Civil Aviation Requirements issued by Directorate General of Civil Aviation.
  - (e) The Aircraft (Security) Rules, 2011
  - (f) International Conventions
  - (g) Acts prescribed under Environmental Protection.
  - (h) Tokyo Convention Act, 1975
  - (i) Anti-Hijacking Act 1982/1994
  - (j) Suppression of Unlawful acts against Safety of Civil Aviation Act, 1982/1994
  - (k) The Gratuity Act and Rules, 1972
  - (l) The Contract Labour (Regulations & Abolition) Act, 1970
  - (m) The Bonus Act, 1965
  - (n) Payment of wages Act, 1936
  - (o) Employment Exchange Act
  - (p) The Employees Provident Funds and Miscellaneous Provisions Act, 1952
  - (q) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

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

- (a) Secretarial Standards issued by the Institute of Company Secretaries of India.



- (b) The SEBI (Listing Obligation & Disclosure Requirements) Regulation 2015- **Not Applicable.**
- (c) DPE Guidelines on Corporate Governance of CPSE.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, and Standards etc. mentioned above.

We further report that the Board of Directors of the Company is duly constituted except to DPE Guidelines on Corporate Governance. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Generally, adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

**We further report that** during the audit period, there were no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws.

*For **Agarwal S. & Associates,**  
Company Secretaries,  
ICSI Unique Code: P2003DE049100  
Peer Review Cert. No.: 626/2019*

Sd/-  
**CS Poonam**  
Partner  
ACS No.: 37303  
CP No.: 24827  
UDIN: A037303D000987703

Place: Delhi  
Date: 16.09.2022

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



**Annexure A**

To,  
The Members,  
**Alliance Air Aviation Limited**

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

1. Maintenance of secretarial records is the responsibility of the Management of the Company. Our Responsibility is to express an opinion on these secretarial records, based on our inspection of records produced before us for Audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company and our report is not covering observations/comments/ weaknesses already pointed out by the other Auditors.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations, happening of events, etc.
5. The Compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedures on test basis and to give our opinion whether Company has proper Board-processes and Compliance-mechanism in place or not.
6. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

*For Agarwal S. & Associates,  
Company Secretaries,  
ICSI Unique Code: P2003DE049100  
Peer Review Cert. No.: 626/2019*

Sd/-  
**CS Poonam**  
Partner  
ACS No.: 37303  
CP No.: 24827

Place: Delhi  
Date: 16.09.2022





## Annexure B to Directors' Report for the year 2021-22

**FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2022

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management &amp; Administration) Rules, 2014.

**I. REGISTRATION & OTHER DETAILS:**

1.	CIN	U51101DL1983GOI016518
2.	Registration Date	13/09/1983
3.	Name of the Company	Alliance Air Aviation Limited (Formerly known as Airline Allied Services Limited)
4.	Category/Sub-category of the Company	Government Company
5.	Address of the Registered office & contact details	'Alliance Bhawan', Domestic Terminal, IGI Airport, New Delhi -110037
6.	Whether listed Company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited C-101, 247 Park, L.B.S. Marg Vikhroli (West) Mumbai – 400083 +91 22 49186000

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE Company**

(All the business activities contributing 10 % or more of the total turnover of the Company shall be stated) -

Sr. No	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the Company
1.	To establish, maintain and operate international and domestic air transport services, scheduled and non-scheduled, in all the countries of the world for the carriage of passengers, freight, mail and for any other purposes.	511	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE Company:**

Sr. No.	Name and Address of the Company	CIN/GIN	Holding / Subsidiary / Associate	% of Shares	Applicable Section
1	AI Assets Holding Limited 2nd Floor, Air India Reservation Building, Safdarjung Airport, New Delhi-110003	U74999DL2018GOI328865	Holding	100%	2 (46)



**IV. SHARE HOLDING PATTERN**

**(Equity Share Capital Breakup as percentage of Total Equity):**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-04-2021]				No. of Shares held at the end of the year [As on 31-03-2022]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters	-	-	-	-	-	-	-	-	-
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.*	40,224,993	7	40,225,000	100	40,225,000	0	40,225,000	100	0.00
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Total Shareholding of Promoter (A)</b>	<b>40,224,993</b>	<b>7</b>	<b>40,225,000</b>	<b>100</b>	<b>40,225,000</b>	<b>0</b>	<b>40,225,000</b>	<b>100</b>	<b>0.00</b>
B. Public Shareholding	Not Applicable								
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds/UTI	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify) Foreign Banks	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-

**Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-04-2021]				No. of Shares held at the end of the year [As on 31-03-2022]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions	Not Applicable								
a) Bodies Corp. (Market Maker+LLP)	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-



Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-04-2021]				No. of Shares held at the end of the year [As on 31-03-2022]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
i) Non-Resident Indians	-	-	-	-	-	-	-	-	-
ii) Non-Resident Indians - Non Repatriable	-	-	-	-	-	-	-	-	-
iii) Office Bearers	-	-	-	-	-	-	-	-	-
iv) Directors	-	-	-	-	-	-	-	-	-
v) HUF	-	-	-	-	-	-	-	-	-
vi) Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
vi) Foreign Nationals	-	-	-	-	-	-	-	-	-
vii) Clearing Members	-	-	-	-	-	-	-	-	-
viii) Trusts	-	-	-	-	-	-	-	-	-
ix) Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B) = (B)(1)+ (B) (2)</b>	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>40,224,993</b>	<b>7</b>	<b>40,225,000</b>	<b>100</b>	<b>40,225,000</b>	<b>0</b>	<b>40,225,000</b>	<b>100</b>	<b>-</b>

\* Bodies Corporate: 100% Shareholding is with Body Corporate i.e. AI Assets Holding Limited through its Nominees.



**B) Shareholding of Promoter-**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the Year
		No. of Shares	% of total Shares of the Company	%of Shares Pledged Encumbered to total shares	No. of Shares	% of total Shares of the Company	%of Shares Pledged / Encumbered to total shares	
1	Air India Limited along with its Nominees	40,225,000	100	NIL	-	-	-	100
2.	AI Assets Holding Limited along with its Nominees	-	-	-	40,225,000	100	NIL	100

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

Pursuant to the disinvestment of Air India Limited, the entire shareholding of Air India Limited held in Alliance Air Aviation Limited was transferred to AI Assets Holding Limited on 25.01.2022.

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding at end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	<b>At the beginning of the year</b>				
	Air India Limited	40,225,000	100		
	<b>At the end of the year</b>				
	Air India Limited			NIL	NIL
2.	<b>At the beginning of the year</b>				
	AI Assets Holding Ltd	NIL	NIL		
	<b>At the end of the year</b>				
	AI Assets Holding Ltd			40,225,000	100

**D) Shareholding Pattern of top ten Shareholders:**

(Other than Directors, Promoters and Holders of GDRs and ADRs): Not Applicable

Sr No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding at end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	NOT APPLICABLE				
2					
3					
4					
5					
6					
7					
8					
9					
10					

**E) Shareholding of Directors and Key Managerial Personnel:**

S. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding at the end of year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	NIL	-	-	-	-
	(Note : Equity Shares are held by Nominees of AI Assets Holding Limited only, which includes directors also)	-	-	-	-

**V. INDEBTEDNESS -**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment.**

(Amount in Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning for the financial year</b>				
i) Principal Amount	-	20,65,72,26,817.88	-	20,65,72,26,817.88
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	<b>20,65,72,26,817.88</b>	-	<b>20,65,72,26,817.88</b>
<b>Change in Indebtedness during the financial year</b>	-		-	
Addition	-	3,66,34,66,161.32	-	3,25,05,48,600.32
Reduction	-	-	-	-
<b>Net Change</b>	-	<b>3,66,34,66,161.32</b>	-	<b>3,25,05,48,600.32</b>
<b>Indebtedness at the end of the financial year</b>	-	-	-	-
i) Principal Amount	-	22,48,34,91,016.97	-	22,47,46,28,325.98
ii) Interest due but not paid	-	1,83,72,01,962.22	-	1,43,31,47,092.22
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	<b>24,32,06,92,979.19</b>	-	<b>23,90,77,75,418.20</b>

\* Previous figure has been restated as per IND AS. Prior Period items have been given effect in the relevant previous years.

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(Amount in Rs.)

Sr No	Particulars of Remuneration	Name of MD/WTD/ Manager					Total Amount
1	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-	-



Sr No	Particulars of Remuneration	Name of MD/WTD/ Manager					Total Amount
2	Stock Option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission as % of profit others, specify.	-	-	-	-	-	-
5	Others : (PF, DCS, House Perks tax etc)	-	-	-	-	-	-
	<b>Total (A)</b>	-	-	-	-	-	-
	Ceiling as per the Act	-	-	-	-	-	-

\* There are no Managing, Whole Time Directors in the Company during the year 2021-22 except CEO. The details of CEO have been provided under KMP.

**B. Remuneration to other directors-Not applicable**

Sr No.	Particulars of Remuneration	Name of Directors					Total Amount
1	Independent Directors						
	Fee for attending Board committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify (Fees for attending Board Sub Committee Meetings)	-	-	-	-	-	-
	<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>	-	-	-	-	-	-
	Total Managerial Remuneration	-	-	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-	-	-
		-	-	-	-	-	-

**C. Remuneration To Key Managerial Personnel other Than MD/Manager/WTD**

(Amount in Rs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				Total
		CEO		CS	CFO	
		Smt Harpreet A. De Singh (From 01.04.2021 to 31.07.2021)	Shri Vineet Sood (From 31.07.2021 to 31.03.2022)	Smt Shilpa Bhatia (From 14.01.2022 to 31.03.2022)	Shri Ambar Kumar Mondal	
1	Gross salary	10,65,699	27,44,887	3,69,703	17,10,000	58,90,289
	(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	-	-	-	-	-



Sr. No.	Particulars of Remuneration	Key Managerial Personnel				Total
		CEO		CS	CFO	
		Smt Harpreet A. De Singh (From 01.04.2021 to 31.07.2021)	Shri Vineet Sood (From 31.07.2021 to 31.03.2022)	Smt Shilpa Bhatia (From 14.01.2022 to 31.03.2022)	Shri Ambar Kumar Mondal	
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission	-	-	-	-	-
	- as % of profit	-	-	-	-	-
	Others, specify.	-	-	-	-	-
5	Others: (PF, DCS, House Perks tax etc.)	-	-	-	-	-
	<b>Total</b>	<b>10,65,699</b>	<b>27,44,887</b>	<b>3,69,703</b>	<b>17,10,000</b>	<b>58,90,289</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)
A. Company			NIL		
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS			NIL		
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT			NIL		
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board

Sd/-  
**(Vikram Dev Dutt)**  
 Chairman

Place: New Delhi  
 Date: 16.09.2022



## Annexure C 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 in the 169<sup>th</sup> Board Meeting held on 22 October 2021. The details of contacts or arrangements or transactions at arm's length basis are as follows:

Name of Related Parties and Nature of Relation	Nature of Transactions	Duration of Transactions	Salient Terms of Transactions	Amount in Millions
Air India Ltd (AIL)  (Being Holding Company till 20.01.2022 as per books of accounts)	Expenditure/ Services received from Air India Ltd.	1 April 2021-20 January 2022	Expenditure/ Services received from Air India Ltd.	
	1. Handling			25.05
	2. SOD			4.61
	3. Staff Training Expenses			112.78
	4. Corporate Guarantee Charges			16.81
	5. Interest charged by AIL			1,433.15
	6. Insurance			9.57
	7. Other Expenditure			6.03
	8. Purchase of Intangible Assets			2.15
<b>Total</b>				<b>1610.15</b>
AI Assets Holding Ltd. (AIAHL) (Being Holding Company from 21 January 2022)	Expenditure	21 January 2022 to 31 March 2022	Expenditure	
	1. Interest			404.05
<b>Total</b>				<b>404.05</b>
AI Engineering Services Ltd (AIESL) (Subsidiary of Air India Ltd. till 12.01.2022 and thereafter subsidiary of AI Assets Holding Limited)	<b>Expenditure</b>	1 April 2021-31 March 2022	Expenditure	
	1. Repair Other			499.22
	2. Manpower			50.81
	3. Interest			134.59
<b>Total</b>				<b>684.62</b>





AI Airport Services Ltd.(AIASL) earlier known as Air India Air Transport Services Ltd (Subsidiary of Air India Ltd. till 13.01.2022 and thereafter subsidiary of AI Assets Holding Limited)	<b>Expenditure</b>	1 April 2021-31 March 2022	Expenditure	
	Handling Charges			191.29
	Interest			70.18
	<b>Total</b>			<b>261.47</b>
Air India Express Limited (Subsidiary of Air India Ltd)	<b>Expenditure</b>	1 April 2021-20 January 2022	Expenditure	
	Transfer of Inventory			0.003
	<b>Total</b>			<b>0.003</b>
Air India SATS Airport Services Pvt. Ltd. (Joint Venture with Air India Ltd)	<b>Expenditure</b>	1 April 2021-20 January 2022	Expenditure	
	Handling Charges			118.67
	<b>Total</b>			<b>118.67</b>
Hotel Corporation of India (Subsidiary of Air India Ltd. till 11.01.2022 and thereafter subsidiary of AI Assets Holding Limited)	<b>Expenditure</b>	1 April 2021-31 March 2022	Expenditure	
	Hotel Accommodation			0.43
	<b>Total</b>			<b>0.43</b>

For and on behalf of the Board

Sd/-

(Vikram Dev Dutt)

Chairman

Place : New Delhi

Date : 16.09.2022



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

The preparation of Financial Statements of **ALLIANCE AIR AVIATION 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(5) of the Act is responsible for expressing opinion on the Financial Statements under section 143 of the Act based on Independent Audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 14 July, 2022.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the Financial Statements of **ALLIANCE AIR AVIATION LIMITED** for the year ended 31 March 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 Auditor and is limited primarily to inquiries of the Statutory Auditor and Company personnel and a selective examination of some of the accounting records.

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

**A. Comment on Financial Position**

**Non-Current Assets**

**Property, Plant & Equipment – Rs. 20.78 Crore {Note 2(a)}**

During 2020-21, an amount of Rs. 14.68 crore (USD 1,950,000) 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 Rs. 23.43 crore. However, the Company purchased this new engine in exchange of the two old engines at a final negotiated price of Rs. 14.68 crore. Accordingly, the new engine should have been booked at cost value of Rs. 23.43 crore instead of the net settlement amount of Rs. 14.68 crore during 2020-21. Thus, this has resulted in understatement of Property, Plant & Equipment by Rs. 8.13 crore, Other Equity by Rs. 8.55 crore and depreciation by Rs. 0.42 crore and consequently understatement of loss by Rs. 0.42 crore for the current year. This issue was commented upon during the year 2020-21 also but no corrective action has been taken by the Management.

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

Sd/-

**(Deepak Kapoor)**

Director General of Audit (Infrastructure)

New Delhi

Place: New Delhi

Dated: 20 September 2022

**MANAGEMENT REPLIES TO THE C&AG REPORT FOR THE YEAR ENDED 31 MARCH 2022****COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF ALLIANCE AIR AVIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2022**

The preparation of Financial Statements of **ALLIANCE AIR AVIATION 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(5) of the Act is responsible for expressing opinion on the Financial Statement 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 14 July, 2022.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the Financial Statement of **ALLIANCE AIR AVIATION 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 Auditor and is limited primarily to inquiries of the Statutory Auditor and Company personnel and a selective examination of some of the accounting records.

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



<p><b>A. Comment on Financial Position</b></p> <p><b>Non-Current Assets</b></p> <p><b>Property, Plant &amp; Equipment – Rs. 20.78 Crore {Note 2(a)}</b></p> <p>During 2020-21, an amount of Rs. 14.68 crore (USD 1,950,000) 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 Rs. 23.43 crore. However, the Company purchased this new engine in exchange of the two old engines at a final negotiated price of Rs. 14.68 crore. Accordingly, the new engine should have been booked at cost value of Rs. 23.43 crore instead of the net settlement amount of Rs. 14.68 crore during 2020-21. Thus, this has resulted in understatement of Property, Plant &amp; Equipment by Rs. 8.13 crore, Other Equity by Rs. 8.55 crore and depreciation by Rs. 0.42 crore and consequently understatement of loss by Rs. 0.42 crore for the current year. This issue was commented upon during the year 2020-21 also but no corrective action has been taken by the Management.</p>	<p>As per Company policy and as per Accounting Standard, any capital item purchased to be booked in the Books of Accounts based on the invoices being raised by the vendor.</p> <p>We have received the invoice from M/s Pratt &amp; Whitney, Canada for purchasing of the engine bearing number ED-1881 amounting to US\$ 1.95 million.</p> <p>It may please be appreciated that in the airline industry there is always a wide variation of the catalogue 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 the 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 manufacturer.</p>
	<p>The exchange of the engine as noted in the para is a separate incident and has no bearing with this purchase. The engine in question bearing 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 fulfilment of the specified conditions. The cost of the redelivery as projected was considered very high, hence, Management started dialogue with the lessor to arrive at the compensation in lieu of the redeliver of the aircraft.</p>



The compensation amount was duly agreed by both the parties considering the fact that the aircraft has already consumed his total life cycle and could not be operated in future. The compensation amount paid to the lessor was booked as redelivery cost in the year 2015-16.

The aircraft was parked at Kolkata as a 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 the Alliance Air. The returning of the engine to Pratt & Whitney is a deal made by Alliance Air considering the total business involvement with them and not specific to a particular incident.

Government auditor has recommended to book the engine at Cost value of Rs. 23.43 crore.

The Cost value is determined based on the invoice amount raised by the vendor.

In this case the invoice value is USD 1.95 million issued by P&WC (OEM of engine) and AAAL has booked the same based on the invoice value, which is as per ICAI guideline.

In view of the above, the action taken by Alliance Air is considered in conformity with the accounting policy and guidelines being issued by regulatory authority.



## INDEPENDENT AUDITORS' REPORT

To,  
The Members of Alliance Air Aviation Limited  
Report on the Audit of Ind AS Financial Statements

### Opinion

We have audited the Ind-AS Financial Statements of Alliance Air Aviation Limited (hereinafter referred to as “the Company”), which comprise the balance sheet as at 31st March 2022, and the statement of Profit and Loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and loss, changes in equity and other comprehensive income, and its cash flows for the year ended on that date.

### Basis for Opinion

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

### Responsibilities of Management for the Ind AS Financial Statements

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



relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



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

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

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

### **Emphasis of Matter**

Attention is drawn to following notes:

Notes No. 42 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.

We draw attention to Note No. 54 in the Financial Statements which describes the possible effects of uncertainty relating to SARS-CoV-2 (“COVID-19”) Pandemic on Companies operations and results as assessed by the Management.

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

### **Other Matter Paragraph**

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.

Our opinion is not modified in respect of the above matter.

### **Information Other than the Ind AS Financial Statements and Auditor’s Report Thereon**

The Company’s Board of Directors is responsible for the other information. The other information comprises the Corporate Governance Report (but does not include the Standalone Financial Statements and our auditor’s report thereon), which we obtained prior to the date of this auditor’s report (hereinafter referred to as ‘CG report’), and the information included in the Director’s Report including Annexures, Management Discussion and Analysis (hereinafter referred to as ‘Other reports’). The Other reports are expected to be made available to us after the date of this auditor’s report.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.





In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

When we read the 'Other reports', if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions, if required.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure "A"**, statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. We are enclosing our report in terms of Section 143(5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in the "Annexure "B", on the directions and sub-directions issued by the Comptroller and Auditor General of India.
3. (A) As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Company does not have any branch offices which maintains any books of accounts hence this para is not applicable.
  - (d) The Balance Sheet, the Statement of Profit and Loss (including the Statement of Other Comprehensive Income) the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of accounts.
  - (e) In our opinion, the aforesaid Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - (f) We have not come across any observation on the financial transactions or matters which have any adverse impact on the functioning of the Company.
  - (g) On the basis of the written representations received from the Directors as on 31 March, 2022 taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March, 2022 from being appointed as a Director in terms of Section 164 (2) of the Act.



- (h) We have not across any qualification, reservation or adverse remarks relating to maintenance of accounts and other matters connected therewith hence we are not making any comment under this para.
- (i) With respect to the adequacy of the Internal Financial Controls with reference to these Ind AS Financial Statements of the Company and operating effectiveness of such controls, refer to separate report in **Annexure “C”** to this report.
- (j) The provisions of section 197 read with schedule V of Companies Act 2013 relating to Managerial Remuneration are not applicable to the Company, being a Government Company in terms of MCA Notification no. G.S.R. 463(E) dated 5th June 2015.
- (B) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- a. The Company has disclosed the impact of pending litigations as at 31<sup>st</sup> March 2022 on its financial position in its Financial Statements – Refer Note 30 to the Financial Statements.
- b. The Company did not have any long-term contract including derivative contracts for which there were any material forceable losses hence the Company has not made any provision for the same.
- c. There were no amounts which were required to be transferred to the Investors education and protection fund by the Company.
- d. (i) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Company or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (ii) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall:
- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Funding Party or
  - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and



- (iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under subclause (d) (i) and (d) (ii) contain any material mis-statement.
- e. The Company has not declared any dividend during the year; hence this para is not applicable.

**For S.K. Kapoor & Co.**  
CHARTERED ACCOUNTANTS  
Firm Registration Number - 000745C

Sd/-  
**(V.B. Singh)**  
Partner  
Membership Number – 073124  
UDIN – 22073124AMWIMD4044

Place: Delhi  
Date : 14/07/2022



## **Annexure “A” to the Independent Auditors' Report**

Referred to in Paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date to the members of Alliance Air Aviation Limited on the Accounts of the Company for the year ended 31st March 2022

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situations of Property, Plant and Equipment.  
(B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company conducts physical verification of the Property, Plant and Equipment on biennial basis. During the year physical verification was conducted in Delhi, Kolkata and Hyderabad stations where some discrepancies of immaterial nature were observed and the same has been adjusted in books of accounts.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not hold any immovable property, hence the provisions of clause 3(i)(c) of the order is not applicable to the Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no revaluation of Property Plant and Equipment (including Right of Use Assets) or Intangible assets or both has been done by the Company during the year. Accordingly, the provisions of clause 3(i)(d) of the order is not applicable to the Company.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988). Accordingly, the provisions of clause 3(i)(e) of the order is not applicable to the Company.
- (ii) (a) As per the information and explanation given to us, the exercise of physical verification of inventories is done on biennial basis. During the 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.
- (b) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits, from any banks or financial institutions on the basis of security of current assets. Accordingly, the provisions of clause 3(ii)(b) of the order is not applicable to the Company.



- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, the provisions of clause 3 (iii) (a) to (f) are not applicable to the Company.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans to director and any other party and the Company has not made any investments, given any guarantee and security. Accordingly, the provisions of clause 3(iv) of the order is not applicable to the Company.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposit from the public within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposit) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) order are not applicable to the Company.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013, for the services rendered by the Company. Accordingly, the provisions of clause 3(vi) of the order is not applicable to the Company.
- (vii) (a) On the basis of our examination of the books of accounts, and records of the Company, we have observed that the Company was regular in depositing undisputed statutory dues including Goods and Services Tax, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues with appropriate authorities except Provident Fund and TDS.  
During the year, the Company was irregular in depositing PF dues from April to August which was deposited including interest with appropriate authorities subsequently.  
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.
- (b) According to the information and explanations given to us, there are no statutory dues which are pending on account of dispute. Therefore, the provisions of clause 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, previously unrecorded as income in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year.
- (ix) (a) In the books of Company, an amount of Rs 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.



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.

Since, no schedule for repayment has been fixed for both the loans, therefore, we cannot comment upon this clause in the matter of default in repayment of loan and interest thereon.

- (b) According to the information and explanation given to us and on the basis of our examination of the books of accounts, and records of the Company, the Company has not been declared wilful defaulter by any bank or financial institution or other lender.
- (c) According to the information and explanation given to us and on the basis of our examination of the books of accounts, and records of the Company, no term loans have been taken by the Company. Therefore, the provisions of clause 3(ix)(c) of the order is not applicable to the Company.
- (d) According to the information and explanation given to us and on the basis of our examination of the books of accounts, and records of the Company, no funds on short term basis have been raised by the Company. Therefore, the provisions of clause 3(ix)(d) of the order is not applicable to the Company.
- (e) According to the information and explanation given to us and on the basis of our examination of the books of accounts, and records of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. Therefore, the provisions of clause 3(ix)(e) of the order is not applicable to the Company.
- (f) According to the information and explanation given to us and on the basis of our examination of the books of accounts, and records of the Company, the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Therefore, the provisions of clause 3(ix)(f) of the order is not applicable to the Company.
- (x) (a) No moneys have been raised by way of initial public offer or further public offer (including debt instruments) during the year by the Company. Accordingly, the provisions of clause 3(x)(a) of the order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, the provisions of clause 3(x)(b) of the order is not applicable to the Company.
- (xi) (a) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and according to the information and explanations given by the Management, we report that no fraud by the Company or no material fraud on the Company has been noticed or reported during the year. Accordingly, the provisions of clause 3(xi)(a) of the order are not applicable to the Company.



- (b) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and according to the information and explanations given by the Management, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the year. Accordingly, the provisions of clause 3 (xi)(b) of the order are not applicable to the Company.
- (c) As per the information and explanation given to us by the Company no whistle blower complaints were received by the Company during the year. Accordingly, the provisions of clause 3 (xi)(c) of the order are not applicable to the Company.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the Financial Statements as required by the applicable Indian Accounting Standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) According to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has incurred cash losses in the current financial year as well as in the immediately preceding financial year which are specified as below:



<b>Particulars</b>	<b>Current year</b>	<b>Previous Year</b>
Net Profit after Tax and before Other Comprehensive Income	(4477.63)	(3600.94)
Add: Non-cash expenses		
Depreciation and ammortization:	2410.11	2407.79
Unrealized gain/ loss on foreign exchange:	(174.36)	(105.01)
Cash Loss during the year	<b>(2241.88)</b>	<b>(1298.16)</b>

- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the Financial Statements, our knowledge of the Board of Directors and Management plans supported by the Government of India and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) In view of continuous losses incurred by the Company, the provisions of section 135 are not applicable to the Company, accordingly the provisions of clause 3 (xx)(a) of the order are also not applicable to the Company.
- (b) In view of continuous losses incurred by the Company, the provisions of section 135 are not applicable to the Company, accordingly the provisions of clause 3 (xx)(b) of the order are not applicable to the Company.
- (xxi) The Company is not required to prepare consolidated Financial Statements. Accordingly, the provisions of clause 3 (xxi) of the order are not applicable to the Company.

**For S.K. Kapoor & Co.**

CHARTERED ACCOUNTANTS

Firm Registration Number - 000745C

Sd/-

**(V.B. Singh)**

Partner

Membership Number – 073124

UDIN – 22073124AMWIMD4044

Place: Delhi

Date : 14/07/2022





## **Annexure “B” to the Independent Auditors' Report**

Referred to in paragraph 2 under “Report on other legal and Regulatory requirement section of our report of even date to the members of Alliance Air Aviation Ltd on the Financial Statements for the year ended 31<sup>st</sup> March 2022

<b>S. No.</b>	<b>Direction u/s 143(5) of the Companies Act 2013</b>	<b>Auditor’s Reply on Action taken On the directions</b>	<b>Impact on Financials</b>
1)	Whether the Company has system in place to process all the accounting transactions through IT System? If yes, the implications of processing of accounting transactions outside IT System on the integrating of the accounts along with the financial implication if may be stated.	The Company has system in place to process all accounting transactions through IT System i.e., SAP (Systems Applications and products in data processing). However, the Company is availing the services of an outside agency for the processing of data relating to passengers, cargo, baggage and other revenue through AIL as the AIL’s system has been used for the booking etc, which is outside the Company’s IT System. As per the records and information available as per industry practice Parent Company is complying all necessary norms to ascertain the integrity, authenticity and accuracy of the data processed by the outsourced agency.	NIL
2)	Whether there is any restructuring of an Existing loan or case of waiver / write off of Debts / Loans/ Interest etc. made by a lender to the Company due to the Company’s inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case lender is a Government Company, then this direction is also applicable for statutory auditor of lender Company)	Not Applicable. The Company is not availing any loan from any bank, financial institutions or any other lender except the financial support from the parent Company.	NIL



<b>S. No.</b>	<b>Direction u/s 143(5) of the Companies Act 2013</b>	<b>Auditor's Reply on Action taken On the directions</b>	<b>Impact on Financials</b>
3)	Whether funds (Grants / Subsidy etc) received / receivable for specific Schemes from Central / State Government or its agencies were properly accounted for / utilised as per its terms and conditions. List the cases of deviations	No fund received / receivable for specific schemes from central / state agency during the year except amount received /receivable under Regional Connectivity Schemes (RCS) and Viability Gap Funding (VGF) which has been properly accounted for in the books of accounts.	NIL

**For S.K. Kapoor & Co.**

CHARTERED ACCOUNTANTS

Firm Registration Number - 000745C

Sd/-

**(V.B. Singh)**

Partner

Membership Number – 073124

UDIN – 22073124AMWIMD4044

Place: Delhi

Date : 14/07/2022



## **Compliance Certificate**

We have conducted the audit of accounts of Alliance Air Aviation Limited (Formerly Known as Airline Allied Services Limited) for the year ended 31st March, 2022 in accordance with the directions / sub-directions issued by the Comptroller & Auditor General of India under section 143(5) of the Companies Act, 2013 and certify that we have complied with all the Directions / Sub Directions issued to us.

**For S.K. Kapoor & Co.**

CHARTERED ACCOUNTANTS

Firm Registration Number - 000745C

Sd/-

**(V.B. Singh)**

Partner

Membership Number – 073124

UDIN – 22073124AMWIMD4044

Place: Delhi

Date : 14/07/2022



**ANNEXURE – “C” REFERRED IN PARAGRAPH 3(F) UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT ON THE FINANCIAL STATEMENTS OF ALLIANCE AIR AVIATION LIMITED**

**Report on Internal Financial Controls under Clause (i) of sub-section 3 of section 143 of The Companies Act, 2013 (“The Act”)**

**Opinion**

We have audited the internal financial controls over financial reporting of Alliance Air Aviation Limited (“the Company”) as of March 31, 2022 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

In our opinion, 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 financial controls over financial reporting criteria established by the Company considering the components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Management’s Responsibility for Internal Financial Controls**

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

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting with reference to these Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting



with reference to Financial Statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting with reference to Financial Statements.

### **Meaning of Internal Financial Controls over financial reporting with reference to these Financial Statements**

A Company's internal financial controls over financial reporting with reference to these Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting with reference to these Financial Statements includes those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and directors of the Company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial Statements.

### **Inherent Limitations of Internal Financial Controls over financial reporting with reference to Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Financial Statements, including the possibility of collusion or improper Management override of controls, material misstatements due to error or fraud may occur and



not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these Financial Statements to future periods are subject to the risk that the internal financial controls over financial reporting with reference to these Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**For S.K. Kapoor & Co.**

CHARTERED ACCOUNTANTS

Firm Registration Number - 000745C

Sd/-

**(V.B. Singh)**

Partner

Membership Number – 073124

UDIN – 22073124AMWIMD4044

Place: Delhi

Date : 14/07/2022



**MANAGEMENT'S REPLIES TO THE INDEPENDENT AUDITORS' REPORT ON THE  
FINANCIAL STATEMENTS OF THE ALLIANCE AIR AVIATION LIMITED FOR THE  
FINANCIAL YEAR 2021-22**

<b><u>Audit Observation</u></b>	<b><u>Management Comments</u></b>
<p><b>Report on the Audit of Ind AS Financial Statements</b></p> <p><b>Opinion</b></p> <p>We have audited the Ind-AS Financial Statements of <b>ALLIANCE AIR AVIATION LIMITED</b> (hereinafter referred to as “the Company”), which comprise the balance sheet as at 31st March 2022, and the statement of Profit and Loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information.</p> <p>In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and loss, changes in equity and other comprehensive income, and its cash flows for the year ended on that date.</p>	
<p><b>Basis for Opinion</b></p> <p>We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.</p>	



<u><b>Audit Observation</b></u>	<u><b>Management Comments</b></u>
<p><b>Responsibilities of Management for the Ind AS Financial Statements</b></p> <p>The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.</p> <p>In preparing the Ind AS Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.</p> <p>That Board of Directors are also responsible for overseeing the Company's Financial Reporting Process.</p>	
<p><b>Auditor's Responsibilities for the Audit of Ind AS Financial Statements</b></p> <p>Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.</p>	





<b><u>Audit Observation</u></b>	<b><u>Management Comments</u></b>
<p>Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.</p> <p>As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:</p> <ul style="list-style-type: none"><li>• 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.</li><li>• 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.</li><li>• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.</li><li>• 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.</li></ul> <p>If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.</p>	



<u><b>Audit Observation</b></u>	<u><b>Management Comments</b></u>
<ul style="list-style-type: none"><li>• Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.</li></ul> <p>We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.</p> <p>We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.</p>	
<p><b>Emphasis of Matter</b></p> <p>a. Note No. 42 which states that the Financial Statements of the Company have been prepared on going concern basis for the reasons stated therein in spite of continuous accumulated losses, net worth of the Company fully eroded.</p>	<p>Referring note no. 42, 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>



<b><u>Audit Observation</u></b>	<b><u>Management Comments</u></b>
<p>b. We draw attention to Note No. 54 in the Financial Statements which describes the possible effects of uncertainty relating to SARS-CoV-2 ("COVID-19") Pandemic on Companies operations and results as assessed by the Management.</p>	<p>Referring note no. 54, suitable disclosure has been made.</p> <p>Considering the restrictions in flight operations imposed during 2020-21 due to COVID-19 had been eased by Government but due to second wave that hit the country in May' 2021 to August' 2021 and followed by third wave of pandemic in January' 2022, the targeted operations could not be achieved.</p>
<p>Our opinion is not modified in respect of the above matters.</p>	<p>Despite the same, the operating revenue has increased to Rs. 717.53 crores in 2021-22 from Rs. 453.54 crores in 2020-21 (approx. 58.21% increase).</p> <p>The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, up to the date of approval of these Financial Statements has used internal and external sources of information including credit reports and related information, economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets to be recovered.</p>
<p><b>Other Matter Para</b></p> <p>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.</p> <p>Our opinion is not modified in respect of the above matter.</p>	<p>Suitable disclosure has been made in note no. 37 D(iv)</p> <p>The amount has been accounted as per existing MSA between AI and AAAL.</p> <p>AAAL has migrated to its own PSS System from 15<sup>th</sup> April 2022. New PSS System has been integrated with revenue accounting system, hence, all the accounting will be on real time basis in FY 2022-23.</p>
<p><b>Information Other than the Ind AS Financial Statements and Auditor's Report Thereon</b></p> <p>The Company's Board of Directors is responsible for the other information. The other information comprises the Corporate Governance Report (but does not</p>	



<u><b>Audit Observation</b></u>	<u><b>Management Comments</b></u>
<p>include the Standalone Financial Statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report (hereinafter referred to as 'CG report'), and the information included in the Director's Report including Annexures, Management Discussion and Analysis (hereinafter referred to as 'Other reports'). The Other reports are expected to be made available to us after the date of this auditor's report.</p> <p>Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.</p> <p>In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.</p>	
<p><b>Report on Other Legal and Regulatory Requirements</b></p> <p>1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the <b>Annexure "A"</b>, statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.</p>	
<p>2. We are enclosing our report in terms of Section 143(5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in the <b>Annexure "B"</b>, on the directions and sub-directions issued by the Comptroller and Auditor General of India.</p>	
<p>3) (A) As required by Section 143(3) of the Act, we report that:</p> <p>(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.</p>	



<u>Audit Observation</u>	<u>Management Comments</u>
<p>(b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.</p> <p>(c) The Company does not have any branch offices which maintains any books of accounts hence this para is not applicable.</p> <p>(d) The Balance Sheet, the Statement of Profit and Loss (including the Statement of Other Comprehensive Income) the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of accounts.</p> <p>(e) In our opinion, the aforesaid Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.</p> <p>(f) We have not come across any observation on the financial transactions or matters which have any adverse impact on the functioning of the Company.</p> <p>(g) On the basis of the written representations received from the directors as on 31 March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.</p> <p>(h) We have not come across any qualification, reservation or adverse remarks relating to maintenance of accounts and other matters connected therewith hence we are not making any comment under this para.</p> <p>(i) With respect to the adequacy of the Internal Financial Controls with reference to these Ind AS Financial Statements of the Company and operating effectiveness of such controls, refer to separate report in <b>Annexure "C"</b> to this report.</p> <p>(j) The provisions of section 197 read with Schedule V of Companies Act 2013 relating to Managerial Remuneration are not applicable to the Company, being a Government Company in terms of MCA Notification no. G.S.R. 463(E) dated 5th June 2015.</p>	
<p>(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:</p>	



<b><u>Audit Observation</u></b>	<b><u>Management Comments</u></b>
<p>a. The Company has disclosed the impact of pending litigations as at 31st March 2022 on its financial position in its Financial Statements – Refer Note 30 to the Financial Statements.</p> <p>b. The Company did not have any long-term contract including derivative contracts for which there were any material forceable losses hence the Company has not made any provision for the same.</p> <p>c. There were no amounts which were required to be transferred to the Investors education and protection fund by the Company.</p> <p>d. (i) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:</p> <ul style="list-style-type: none"><li>• directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Company or</li><li>• provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.</li></ul> <p>(ii) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall:</p> <ul style="list-style-type: none"><li>• directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Funding Party or</li><li>• provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and</li></ul> <p>(iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under subclause (d) (i) and (d) (ii) contain any material mis-statement.</p> <p>e. The Company has not declared any dividend during the year; hence this para is not applicable.</p>	



**MANAGEMENT'S REPLIES TO "ANNEXURE A" TO THE INDEPENDENT AUDITORS' REPORT**

<b><u>Audit Observation</u></b>	<b><u>Management Comments</u></b>
<p><b>Referred to in Paragraph 1 under 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Alliance Air Aviation Limited on the accounts of the Company for the year ended 31st March 2022</b></p> <p>(a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situations of Property, Plant and Equipment.</p> <p>(B) The Company has maintained proper records showing full particulars of intangible assets.</p>	<p>This is a statement of fact.</p> <p>This is a statement of fact.</p>
<p>(b) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company conducts physical verification of the Property, Plant and Equipment on biennial basis. During the year physical verification was conducted in Delhi, Kolkata and Hyderabad stations where some discrepancies of immaterial nature were observed and the same has been adjusted in books of accounts.</p>	<p>Suitable disclosure has been made in Note no. 32(a).</p>
<p>(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not hold any immovable property, hence the provisions of clause 3(i)(c) of the order is not applicable to the Company.</p>	<p>This is a statement of fact.</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, no revaluation of Property Plant and Equipment (including Right of Use Assets) or Intangible assets or both has been done by the Company during the year. Accordingly, the provisions of clause 3(i)(d) of the order is not applicable to the Company.</p>	<p>This is a statement of fact.</p>
<p>(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988). Accordingly, the provisions of clause 3(i)(e) of the order is not applicable to the Company.</p>	<p>This is a statement of fact.</p>



<b><u>Audit Observation</u></b>	<b><u>Management Comments</u></b>
<p>(ii)(a) As per the information and explanation given to us, the exercise of physical verification of inventories is done on biennial basis. During the 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>(b) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits, from any banks or financial institutions on the basis of security of current assets. Accordingly, the provisions of clause 3(ii)(b) of the order is not applicable to the Company.</p>	<p>Suitable disclosure has been made in Note no. 32(b)</p> <p>This is a statement of fact.</p>
<p>(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, the provisions of clause 3 (iii) (a) to (f) are not applicable to the Company.</p>	<p>This is a statement of fact.</p>
<p>(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans to director and any other party and the Company has not made any investments, given any guarantee and security. Accordingly, the provisions of clause 3(iv) of the order is not applicable to the Company.</p>	<p>This is a statement of fact.</p>
<p>(v) The Company has not accepted any deposits or amounts which are deemed to be deposit from the public within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposit) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) order are not applicable to the Company.</p>	<p>This is a statement of fact.</p>





<b><u>Audit Observation</u></b>	<b><u>Management Comments</u></b>
(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013, for the services rendered by the Company. Accordingly, the provisions of clause 3(vi) of the order is not applicable to the Company.	This is a statement of fact.
(vii)(a) On the basis of our examination of the books of accounts, and records of the Company, we have observed that the Company was regular in depositing undisputed statutory dues including Goods and Services Tax, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues with appropriate authorities except Provident Fund and TDS. During the year the Company was irregular in depositing PF dues from April to August which was deposited including interest with appropriate authorities subsequently. 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.	This is a statement of fact.
(b) According to the information and explanations given to us, there are no statutory dues which are pending on account of dispute. Therefore, the provisions of clause 3(vii)(b) of the order is not applicable to the Company.	This is a statement of fact.
(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year.	This is a statement of fact.
(ix)(a) In the books of Company, an amount of Rs 23345.28 million is appearing as short-term borrowing from Holding Company (M/s AI Assets 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.	This is a statement of fact.



<b><u>Audit Observation</u></b>	<b><u>Management Comments</u></b>
<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> <p>(b) According to the information and explanation given to us and on the basis of our examination of the books of accounts, and records of the Company, the Company has not been declared wilful defaulter by any bank or financial institution or other lender.</p> <p>(c) According to the information and explanation given to us and on the basis of our examination of the books of accounts, and records of the Company, no term loans have been taken by the Company. Therefore, the provisions of clause 3(ix)(c) of the order is not applicable to the Company.</p> <p>(d) According to the information and explanation given to us and on the basis of our examination of the books of accounts, and records of the Company, no funds on short term basis have been raised by the Company. Therefore, the provisions of clause 3(ix)(d) of the order is not applicable to the Company.</p> <p>(e) According to the information and explanation given to us and on the basis of our examination of the books of accounts, and records of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. Therefore, the provisions of clause 3(ix)(e) of the order is not applicable to the Company.</p> <p>(f) According to the information and explanation given to us and on the basis of our examination of the books of accounts, and records of the Company, Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Therefore, the provisions of clause 3(ix)(f) of the order is not applicable to the Company.</p>	<p>This is a statement of fact.</p> <p>This is a statement of fact.</p> <p>This is a statement of fact.</p> <p>This is a statement of fact.</p> <p>This is a statement of fact.</p>



<b><u>Audit Observation</u></b>	<b><u>Management Comments</u></b>
<p>(x)(a) No moneys have been raised by way of initial public offer or further public offer (including debt instruments) during the year by the Company. Accordingly, the provisions of clause 3 (x)(a) of the order is not applicable to the Company.</p> <p>(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, the provisions of clause 3 (x)(b) of the order is not applicable to the Company.</p>	<p>This is a statement of fact.</p> <p>This is a statement of fact.</p>
<p>(xi)(a) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and according to the information and explanations given by the Management, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the year. Accordingly, the provisions of clause 3 (xi)(a) of the order are not applicable to the Company.</p> <p>(b) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and according to the information and explanations given by the Management, we report that no fraud by the Company or no material fraud on the Company has been noticed or reported during the year. Accordingly, the provisions of clause 3 (xi)(b) of the order are not applicable to the Company.</p> <p>(c) As per the information and explanation given to us by the Company no whistle blower complaints were received by the Company during the year. Accordingly, the provisions of clause 3 (xi)(c) of the order are not applicable to the Company.</p>	<p>This is a statement of fact.</p> <p>This is a statement of fact.</p> <p>This is a statement of fact.</p>
<p>(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.</p>	<p>This is a statement of fact.</p>
<p>(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the Financial Statements as required by the applicable Indian Accounting Standards.</p>	<p>This is a statement of fact.</p> <p>Suitable disclosure has been made in note no. 37.</p>



<u>Audit Observation</u>	<u>Management Comments</u>																		
<p>(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.</p> <p>(b) We have considered the internal audit reports of the Company issued till date for the period under audit.</p>	<p>This is a statement of fact.</p>																		
<p>(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.</p>	<p>This is a statement of fact.</p>																		
<p>(xvi)(a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.</p> <p>(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.</p> <p>(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.</p> <p>(d) According to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Accordingly, the requirements of clause 3(xvi)(d) are not applicable.</p>	<p>This is a statement of fact.</p> <p>This is a statement of fact.</p> <p>This is a statement of fact.</p> <p>This is a statement of fact.</p>																		
<p>(xvii) The Company has incurred cash losses in the current financial year as well as in the immediately preceding financial year which are specified as below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Particulars</th> <th style="text-align: center;">Current year</th> <th style="text-align: center;">Previous Year</th> </tr> </thead> <tbody> <tr> <td>Net Profit after Tax and before Other Comprehensive Income</td> <td style="text-align: right;">(4477.63)</td> <td style="text-align: right;">(3600.94)</td> </tr> <tr> <td>Add: Non-cash expenses</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Depreciation and amortization:</td> <td style="text-align: right;">2410.11</td> <td style="text-align: right;">2407.79</td> </tr> <tr> <td style="padding-left: 20px;">Unrealized gain/ loss on foreign exchange:</td> <td style="text-align: right;">(174.36)</td> <td style="text-align: right;">(105.01)</td> </tr> <tr> <td>Cash Loss during the year</td> <td style="text-align: right;"><b>(2241.88)</b></td> <td style="text-align: right;"><b>(1298.16)</b></td> </tr> </tbody> </table>	Particulars	Current year	Previous Year	Net Profit after Tax and before Other Comprehensive Income	(4477.63)	(3600.94)	Add: Non-cash expenses			Depreciation and amortization:	2410.11	2407.79	Unrealized gain/ loss on foreign exchange:	(174.36)	(105.01)	Cash Loss during the year	<b>(2241.88)</b>	<b>(1298.16)</b>	<p>This is a statement of fact.</p> <p>The Company has been able to meet its liability during the year, however, out of the total amount of Rs. 3172.19 Million on account of finance cost, an amount of Rs. 2895.44 Million has been incurred by Company on account of lease liability as per Ind AS 116 and interest charged by holding and Related Companies on the outstanding amount.</p>
Particulars	Current year	Previous Year																	
Net Profit after Tax and before Other Comprehensive Income	(4477.63)	(3600.94)																	
Add: Non-cash expenses																			
Depreciation and amortization:	2410.11	2407.79																	
Unrealized gain/ loss on foreign exchange:	(174.36)	(105.01)																	
Cash Loss during the year	<b>(2241.88)</b>	<b>(1298.16)</b>																	
<p>(xviii) There has been no resignation of the Statutory Auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.</p>	<p>This is a statement of fact.</p>																		



<b><u>Audit Observation</u></b>	<b><u>Management Comments</u></b>
<p>(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the Financial Statements, our knowledge of the Board of Directors and Management plans supported by the Government of India and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.</p> <p>We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.</p>	<p>This is a statement of fact.</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>(xx) (a) In view of continuous losses incurred by the Company, the provisions of section 135 are not applicable to the Company, accordingly the provisions of clause 3 (xx)(a) of the order are also not applicable to the Company.</p> <p>(b) In view of continuous losses incurred by the Company the provisions of section 135 are not applicable to the Company, accordingly the provisions of clause 3 (xx)(b) of the order are not applicable to the Company.</p>	<p>This is a statement of fact.</p> <p>This is a statement of fact.</p>
<p>(xxi) The Company is not required to prepare consolidated Financial Statements. Accordingly, the provisions of clause 3 (xxi) of the order are not applicable to the Company.</p>	<p>This is a statement of fact.</p>



**MANAGEMENT’S REPLIES TO “ANNEXURE B” TO THE INDEPENDENT AUDITORS’  
REPORT**

**Referred to in paragraph 2 under “Report on other legal and Regulatory requirement section of our report of even date to the members of Alliance Air Aviation Ltd on the Financial Statements for the year ended 31st March 2022**

<b>S NO</b>	<b>Direction u/s 143(5) of the Companies Act 2013</b>	<b>Auditor’s Reply on Action taken on The directions</b>	<b>Management Reply</b>	<b>Impact on Financials</b>
1	Whether the Company has system in place to process all the accounting transactions through IT System If Yes, the implications of processing of Accounting transactions outside IT System On the integrating of the accounts along with the financial implication if may be stated.	The Company has system in place to Process all accounting transactions through IT System i.e., SAP (Systems Applications and products in data processing). However, the Company is availing the services of an outside agency for the processing of data relating to passengers, cargo, baggage and other revenue through AIL as the AIL’s system has been used for the booking etc, which is outside the Company’s IT System. As per the records and information available as per industry practice parent Company is complying all necessary norms to ascertain the integrity, authenticity and accuracy of the data processed by the outsourced agency.	This is a statement of fact.  All the accounting entries are done through the financial Accounting module SAP. The inventory & revenue accounting has an interface with SAP financial module.  AAAL has migrated to its own PSS System from 15th April 2022. New PSS System has been integrated with revenue accounting system, hence, all the accounting will be on real time basis in FY 2022-23.	NIL
2	Whether there is any restructuring of an Existing loan or case of waiver / write off of Debts / Loans/ Interest etc. made by a lender to the Company due to the Company’s inability to repay the loan?  If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case lender is a Government Company, then this direction is also applicable for statutory auditor of lender Company)	Not Applicable.  The Company is not availing any loan from any bank, financial institutions or any other lender except the financial support from the parent Company.	This is a Statement of fact.	NIL



<b>S NO</b>	<b>Direction u/s 143(5) of the Companies Act 2013</b>	<b>Auditor's Reply on Action taken on The directions</b>	<b>Management Reply</b>	<b>Impact on Financials</b>
3	Whether funds (Grants / Subsidy etc) received / receivable for specific Schemes from Central / State Government or its agencies were properly accounted for / utilised as per its terms and conditions.  List the cases of deviations	No fund received / receivable for specific schemes from central / state agency during the year except amount received / receivable under Regional Connectivity Schemes (RCS) and Viability Gap Funding (VGF) which has been properly accounted for in the books of accounts.	This is a statement of fact.	NIL



**MANAGEMENT’S REPLIES TO “ANNEXURE C” TO THE INDEPENDENT AUDITORS’  
REPORT**

<b><u>Audit Observation</u></b>	<b><u>Management Comments</u></b>
<p><b>Annexure – “C” Referred in paragraph 3(f) under the heading “Report on other Legal and Regulatory Requirements” of our report on the Ind AS Financial Statements of Alliance Air Aviation Limited</b></p> <p><b>Report on Internal Financial Controls under Clause (i) of sub-section 3 of section 143 of The Companies Act, 2013 (“The Act”)</b></p> <p><b>Opinion</b></p> <p>We have audited the internal financial controls over financial reporting of Alliance Air Aviation Limited (“the Company”) as of March 31, 2022 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.</p> <p>In our opinion, 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 financial controls over financial reporting criteria established by the Company considering the components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.</p>	
<p><b>Management’s Responsibility for Internal Financial Controls</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 the audit of internal financial control over financial reporting (the Guidance Note) issued by The Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.</p>	<p>This is a statement of fact.</p>





<b><u>Audit Observation</u></b>	<b><u>Management Comments</u></b>
<p><b>Auditor's Responsibility</b></p> <p>Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to Financial Statements was established and maintained and if such controls operated effectively in all material respects.</p> <p>Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.</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 with reference to Financial Statements.</p>	
<p><b>Meaning of Internal Financial Controls with reference to Ind AS Financial Statements</b></p> <p>A Company's internal financial controls over financial reporting with reference to these Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting with reference to these Financial Statements includes those policies and procedures that:</p>	



<b><u>Audit Observation</u></b>	<b><u>Management Comments</u></b>
<p>(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;</p> <p>(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and directors of the Company; and</p> <p>(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial Statements.</p>	<p>This is a statement of fact.</p> <p>This is a statement of fact.</p> <p>This is a statement of fact.</p>
<p><b>Inherent Limitations of Internal Financial Controls over financial reporting with reference to Financial Statements</b></p> <p>Because of the inherent limitations of internal financial controls over financial reporting with reference to these Financial Statements, including the possibility of collusion or improper Management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these Financial Statements to future periods are subject to the risk that the internal financial controls over financial reporting with reference to these Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.</p>	



**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2022**

Particulars	Note No.	As at	As at
		31st March' 2022 In Rs. Million	31st March' 2021 In Rs. Million
<b>ASSETS :</b>			
<b>1 Non-current Assets</b>			
(a) Property, Plant & Equipment	2(a)	207.80	225.94
(b) Right-of-Use Assets	2(b)	19,673.86	22,055.70
(c) Other Intangible Assets	2(c)	25.80	-
(d) Financial Assets:			
i) Trade Receivables		-	-
ii) Other Financial Assets	3	847.65	159.56
(e) Income Tax Assets (Net)	4	387.72	498.03
(f) Deferred Tax Assets (Net)		-	-
(g) Other Non-Current Assets	5	4,434.94	3,583.86
<b>2 Current Assets</b>			
(a) Inventories	6	284.68	291.55
(b) Financial Assets:			
i) Trade Receivables	7	805.13	636.60
ii) Cash and Cash equivalents	8	145.04	36.87
iii) Bank balances other than ( ii) above	9	867.90	914.03
iv) Others Financial assets	10	108.90	116.77
(c) Other Current Assets	11	260.93	267.20
<b>TOTAL ASSETS</b>		<b>28,050.35</b>	<b>28,786.11</b>
<b>EQUITY AND LIABILITIES :</b>			
<b>1 Equity</b>			
(a) Equity Share Capital	12	4,022.50	4,022.50
(b) Other Equity	13	(35,008.02)	(30,534.10)
<b>Liabilities</b>			
<b>(i) Non-current Liabilities</b>			
(a) Financial Liabilities			
i) Borrowings		-	-
ia) Lease Liabilities	14	19,856.31	21,954.42
ii) Trade Payable		-	-
(A) total outstanding dues of micro enterprises and small enterprises; and		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.		-	-
(iii) Other financial liabilities			
(b) Provisions	15	677.33	639.57
(c) Deferred tax liabilities (Net)		-	-
(d) Other non-current liabilities		-	-
<b>(ii) Current Liabilities</b>			
(a) Financial Liabilities			
i) Borrowings	16	23,907.78	20,656.16
ia) Lease Liabilities	17	2,608.93	2,252.96
ii) Trade Payables	18		
(A) total outstanding dues of micro enterprises and small enterprises; and		2.41	4.89
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		11,100.56	9,136.75
(iii) Other Financial Liabilities	19	545.83	461.57
(b) Provisions	20	4.34	3.82
(c) Other Current Liabilities	21	332.38	187.57
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>28,050.35</b>	<b>28,786.11</b>

As per our Separate report of even date

**For S.K. Kapoor & Co.**

Chartered Accountants

Firm Registration Number: 000745C

Sd/-

**V. B. Singh**

(Partner)

ICAI Membership Number.: 073124

UDIN: 22073124AMWIMD4044

Place: New Delhi

Date: 14/07/2022

**For and on behalf of the Board of Directors of Alliance Air Aviation Limited**

Sd/-

**Vikram Dev Dutt**

Chairman (Nominee Director)

DIN: 02055541

Sd/-

**Vineet Sood**

Chief Executive Officer

Sd/-

**Usha Padhee**

Nominee Director

DIN:03348716

Sd/-

**Ambar Kumar Mondal**

Chief Financial Officer

Sd/-

**Shilpa Bhatia**

Company Secretary

Membership No. ACS 49386



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022**

	Particulars	Note No	Amount for the period 2021-2022	Amount for the period 2020-2021
			In Rs. Million	In Rs. Million
<b>I</b>	<b>Revenue</b>			
<b>1</b>	From Operations	<b>22</b>		
	i) Scheduled Traffic Services		<b>4,283.90</b>	2,535.79
	ii) Non Schedule Traffic Services		<b>2,862.82</b>	1,988.29
	iii) Other Operating Revenue		<b>28.57</b>	11.31
<b>2</b>	Other Income	<b>23</b>	<b>65.81</b>	56.88
<b>II</b>	<b>Total Revenue (1+2)</b>		<b>7,241.10</b>	<b>4,592.27</b>
<b>III</b>	<b>Expenses</b>			
	Aircraft Fuel & Oil		<b>1,697.29</b>	787.96
	Other Operating Expense	<b>24</b>	<b>3,037.01</b>	2,064.21
	Purchase of Stock-in-Trade		-	-
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		-	-
	Employee benefit expenses	<b>25</b>	<b>1,262.41</b>	1,148.98
	Finance Costs	<b>26</b>	<b>3,172.19</b>	1,406.95
	Depreciation and Amortization expenses	<b>2 (a to c)</b>	<b>2,410.11</b>	2,407.79
	Other expenses	<b>27</b>	<b>126.42</b>	377.32
<b>IV</b>	<b>Total Expenses</b>		<b>11,705.43</b>	<b>8,193.21</b>
<b>V</b>	<b>Profit/(Loss) before exceptional items and tax (II-IV)</b>		<b>(4,464.33)</b>	<b>(3,600.94)</b>
<b>VI</b>	<b>Exceptional Items</b>		-	-
<b>VII</b>	<b>Profit/(Loss) before tax (V-VI)</b>		<b>(4,464.33)</b>	<b>(3,600.94)</b>
<b>VIII</b>	<b>Tax expense:</b>			
<b>1</b>	Current Tax		-	-
<b>2</b>	Income Tax for Earlier Years		<b>13.30</b>	-
<b>3</b>	Deferred Tax		-	-
<b>IX</b>	<b>Profit/(Loss) for the year after tax (VII-VIII)</b>		<b>(4,477.63)</b>	<b>(3,600.94)</b>
<b>X</b>	<b>Other Comprehensive Income</b>			
	<u>A Items that will not be reclassified to Statement of profit and loss</u>			
	- Remeasurements of defined Benefit Plans		<b>3.71</b>	1.62
<b>XI</b>	<b>Total Comprehensive Income for the period (IX+X) (Comprising Profit/(Loss) and Other Comprehensive Income for the period)</b>		<b>(4,473.92)</b>	<b>(3,599.32)</b>
<b>XII</b>	<b>Earnings per equity share (In Rupees)</b>	<b>28</b>		
	(1) Basic		<b>(111.31)</b>	(89.52)
	(2) Diluted		<b>(111.31)</b>	(89.52)

As per our Separate report of even date

For S.K. Kapoor & Co.

Chartered Accountants

Firm Registration Number: 000745C

Sd/-

**V. B. Singh**

(Partner)

ICAI Membership Number.: 073124

UDIN: 22073124AMWIMD4044

Place: New Delhi

Date: 14/07/2022

For and on behalf of the Board of Directors of Alliance Air Aviation Limited

Sd/-

**Vikram Dev Dutt**

Chairman (Nominee Director)

DIN: 02055541

Sd/-

**Vineet Sood**

Chief Executive Officer

Sd/-

**Usha Padhee**

Nominee Director

DIN:03348716

Sd/-

**Ambar Kumar Mondal**

Chief Financial Officer

Sd/-

**Shilpa Bhatia**

Company Secretary

Membership No. ACS 49386



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022

Amount in Rs. Million

A. Equity Share Capital				
Balance as an 01.04.2021	Changes in Equity Share Capital due to prior period errors Share	Restated balance as on 01.04.2021	Changes in equity share capital during the current year	Balance as on 31.03.2022
4,022.50	-	4,022.50	-	4,022.50

  

A. Equity Share Capital				
Balance as an 01.04.2020	Changes in Equity Share Capital due to prior period errors Share	Restated balance as on 01.04.2020	Changes in equity share capital during the current year	Balance as on 31.03.2021
4,022.50	-	4,022.50	-	4,022.50

Amount in Rs. Million

B.(1.) Other Equity (Current Year)			
PARTICULARS	Retained Earnings	Other Comprehensive Income	Total
<b>Balances as at 1.04.2021</b>	(30,539.26)	5.16	(30,534.10)
Profit/( Loss) for the year	(4,477.63)	-	(4,477.63)
Other Comprehensive Income for the year	-	3.71	3.71
<b>Total Comprehensive Income</b>	<b>(35,016.89)</b>	<b>8.87</b>	<b>(35,008.02)</b>
<b>Balance as at 31.03.2022</b>	<b>(35,016.89)</b>	<b>8.87</b>	<b>(35,008.02)</b>

B.(2.) Other Equity (Previous Year)			
PARTICULARS	Retained Earnings	Other Comprehensive Income	Total
<b>Balance as at 1.04.2020</b>	(26,938.32)	3.54	(26,934.78)
Profit/( Loss) for the year	(3,600.94)	-	(3,600.94)
Other Comprehensive Income for the year	-	1.62	1.62
<b>Total Comprehensive Income</b>	<b>(30,539.26)</b>	<b>5.16</b>	<b>(30,534.10)</b>
<b>Balance as at 31.03.2021</b>	<b>(30,539.26)</b>	<b>5.16</b>	<b>(30,534.10)</b>

As per our Separate report of even date

For S.K. Kapoor & Co.  
Chartered Accountants  
Firm Registration Number: 000745C

Sd/-  
**V. B. Singh**  
(Partner)  
ICAI Membership Number.: 073124  
UDIN: 22073124AMWIMD4044

Place: New Delhi  
Date: 14/07/2022

For and on behalf of the Board of Directors of Alliance Air Aviation Limited

Sd/-  
**Vikram Dev Dutt**  
Chairman (Nominee Director)  
DIN: 02055541

Sd/-  
**Vineet Sood**  
Chief Executive Officer

Sd/-  
**Usha Padhee**  
Nominee Director  
DIN:03348716

Sd/-  
**Ambar Kumar Mondal**  
Chief Financial Officer

Sd/-  
**Shilpa Bhatia**  
Company Secretary  
Membership No. ACS 49386



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022

Particulars	Amount in Rs. Million	
	2021-2022	2020-21
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit or Loss before Tax as per Statement of Profit & Loss A/c	(4,464.33)	(3,600.94)
Add/(Less)-Adjustments for Non-Operating Expenses/Income and Non-Cash Items		
Depreciation and amortisation expenses	2,410.11	2,407.79
Provisions / Un-claimed Liabilities Written Back	(0.16)	(1.58)
Interest, Finance Cost and Exchange difference on Leases as per Ind-AS 116	820.48	(634.46)
Interest and Finance Costs	21.52	9.60
Interest Income on Deposits	(42.04)	(55.30)
Prov. For Income Tax	-	-
Unrealised Foreign Exchange Gain and Loss	(174.36)	(105.01)
Bad debt recovered	(1.19)	-
Loss/ Gain on Disposal of Assets	0.01	-
Interest on Income Tax Refund	(23.61)	-
Provision for obsolescence of spares	34.83	(19.82)
	<b>3,045.59</b>	<b>1,601.22</b>
<b>Operating Profit/(Loss) before working capital changes</b>	<b>(1,418.74)</b>	<b>(1,999.72)</b>
<b>Adjustments for (increase) / decrease in operating assets:</b>		
Other Bank Balances	46.14	94.07
Other non-current assets	(851.08)	(479.77)
Inventories	(27.97)	25.25
Trade receivables	(167.33)	150.95
Others Financial Asset	7.87	72.44
Other Financial Assets-non current	(688.10)	117.98
Other current assets	6.26	(92.55)
	<b>(1,674.21)</b>	<b>(111.62)</b>
<b>Adjustments for increase / (decrease) in operating liabilities:</b>		
Trade payables	2,135.32	822.55
Other current liabilities	144.81	(84.97)
Short-term borrowing	3,251.61	3,545.08
Short-term provisions	0.52	1.70
Other Financial Liabilities	84.26	(42.35)
Long-term provisions	12.16	18.71
	<b>5,628.68</b>	<b>4,260.73</b>
<b>Cash generated from operations</b>	<b>2,535.73</b>	<b>2,149.38</b>
Less : Income Taxes Paid / (Refunded) Including TDS	120.63	(100.76)
<b>Net Cash from Operating Activities (A)</b>	<b>2,656.36</b>	<b>2,048.63</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
a) Purchase of Fixed Assets	(35.59)	(160.14)
b) Interest Income on Deposits	42.04	55.30
c) Sale of fixed Asset	0.19	-
<b>Net Cash from/(used) in investing activities (B)</b>	<b>6.64</b>	<b>(104.84)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
a) Conversion of Current Liability into Equity	-	-
b) Lease payment	(2,533.31)	(2,193.07)
c) Interest Paid	(21.52)	(9.60)
<b>Net Cash from/(used) in financing activities (C)</b>	<b>(2,554.83)</b>	<b>(2,202.67)</b>
<b>(D) NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>108.17</b>	<b>(258.88)</b>

**ALLIANCE AIR AVIATION LIMITED**

Particulars	Amount in Rs. Million	
	2021-2022	2020-21
<b>(E) CASH &amp; CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	36.87	295.75
<b>CASH &amp; CASH EQUIVALENTS AT THE END OF THE YEAR (D+E)</b>	145.04	36.87

Note :- The above Statement of Cash Flow has been prepared under the 'Indirect Method' as set out in the IND AS 7 on "Statement of Cash Flows" issued by ICAI.

Previous year amount have been regrouped /rearranged where ever necessary.

Particulars	Amount (Rs.) Million 2021-2022	Amount (Rs.) Million 2020-2021
<b>Cash and Cash Equivalent comprises:</b>		
<b>Balance with Banks</b>		
In Current Accounts	145.04	36.86
<b>Cash on hand</b>	-	0.01
<b>Closing Balance</b>	145.04	36.87

Note :- The above Statement of Cash Flow has been prepared under the 'Indirect Method' as set out in the IND AS 7 on "Statement of Cash Flows" issued by ICAI.

As per our Separate report of even date

**For S.K. Kapoor & Co.**

Chartered Accountants

**Firm Registration Number: 000745C**

Sd/-

**V. B. Singh**

(Partner)

ICAI Membership Number.: 073124

UDIN: 22073124AMWIMD4044

Place: New Delhi

Date: 14/07/2022

**For and on behalf of the Board of Directors of Alliance Air Aviation Limited**

Sd/-

**Vikram Dev Dutt**

Chairman (Nominee Director)

DIN: 02055541

Sd/-

**Vineet Sood**

Chief Executive Officer

Sd/-

**Usha Padhee**

Nominee Director

DIN:03348716

Sd/-

**Ambar Kumar Mondal**

Chief Financial Officer

Sd/-

**Shilpa Bhatia**

Company Secretary

Membership No. ACS  
49386

**Notes forming part of the IND AS Financial Statements of Alliance Air Aviation Limited for the year ended 31<sup>st</sup> March, 2022****Note No.1: Summary of Significant Accounting Policies**

This note provides a list of significant accounting policies adopted in the preparation of these Financial Statements. These policies have been consistently applied to all the years presented, unless, otherwise stated. All figures of financials are in Rs. (Million), unless otherwise stated.

**1. Company Information / Overview:****Background:**

Alliance Air Aviation Limited (formerly known as Airline Allied Services Limited), a wholly owned subsidiary of AI Assets Holding Limited, a Government of India Company, incorporated in India, registered under the Companies Act, 1956 now erstwhile Companies Act 2013 ("The Act"). The Company is in the business of air transportation which includes mainly passenger and cargo services and other related services in India. The Company mainly operates between Tier-2 and Tier-3 cities in India. As at year end, the Company has a fleet of Eighteen ATR – 72-600 Aircrafts.

The registered office of the Company is situated at Alliance Bhawan, Domestic Terminal-1, I.G.I. Airport, New Delhi – 110037.

The Board of Directors approved the Financial Statements for the year ended March 31, 2022 and authorized for issue on July 14, 2022.

**2. Basis of preparation of Financial Statements:****(i) Statement of Compliance:**

The Financial Statements of the Company comply with Indian Accounting Standards (Ind-AS) as specified under section 133 of Companies Act 2013 (The Act), read with relevant rules issued thereunder pursuant to the notification issued by Ministry of Corporate Affairs dated 16 February 2015, in conjunction with notifying the Companies (Indian Accounting Standards) Rules, 2015 including amendments and enactments issued under the law in force from time to time, relevant provisions of the Act and other accounting principles generally accepted in India. The Financial statements are prepared on going concern basis following accrual system of accounting.

The Financial Statements were authorized for issue by the Board of Directors of the Company on July 14, 2022.

**(ii) Basis of measurement:**

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

**(iii) Recent Pronouncements:**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022 as below:





### **Ind AS 16 – Proceeds before intended use**

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment, amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, an entity will recognize such sales proceeds and related costs in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its Financial Statements.

### **Ind AS 37 –Costs of Fulfilling a Contract**

The amendments specify 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. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its Financial Statements.

### **Ind AS 109 – Annual Improvements to Ind AS (2021)**

The amendment clarifies which fees an entity includes when it applies the ‘10 percent’ test of Ind AS 109 in assessing whether to derecognize a financial liability. The Company does not expect the amendment to have any significant impact in its Financial Statements.

### **Ind AS 116 – Annual Improvements to Ind AS (2021)**

The amendments remove 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.

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

In preparing these Financial Statements, Management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. However, the actual results may differ from these estimates.

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

Significant areas of estimation and judgments (as stated in the respective Accounting Policies) that have the most significant effect on the Financial Statements are as follows:

- a) Impairment of Assets
- b) Measurement of useful life and residual values of property, plant and equipment and the assessment as to which components of the cost may be capitalized



- c) Basis of classification of a Property as Investment Property
- d) Basis of classification of Non-Current Assets held for sale
- e) Estimation of Costs of Re-delivery
- f) Recognition of Deferred Tax Assets and Minimum Alternative Tax credit entitlement is determined on the basis of the probability of recovery
- g) Recognition and measurement of defined benefit obligations
- h) Judgment required to ascertain lease classification
- i) Measurement of grant date Fair Values and Expected Credit Loss (ECL)
- j) Judgment is required to ascertain whether it is probable or not that an outflow of resources embodying economic benefits will be required to settle the taxation disputes and legal claim
- k) Fair value measurement of financial Assets and Liabilities.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements

#### I. Operating cycle & Classification of Current & Non-Current:

##### Current - Non-Current classification

Presentation of assets and liabilities in the Financial Statements has been made based on current /non-current classification provided under the Company Act 2013.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

##### Operating cycle

The Company being in service sector, there is no specific operating cycle; however, 12 months period has been adopted as “the Operating Cycle” in-terms of the provisions of Schedule III to the Companies Act 2013.

#### II. Property, Plant and Equipment

##### A. Initial Recognition and measurement

- a.) The cost of an item of property, plant and equipment is recognized as an asset if,
  - (i) it is probable that future economic benefits associated with the item will flow to the entity; and
  - (ii) the cost of the item can be measured reliably.
- b.) An item of Property Plant and Equipment that qualifies for recognition as an asset shall be measured at its cost.



The cost of an item of property, plant and equipment comprises:

- (i) Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
  - (ii) Incidental costs incurred pertaining to the acquisition and bringing the asset to the location and condition necessary for it to be capable of operating in a manner intended by Management and interest on loans borrowed where ever applicable, up to the date of putting the concerned asset to its working condition for its intended use.
- c.) If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate component of property, plant and equipment.

#### **B. Subsequent Recognition and Measurement**

Subsequent costs are included in the asset's carrying amount or recognized as separate assets, as appropriate, only when it is probable that the future economic benefits associated with expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to Statement of Profit and Loss at the time of incurrence.

The Company has adopted Cost Model as per Ind-AS 16 "Property Plant and Equipment" and Property, Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

#### **C. Depreciation /Amortization**

- a) Depreciation is provided on straight-line method over the useful life of the Property, Plant and Equipment as prescribed in the Schedule II of the Companies Act 2013 (except as otherwise stated), keeping a residual value of 5% of the original cost. Useful lives of Property, Plant & Equipment are reviewed by the Management at each year end.
- b) In the case where life of the Plant, Property and Equipment has not been prescribed under Schedule II of the Companies Act, 2013, the same have been determined by technically qualified persons and approved by the Board of Directors, keeping a residual value of 5% of the original cost as stated hereunder:
  - 1. Rotables:

Aircraft Rotables are depreciated over the residual average useful life of the related 'aircraft fleet' from the relevant year of purchase.
  - 2. Ground Support Equipment (GSE):

Depreciation on Ground Support Equipment specific to leased ATR aircraft is provided based on the completed aircraft lease months over the total aircraft lease months from the date of use.



- c) Major scheduled overhaul costs relating to engine and airframe are identified as separate components are depreciated over the expected lives between major overhauls.
- d) Cost incurred on major modifications/refurbishment on modernization/ conversion carried to be depreciated over the useful life.
- e) Depreciation is calculated on a pro-rata basis for assets purchased/sold during the period.

Depreciation has been charged based on the following useful lives:

Particulars of Assets	Useful Lives
Plant & Equipment	5 Years
Furniture & Fixtures	10 years
Vehicle	8 Years
Data Processing Equipment's	3 Years
Ground Support Equipment's (ATR)	As per above mentioned policy at <b>II C b (2.)</b>
Medical Equipment's	15 Years
Airframe Rotables	Based on Lease Period
Aero Engine Rotables	Based on Lease Period

**D. Derecognition:**

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of property, plant and equipment (calculated as the difference between the net disposal proceeds/ fair value and the carrying amount of property, plant and equipment) is included in the Statement of Profit and Loss when property, plant and equipment is derecognized. The carrying amount of any component accounted as a separate component is derecognized, when replaced or when the property, plant and equipment to which the component relates gets derecognized.

**E. Physical Verification of Assets:**

Physical Verification of Assets is done on a rotational basis so that every asset is verified in every two years. Based on the Physical Verification Report, the discrepancies observed, if any, are reconciled with records and accordingly, accounting action, if any, is taken in the books of accounts.

**III. Non- Current Assets held for Sale**

Assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale in its present condition rather than through continuing use. The net book value of such assets, are transferred from the block of fixed assets to "Assets held for Sale" at lower of the "carrying value" or "Fair Value less cost to sell". No depreciation is provided, once the asset is transferred to Assets Held for Sale.



An Impairment Loss is recognized for any initial or subsequent write-down of the asset to fair value less cost to sell. A gain is recognized for any subsequent increases in fair value less cost to sell of an asset, but not in excess of any cumulative impairment loss previously recognized.

#### **IV. Intangible Assets**

##### **A. Initial recognition and measurement**

Intangible assets are acquired and recognized only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of assets can be measured reliably.

Intangible assets are recorded at cost of acquisition including incidental costs related to acquisition and installation.

Cost of an intangible assets includes its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and any directly attributable cost of preparing the asset for its intended use.

Intangible assets acquired by the Company, which have finite useful lives, are recognized at cost. Subsequent measurement is done at cost less accumulated amortization and accumulated impairment losses.

##### **B. Subsequent recognition and measurement**

Subsequent costs are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure on intangible assets is recognized in the Statement of Profit and Loss, as incurred.

##### **C. Amortization**

Intangible assets which have finite useful lives are amortized on straight- line method over a period of legal right to use as per the contract period.

The amortization period and the amortization method of intangible assets with a finite useful life is reviewed at each financial year end and adjusted prospectively, wherever required.

An intangible asset having an infinite useful life is not amortized as per paragraph 107 of Ind-AS 38, however, these assets are reviewed for impairment periodically by Management and the impairment is carried out, if necessary.

The Residual Value of Intangible Asset with Finite Useful Life is considered as zero.

Intangible assets with finite useful life are evaluated for recoverability annually and whenever there is any indication that their carrying amounts may not be recoverable. The excess of carrying amount over its recoverable amount is recognized as an impairment loss.



#### **D. Derecognition**

An Intangible Asset shall be derecognized:

- a) On disposal; or
- b) when no future economic benefits are expected from its use or disposal.

Gain or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

#### **V. Leases**

The Company has applied following practical expedient for calculation of Lease Liability -

Use of single average discount rate to portfolio of leases of similar assets in similar economic environment with similar conditions for end date.

##### **A. As lessee:**

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

- The 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.

##### **1) Right of Use Assets:**

###### **a) Initial Recognition and Measurement:**

At the commencement date, the rights of use assets (ROU Assets) are measured at cost. The cost includes-

- a) An amount equal to the lease liabilities
- b) Any lease payments made before commencement date
- c) Any Indirect cost
- d) An Estimate of cost to be incurred in respect of Re-delivery obligations
- e) Less, any incentives received from the Equipment manufacturer in the terms of lease.

###### **b) Subsequent Measurement:**

After the commencement date, the ROU Assets are measured in accordance with the accounting policy for Property, Plant and Equipment, i.e., ROU are measured at cost, less accumulated depreciation and accumulated impairment losses.



ROU Assets are also correspondingly adjusted to reflect any re-measurement impact in the lease liabilities on account of lease modifications.

ROU Assets will be subject to impairment as per Policy stated in clause no. VII.

**2) Lease Liabilities:**

**a) Initial Recognition and Measurement:**

At the commencement date the Company measures lease liabilities at the present value of lease payments that are not paid at that date. The lease liabilities include—

- a) Lease Rentals
- b) Payment of Penalties for termination of lease if lease term reflects the Company exercising the option to terminate
- c) Less, any incentives receivable

The lease payments are discounted using interest rate implicit in the lease, if that are readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

Incremental Borrowing Rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU Assets in a similar economic environment.

**b) Subsequent Measurement:**

After the commencement date the amount of lease liabilities is increased to reflect the accretion of interest and reduced by the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is lease modification, including lease modification in the lease term, lease payment or assessment of an option to purchase the underlying asset. The lease liabilities are re-measured by discounting the revised lease payments using revised discount rate at the effective date of modification.

**3) Lease Term:**

At the commencement date, the Company determines the lease term which represents non-cancellable period of initial lease for which the asset is expected to be used, together with the periods covered by an option to extend and terminate the lease, if Company is reasonably certain at commencement date to exercise the extension or termination option.

**4) Depreciation:**

Depreciation on assets held as ROU is charged to Statement of Profit and loss on straight line basis from the commencement date to the earliest of the end of useful life of the ROU Asset or end of lease term.



**5) Other Leases:**

Lease payments associated with any other leases which falls outside the purview of Ind AS 116, short-term leases (leases with a term of twelve months or less) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

**6) Provision for Re-delivery**

The Company has in its fleet, 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.

**7) Manufacturer's Credit (Cash & Non-Cash Incentives):**

Manufacturer Credit means cash incentives & non-cash-based incentives in the form of any rebates, discounts, incentive payments, and other credits which are provided by OEM (Original Equipment Manufacturer) and subsequently passed on to the customer by the Lessor at the time of Lease Agreement.

Cash incentives:

The Company receives incentives from OEM (Original Equipment Manufacturer) or the Lessor in connection with acquisition of aircraft under lease. These incentives are recorded as reduction to the carrying amount of Right to Use Assets at the commencement of lease of the respective aircraft or aircraft components.

Non-Cash Incentives:

Non-cash incentives are recorded as and when due to the Company by setting up a deferred asset and a corresponding deferred incentive. These incentives are recorded as a reduction to the cost of related aircraft and aircraft components in case of owned aircrafts. In case of aircrafts held under leases, the incentives are recorded as reduction to the carrying amount of right to use assets at the commencement of lease of the respective aircraft or aircraft components taken on lease.

**VI. Inventories:**

**A. Inventory**

- 1.) Inventories primarily consist of stores and spares and loose tools (other than those which meet the criteria of property, plant and equipment).
- 2.) Expendable / consumables are charged off in case of initial issue, except issued for capital works which are expensed off when the work order is closed on the completion of repair work.





## **B. Valuation of Inventories**

- 1) Inventories are valued at lower of cost and Net Realizable Value ('NRV'). NRV for Stores and spares, loose tools and used in rendering of services are not written down below cost except in cases where the price of such materials have declined and it is estimated that the cost of rendering of services will exceed their selling price.
- 2) Cost of inventories comprise all costs of purchase after deducting non-refundable rebates and discounts and all other costs incurred in bringing the inventories to their present location and condition and is determined on weighted average basis.
- 3) At the year end, Freight Duty & Insurance is expensed off on the basis of the ratio of closing inventory to Consumption of Inventory during the year. Unallocated custom duty paid on aircraft spares is shown under Inventory.

## **C. Diminution in value of inventories**

- 1.) Obsolescence provision for aircraft stores and spare parts:
  - i. Provision is made for the non-moving inventory exceeding a period of five years (net realizable value of 5%) except for (ii) & (iii) below and netted off from the value of inventory.
  - ii. Inventory of Aircraft Fleet which has been phased out, is shown at estimated realizable value unless the same can be used in other Aircraft.
  - iii. Provision in respect of inventories exclusively relating to aircraft on dry / wet lease, is made on the basis of the completed lease period compared to the total lease period as at the year-end.
- 2.) Full Obsolescence Provision for non-aircraft stores and spares is made for non-moving inventory exceeding a period of five years.
- 3.) Spares retrieved from the cannibalization of the scrapped aircraft are accounted for at Rupee One.

## **VII. Impairment of Non-Financial Assets:**

The Company assesses at each Balance Sheet date whether there is any indication that carrying amount of its non- financial asset has been impaired. If any such indication exists, the provision for impairment is made in accordance with Ind AS-36 by estimating the "Recoverable Amount" of the asset.

### **Impairment Testing:**

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted



to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

**Recognition of Impairment Loss:**

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the Statement of Profit and Loss.

**Reversal of Impairment Loss:**

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

A reversal of an impairment loss for an asset shall be recognized immediately to statement of profit and loss.

**VIII. Government Grants**

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Government grants shall be recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses, the related costs for which the grants are intended to compensate.

Government grants that become receivable as compensation for expenses or losses incurred in a previous period are recognized in profit or loss of the period in which it becomes receivable.

Government grants related to assets are presented in the balance sheet as deferred income and are recognized in profit or loss on a systematic basis over the expected useful life of the related assets.

**IX. Revenue Recognition**

**A. Revenue from Operation:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Under Ind AS 115, Revenue is recognized upon transfer of control of promised goods or services to customers. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, incentives, amounts collected on behalf of third parties, or other similar items if any as specified in the contracts with the customers.

**B. Revenue from different sources is recognized as under:**

**a) Passenger, Cargo and Mail Revenue**

Passenger, Cargo and Mail Revenue are recognized at initial stage when transportation service is provided on flown basis net of discounts given to the



passengers, amount collected on behalf of third parties, applicable taxes and airport levies such as passenger service fee, user development fee, etc., if any.

**b) Blocked Space arrangements/Code share**

Blocked Space arrangements/Code share revenue/expenditure is recognized on an actual basis, based on uplift data received from the code share partners. Wherever details from code share partners are not available, revenue/expenditure is booked to the extent of documents/information received, and adjustments, if any, required are carried out at the time of availability of such information.

**c) Viability Gap Funding (VGF) and Regional Connectivity Scheme (RCS)**

Viability Gap Funding (VGF) and Regional Connectivity Scheme (RCS) are accounted for on the basis of difference between revenue and cost of operations on accrual basis and the same is treated as Operating Income.

**d) Other Operating Revenue**

Other Operating Revenue is recognized when goods are delivered or services are rendered.

**e) Other Revenue:**

- i.) Income from Interest is recognized using the effective interest method on a time proportion basis. Income from Rentals is recognized on a time proportion basis.
- ii.) The claims receivable from Insurance Company are accounted for on the acceptance by the Insurance Company of such claims.
- iii.) Warranty claims/ credit notes received from vendors are recognized on acceptance of claim/receipt of credit note.
- iv.) Other Items:

Scrap sales, reimbursement from employees availing medical, educational and other leave without pay, claims of interest from suppliers, other staff claims and lost baggage claims, are recognized on cash basis.

**X. Borrowing Cost:**

- Borrowing cost that are directly attributable to acquisition, construction of qualifying assets including capital work-in-progress are capitalized, as part of the cost of assets, up to the date for its intended use or sale.
- A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use.
- Interest incurred on borrowed funds or other temporary borrowings in anticipation of the receipt of long-term borrowings that are used for acquisition of qualifying assets exceeding the value of Rs. 10.0 million is capitalized at the weighted average borrowing rate on loans outstanding at the time of acquisition.
- Other borrowing costs are recognized as an expense in the period in which they



are incurred. Borrowing cost includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**XI. Functional Currency and Presentation Currency:**

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("The Functional Currency). The Financial Statements are presented in Indian Rupee (INR), which is the Company's functional and presentation currency.

**XII. Foreign Currency Transactions and Translations:**

- a) Foreign Currency Monetary Items
  - i) Foreign currency Revenue and Expenditure transactions relating to Foreign Stations are recorded at established monthly rates (based on published IATA rates). Interline settlement with Airlines for transportation is carried out at the exchange rate published by IATA for respective month.
  - ii) Foreign currency monetary items are translated using the exchange rate circulated by Foreign Exchange Dealers Association of India (FEDAI). Gains/ (losses) arising on account of realization/settlement of foreign exchange transactions and on translation of monetary foreign currency assets and liabilities are recognized in the Statement of Profit and Loss.
- b) Exchange variation is not considered at the year-end in respect of Debts and Loans & Advances for which doubtful provision exists since they are not expected to be realized.

**XIII. Employee Benefits:**

**A. Short-term employee benefits**

Employee benefit liabilities such as salaries, wages and bonus, etc. that are expected to be settled wholly within twelve months after the end of the reporting period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at an undiscounted amount expected to be paid when the liabilities are settled.

**B. Post-employment benefit plans**

The Retirement Benefits to the employees comprise of Defined Contribution Plans and Defined Benefit Plans.

- a) **Defined Contribution Plan** is a post employee benefit plan under which an entity pays fixed contribution into separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Obligations for contributions to defined contribution plans are recognized as an Employee Benefit Expense in statement of profit and loss in the period during which services are rendered by employees. Prepaid contributions



are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

**b) Defined Benefit Plan is a post employee benefit plan other than defined contribution plan.**

The Company's liability towards Gratuity and provident fund scheme to the extent of interest liability on provident fund contribution are in the nature of defined benefit plan.

The Company pays fixed contribution to the provident fund at predetermined rate to a separate trust, which invests the fund in permitted securities. The contributions to the fund for the year are recognized as expense and are charged to statement of profit and loss. The obligation of the Company is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by Government of India.

The Company has an obligation towards Gratuity. The plan provides for a lumpsum payment to vested employee at the time of retirement, death while in employment or on termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Gratuity plan of the Company is unfunded.

**c) Other Long-Term Employee Benefits:** Benefits in the form of Leave Encashment are accounted as other long-term employee benefits. The Company's net obligation in respect of Leave Encashment is the amount of benefit to be settled in future, that employees have earned in return for their service in the current and previous years. The benefit is discounted to determine its present value. The obligation is measured on the basis of an actuarial valuation using the projected unit credit method. Re-measurement are recognized in Statement of Profit and Loss in the period in which they arise.

#### **XIV. Income tax**

Income tax expense comprises current and deferred tax. Current tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in OCI or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right



to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

Deferred tax is recognized in profit or loss except to the extent that it relates to items recognized directly in OCI or equity, in which case it is recognized in OCI or equity.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### **XV. Provisions, Contingent Liabilities & Contingent Assets:**

- a) Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. The expense relating to a provision is presented in the statement of profit and loss.
- b) Contingent liabilities are disclosed by way of a note in respect of possible obligations that may arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.
- c) Contingent assets are possible assets that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent Assets are disclosed where an inflow of economic benefits is probable.

#### **Changes in Provision:**

Provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

When discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized as Finance Cost.

#### **XVI. Cash and Cash Equivalents:**

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



## **XVII. Earnings per Share:**

The Company presents basic and diluted earnings/ (loss) per share (EPS) data for its equity shares. Basic earnings per equity share are computed by dividing the net profit after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing adjusted net profit after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares during the year.

## **XVIII. Fair Value Measurement:**

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

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

- Level 1 inputs are quoted prices (unadjusted) 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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.



The principal or the most advantageous market must be accessible to/ by the Company.

**XIX. Financial Instruments:**

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

**A. Financial assets**

**(i) Classification**

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

**(ii) Initial recognition and measurement**

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

**(iii) Subsequent measurement**

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

**a. Financial assets carried at amortized cost**

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

**b. Financial assets at fair value through other comprehensive income**

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





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

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

**(iv) De-recognition**

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Any gain or loss on derecognition is recognized in the Statement of Profit and Loss.

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

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

For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition, in which case those financial assets are measured at lifetime ECL. The changes (incremental or reversal) in loss allowance computed using ECL model, are recognized as an impairment gain or loss in the Statement of Profit and Loss.

**(vi) Write-off**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the counter party does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off, could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

**B. Financial Liabilities**

**(i) Initial recognition and measurement**

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



**(ii) Classification**

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through Statement of Profit and Loss. Such liabilities, including derivatives shall be subsequently measured at fair value and net gains and losses, including any interest expense, are recognized in the Statement of Profit and Loss.

A financial liability is classified as FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition.

**(iii) Subsequent measurement**

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

**a.) Financial liabilities at amortized cost**

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

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

**b.) Financial liabilities at fair value through Statement of Profit and Loss**

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

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

**(iv) Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the



new financial liability with modified terms is recognized in the Statement of Profit and Loss.

**(v) Offsetting of financial instruments**

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

**XX. Materiality Threshold Limits:**

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

<b>Threshold Items</b>	<b>Unit</b>	<b>Threshold Value</b>
Prior Period Expenditure/Revenue		
- Identification based on Individual limits	Million	15
- Restatement based on overall limit	Million	1% of Turnover of Previous Year
Prepaid Expense	Million	0.010
Foreign Stations	Million	0.050
Domestic Stations	Million	0.010
Contingent Liability & Capital Commitments	Million	0.10
Fair Valuation of Financial Instruments	Million	5.0

As per our Separate report of even date

**For S.K. Kapoor & Co.**

Chartered Accountants

**Firm Registration Number: 000745C**

Sd/-

**V. B. Singh**

(Partner)

ICAI Membership Number.:

073124

UDIN: 22073124AMWIMD4044

Place: New Delhi

Date: 14/07/2022

**For and on behalf of the Board of Directors of Alliance Air Aviation Limited**

Sd/-

**Vikram Dev Dutt**

Chairman (Nominee Director)

DIN: 02055541

Sd/-

**Vineet Sood**

Chief Executive Officer

Sd/-

**Usha Padhee**

Nominee Director

DIN:03348716

Sd/-

**Ambar Kumar Mondal**

Chief Financial Officer

Sd/-

**Shilpa Bhatia**

Company Secretary

Membership No. ACS 49386



**NOTE 2(a)**

**PLANT, PROPERTY & EQUIPMENT FY 2021-22**

Amount in Rs. Million

PARTICULARS OF ASSETS	Useful Life as per Schedule II	GROSS BLOCK AS ON 31.03.2021	ADDITIONS DURING 2021-22	SOLD/ DISCARDED DURING 2021-22	GROSS BLOCK AS ON 31.03.2022	Accumulated Dep. UP TO 01.04.2021	DEPRECIATION FOR THE YEAR 2021-22	ADJUSTMENT MADE DURING THE YEAR	CUMULATIVE DEPRECIATION AS ON 31.03.2022	NET BLOCK AS ON 31.03.2022	NET BLOCK AS ON 31.03.2021
		A	B	C	D	E	F	G	H	I	J
PLANT & EQUIPMENT	5 Years	10.54	1.07	0.03	11.58	6.05	1.76	0.03	7.78	3.80	4.49
FURNITURE & FIXTURES	10 years	8.02	0.18	0.25	7.95	3.35	0.62	0.24	3.73	4.22	4.63
VEHICLE	8 Years	2.81	-	0.24	2.57	1.74	0.04	0.24	1.54	1.03	1.06
DATA PROCESSING EQUIPMENT	3 Years	21.27	2.93	0.43	23.77	16.42	3.51	0.24	19.69	4.08	4.89
GROUND SUPPORT EQUIPMENT(ATR)	(as per policy)	8.17	-	2.81	5.36	8.18	-	2.83	5.35	0.01	-
AIRFRAME ROTABLES	Based on Lease Period	178.18	5.86	-	184.04	109.73	14.93	-	124.66	59.38	68.45
AERO ENGINE ROTABLES	Based on Lease Period	148.25	-	-	148.25	5.83	7.12	-	12.95	135.30	142.42
<b>Total as on 31.03.2022</b>		<b>377.24</b>	<b>10.04</b>	<b>3.76</b>	<b>383.52</b>	<b>151.30</b>	<b>27.98</b>	<b>3.58</b>	<b>175.70</b>	<b>207.80</b>	<b>225.94</b>
<b>Total as on 31.03.2021</b>		<b>216.59</b>	<b>160.65</b>	<b>-</b>	<b>377.24</b>	<b>125.35</b>	<b>25.93</b>	<b>-</b>	<b>151.29</b>	<b>225.94</b>	<b>91.24</b>

**NOTE NO : 2(b) RIGHT OF USE ASSET**

Amount in Rs. Million

PARTICULARS OF ASSETS	Useful Life as per Schedule II	As at 01.04.2021	ADDITIONS DURING 2021-22	SOLD/ DISCARDED DURING 2021-22	GROSS BLOCK AS ON 31.03.2022	Accumulated Dep. As at 01.04.2021	DEPRECIATION FOR THE YEAR 2021-22	ADJUSTMENT MADE DURING THE YEAR	CUMULATIVE DEPRECIATION AS ON 31.03.2022	NET CARRYING VALUE AS ON 31.03.2022	NET CARRYING VALUE AS ON 31.03.2021
		ROU ASSET	Based on Lease Period	26,704.20	-	-	22,055.70	4,648.50	2,381.84		7,030.35
<b>Total as on 31.03.2022</b>		<b>26,704.20</b>	<b>-</b>	<b>-</b>	<b>22,055.70</b>	<b>4,648.50</b>	<b>2,381.84</b>		<b>7,030.35</b>	<b>19,673.86</b>	<b>22,055.70</b>
<b>Total as on 31.03.2021</b>		<b>21,319.98</b>	<b>5,384.22</b>	<b>-</b>	<b>26,704.20</b>	<b>2,266.65</b>	<b>2,381.85</b>		<b>4,648.50</b>	<b>22,055.70</b>	

**NOTE NO : 2( c ) INTANGIBLE ASSETS**

Amount in Rs. Million

PARTICULARS OF ASSETS	Useful Life as per Schedule II	GROSS BLOCK AS ON 31.03.2021	SOLD/DISCARDED		GROSS BLOCK AS ON 31.03.2022	Accumulated Dep. UP TO 01.04.2021	DEPRECIATION FOR THE YEAR 2021-22	ADJUSTMENT MADE DURING THE YEAR	CUMULATIVE DEPRECIATION AS ON 31.03.2022	NET BLOCK AS ON 31.03.2022	NET BLOCK AS ON 31.03.2021
			DURING 2021-22	DURING 2021-22							
		A	B	C	D	E	F	G	H	I	J
INTANGIBLE ASSETS - TRADEMARK	Infinite	-	2.54	-	2.54	-	-	-	-	2.54	-
INTANGIBLE ASSETS - COMPUTER SOFTWARE	As per Contract	-	23.55	-	23.55	-	0.29	-	0.29	23.26	-
<b>Total as on 31.03.2022</b>		<b>-</b>	<b>26.09</b>	<b>-</b>	<b>26.09</b>	<b>-</b>	<b>0.29</b>	<b>-</b>	<b>0.29</b>	<b>25.80</b>	<b>-</b>
<b>Total as on 31.03.2021</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTE NO.- 3**

OTHER FINANCIAL ASSETS	As at	As at
	31st March'2022	31st March'2021
	In Rs. Million	In Rs. Million
<b>Unsecured Considered Good</b>		
Security Deposits (Maturity more than 12 months)	847.65	159.56
<b>Unsecured Considered Doubtful</b>		
Advance to Suppliers	29.30	29.46
Less: Impairment Allowances to Doubtful Debts	(29.30)	(29.46)
<b>Total</b>	<b>847.65</b>	<b>159.56</b>

**NOTE NO.- 4**

INCOME TAX ASSETS (NET)	As at	As at
	31st March'2022	31st March'2021
	In Rs. Million	In Rs. Million
Advance Payment of Income Tax including TDS	387.72	514.47
Less: Provision for taxation	-	(16.44)
<b>Total</b>	<b>387.72</b>	<b>498.03</b>

**NOTE NO.- 5**

OTHER NON CURRENT ASSETS	As at	As at
	31st March'2022	31st March'2021
	In Rs. Million	In Rs. Million
<b>Advances other than Capital Advances</b>		
Security Deposits (Maintenance Reserve Pot)	3,401.42	2,760.55
GST Input Tax Recoverable	1,033.52	823.31
<b>Total</b>	<b>4,434.94</b>	<b>3,583.86</b>

**NOTE NO.- 6**

INVENTORIES	As at	As at
	31st March'2022	31st March'2021
	In Rs. Million	In Rs. Million
Stores and Spare Parts *	491.37	424.31
Loose Tools *	8.01	3.82
Goods in Transit	-	12.14
Less: Provision for Obsolescence & Shortages	(214.70)	(148.72)
<b>Total</b>	<b>284.68</b>	<b>291.55</b>

\* For valuation refer Significant Accounting Policy clause 3(VI)(B)

**NOTE NO.- 7**

TRADE RECEIVABLES	As at	As at
	31st March'2022	31st March'2021
	In Rs. Million	In Rs. Million
<b>Secured Trade Receivables</b>	-	-
<b>Unsecured Trade Receivables</b>		
Trade Receivables Considered good	805.13	636.60
Trade Receivable which have significant increase in Credit Risk	-	-
Trade Receivable- Credit Impaired	25.27	26.46
Less: Impairment Allowance for doubtful receivables	(25.27)	(26.46)
<b>Total</b>	<b>805.13</b>	<b>636.60</b>



Trade Receivables ageing schedule					Current Year	
Particulars	Outstanding for following periods from due date of payment				More than 3 years	TOTAL
	Less than 6 months	6 months -1 year	1-2 years	2-3 years		
(i) Undisputed Trade receivables – considered good	464.62	4.15	39.31	3.01	294.04	<b>805.13</b>
(ii) Undisputed Trade Receivables – which have significant increase in credit risk						
(iii) Undisputed Trade Receivables – credit impaired	-	0.02	-	-	25.25	<b>25.27</b>
(iv) Disputed Trade Receivables– considered good						
(v) Disputed Trade Receivables – which have significant increase in credit risk						
(vi) Disputed Trade Receivables – credit impaired						

Trade Receivables ageing schedule					Previous Year	
Particulars	Outstanding for following periods from due date of payment				More than 3 years	TOTAL
	Less than 6 months	6 months -1 year	1-2 years	2-3 years		
(i) Undisputed Trade receivables – considered good	75.92	199.61	19.61	-	341.46	<b>636.60</b>
(ii) Undisputed Trade Receivables – which have significant increase in credit risk						
(iii) Undisputed Trade Receivables – credit impaired	-	0.02	-	-	26.44	<b>26.46</b>
(iv) Disputed Trade Receivables– considered good						
(v) Disputed Trade Receivables – which have significant increase in credit risk						
(vi) Disputed Trade Receivables – credit impaired						

**NOTE NO.- 8**

CASH AND CASH EQUIVALENTS	As at 31st March' 2022	As at 31st March' 2021
	In Rs. Million	In Rs. Million
Balance with Banks In Current Accounts	145.04	36.86
Cash in hand	-	0.01
<b>Total</b>	<b>145.04</b>	<b>36.87</b>



**NOTE NO.- 9**

BANK BALANCES OTHER THAN CASH & CASH EQUIVALENTS	As at	As at
	31st March' 2022	31st March' 2021
	In Rs. Million	In Rs. Million
Balance with Banks		
Bank balance in Current Account*	12.00	12.00
In Margin Money Deposits (3 < Maturity < 12) **	855.90	902.03
<b>Total</b>	<b>867.90</b>	<b>914.03</b>

\* The Bank Balance in IOB amounting Rs. 12 million has been marked Lien/Hold U/S 226(3) of Income Tax Act, 1961.

\*\* These deposits are under lien to banks as security for availing various non-fund based lines of credit and it includes 10% margin money and accrued interest thereon.

**NOTE NO.- 10**

OTHER FINANCIAL ASSETS	As at	As at
	31st March' 2022	31st March' 2021
	In Rs. Million	In Rs. Million
<b>Unsecured Considered Good</b>		
Advances to Suppliers	108.80	116.61
Advances to Staff	0.10	0.16
<b>Unsecured Considered Doubtful</b>		
Advances to Staff	5.45	5.45
Less: Allowance for Doubtful Staff Advances	(5.45)	(5.45)
<b>Total</b>	<b>108.90</b>	<b>116.77</b>

**NOTE NO.- 11**

OTHER CURRENT ASSETS	As at	As at
	31st March' 2022	31st March' 2021
	In Rs. Million	In Rs. Million
<b>Advance other than Capital advances</b>		
<b>(a) Security Deposits</b>		
Deposit with Authorities	0.11	0.11
Deposits with High Court *	222.38	222.27
Less: Provision for Doubtful Deposit	(222.38)	(222.27)
<b>(b) Advances to Related Parties</b>		
Receivable from Related Parties	3.33	144.07
<b>(c) Other Advances</b>		
Prepaid Expenses	130.51	117.63
Receivable from Others	126.98	5.39
<b>Total</b>	<b>260.93</b>	<b>267.20</b>

**NOTE NO.- 12**

EQUITY SHARE CAPITAL	As at	As at
	31st March' 2022	31st March' 2021
	In Rs. Million	In Rs. Million
<b><u>Authorised Share Capital</u></b>		
200,000,000 Equity Shares of Rs.100/- each (Previous Year 200,000,000 Equity Shares of Rs. 100/- each)	20,000	20,000
	<b>20,000</b>	<b>20,000</b>
<b><u>Issued, Subscribed &amp; fully Paid up Share Capital</u></b>		
402,25,000 Equity Shares of Rs.100/- each, fully paid-up (Previous Year 402,25,000 Equity Shares of Rs. 100/- each)	4,022.50	4,022.50
	-	-
	<b>4,022.50</b>	<b>4,022.50</b>



<b>12 (a) Reconciliation of no. of shares</b>	As at	As at
	31st March'2022	31st March' 2021
	No. of Shares	No. of Shares
<b>No. of equity shares at the beginning of year</b>	4,02,25,000	4,02,25,000
Add No. of equity shares issued	-	-
Less No. of equity shares redeemed	-	-
<b>No. of equity shares at the closing of the year</b>	<b>4,02,25,000</b>	<b>4,02,25,000</b>

**12 (b) Equity Shares: Terms and Conditions/Rights attached for Equity Shares**

The Company has only one class of equity shares having a par value of Rs. 100 per share. Each shareholder is eligible for one vote per share held. There is no restriction of payment of dividend. In the liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts proportionate of their shareholding.

**12 ( c ) Equity Shares held by its Holding Company**

4,02,25,000 Equity Shares (Previous Year 4,02,25,000 equity shares) are held by AI Assets Holding Limited, the Holding Company.

**12 ( d ) Details of shareholder holding more than 5% of Equity Shares:**

<b>Name of Shareholder</b>	As at	As at
	31st March 2022	31st March 2021
	No. of Shares	No. of Shares
AI Assets Holding Limited (Holding Company)		
Equity Shares	4,02,25,000	4,02,25,000
<b>Total No. of Shares</b>	<b>4,02,25,000</b>	<b>4,02,25,000</b>
Percentage of Holding	100%	100%

**12 ( e ) Shares Held by promoters**

Nil share are being held by promoters

**NOTE NO.-13**

<b>OTHER EQUITY</b>	As at	As at
	31st March' 2022	31st March' 2021
	In Rs. Million	In Rs. Million
<b>1. Surplus /(Deficit) in statement of profit &amp; loss</b>		
Opening balance	(30,539.26)	(26,938.32)
Add:Profit / (Loss) for the year	(4,477.63)	(3,600.94)
<b>Closing balance</b>	<b>(35,016.89)</b>	<b>(30,539.26)</b>
<b>2. Other Comprehensive Income</b>		
Opening balance	5.16	3.54
Add: For the Year	3.71	1.62
<b>Closing balance</b>	<b>8.87</b>	<b>5.16</b>
<b>Total</b>	<b>(35,008.02)</b>	<b>(30,534.10)</b>

**NOTE NO.- 14**

<b>LEASE LIABILITIES</b>	As at	As at
	31st March'2022	31st March'2021
	In Rs. Million	In Rs. Million
<b>Lease Liabilities</b>	22,465.24	24,207.39
Less: Current Portion of lease liability (Disclosed as Current Liability in Note 17 )	(2,608.93)	(2,252.97)
Non current lease liabilities	19,856.31	21,954.42
<b>Total</b>	<b>19,856.31</b>	<b>21,954.42</b>



**NOTE NO.- 15**

PROVISIONS	As at	As at
	31st March'2022	31st March'2021
	In Rs. Million	In Rs. Million
<b>Provisions for Employee Benefits</b>		
Provision for Gratuity	74.67	66.98
Less : Current Portion of Gratuity (Disclosed under Note No. 20)	(2.77)	(2.38)
Provision for Leave Encashment	35.35	34.07
Less : Current Portion of Leave Encashment (Disclosed under Note No. 20)	(1.57)	(1.44)
<b>Other Provisions</b>		
Provision for Re-delivery of Aircraft	571.65	542.34
<b>Total</b>	<b>677.33</b>	<b>639.57</b>

**NOTE NO.-16**

CURRENT BORROWINGS	As at	As at
	31st March'2022	31st March'2021
	In Rs. Million	In Rs. Million
<b>Loans From Related Parties (Unsecured)</b>		
<b>Air India Ltd.</b>	-	20,656.16
(As per MSA with Air India Ltd Interest @ 9% was payable based on average outstanding to AIL till 20/01/2022)		
<b>Due to AI Assets Holding Limited ( Holding Company from 21.01.2022)</b>	23,345.28	-
(This amount Rs. 23,345.28 million 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.		
<b>Due to AI Assets Holding Limited</b>	562.50	-
(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 condition of repayment, this advance has been accounted as short term borrowing)		
<b>Total</b>	<b>23,907.78</b>	<b>20,656.16</b>

**NOTE NO.-17**

LEASE LIABILITIES	As at	As at
	31st March' 2022	31st March' 2021
	In Rs. Million	In Rs. Million
Current Portion of lease liability (Refer Note No. 15)	2,608.93	2,252.96
<b>Total</b>	<b>2,608.93</b>	<b>2,252.96</b>



**NOTE NO.-18**

TRADE PAYABLES	As at	As at
	31st March' 2022	31st March' 2021
	In Rs. Million	In Rs. Million
a.) Total outstanding dues of Micro Enterprises and Small Enterprises	2.41	4.89
b.) Total outstanding dues of Creditor other than Micro Enterprises and Small Enterprises		
- Provision for Expenses	1,276.03	1,060.37
- Vendors in India	6,469.02	4,434.65
- Vendors Outside India	794.32	1,203.64
- Payable to Related Parties	2,236.42	2,041.75
- Supplier-RAMCO*	324.77	396.34
<b>Total</b>	<b>11,102.97</b>	<b>9,141.64</b>

\* The reconciliation and matching of Supplier- RAMCO Ledgers by relating GRN and PO is under process.

Particulars	Current Year			Amount in Rs. Millions	
	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	TOTAL
(i) MSME	2.41				2.41
(ii) Others	5786.52	797.42	2400.87	2115.75	11100.56
(iii) Disputed dues - MSME					
(iv) Disputed dues - Others					
<b>Total</b>	<b>5788.93</b>	<b>797.42</b>	<b>2400.87</b>	<b>2115.75</b>	<b>11102.97</b>

Particulars	Previous Year			Amount in Rs. Millions	
	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	TOTAL
(i) MSME	4.89				4.89
(ii) Others	3795.22	2634.06	1558.46	1149.01	9136.75
(iii) Disputed dues - MSME					
(iv) Disputed dues - Others					
<b>Total</b>	<b>3800.11</b>	<b>2634.06</b>	<b>1558.46</b>	<b>1149.01</b>	<b>9141.64</b>

**NOTE NO.- 19**

OTHER CURRENT FINANCIAL LIABILITIES	As at	As at
	31st March'2022	31st March'2021
	In Rs. Million	In Rs. Million
Earnest Money Deposit	2.02	2.72
Security Deposits	310.05	305.83
Others	233.76	153.02
<b>Total</b>	<b>545.83</b>	<b>461.57</b>



**NOTE NO.- 20**

<b>CURRENT PROVISIONS</b>	<b>As at</b>	<b>As at</b>
	<b>31st March'2022</b>	<b>31st March'2021</b>
	<b>In Rs. Million</b>	<b>In Rs. Million</b>
Provision for Gratuity Liability (Current Portion of Gratuity (Disclosed under Note No. 15 above)	2.77	2.38
Provision for Leave Encashment (Current Portion of Leave Encashment (Disclosed under Note No. 15)	1.57	1.44
<b>Total</b>	<b>4.34</b>	<b>3.82</b>

**NOTE NO.- 21**

<b>OTHER CURRENT LIABILITIES</b>	<b>As at</b>	<b>As at</b>
	<b>31st March'2022</b>	<b>31st March'2021</b>
	<b>In Rs. Million</b>	<b>In Rs. Million</b>
Advance from Agents	2.43	-
Statutory dues Payable		
- TDS on GST payable	1.64	3.50
- TDS payable as per Income Tax	258.85	107.43
- GST Payable	33.79	39.25
- Provident Fund Payable	4.30	6.09
- Service Tax Payable*	31.13	31.13
- Others	0.24	0.17
<b>Total</b>	<b>332.38</b>	<b>187.57</b>

\* This amount pertains to M/s Gati however the matter is sub-judice

**NOTE NO.- 22**

<b>Revenue From Operations</b>	<b>2021-22</b>	<b>2020-2021</b>
	<b>In Rs. Million</b>	<b>In Rs. Million</b>
<b>1. Operational Revenue</b>		
<b><u>From Sale of Services</u></b>		
i) Scheduled Traffic Services		
a) Passenger	4,193.48	2,443.63
b) Excess Baggage	67.80	38.08
c) Mail	3.72	2.13
d) Cargo	18.90	51.95
	4,283.90	2,535.79
ii) Non-Schedule Traffic Services		
a) Charter	20.72	17.18
b) Subsidy for Operation from Government	2,842.10	1,971.11
	2,862.82	1,988.29
iii) Other Operating Revenue		
Handling Servicing and Incidental Revenue	28.57	11.31
	28.57	11.31
<b>Total</b>	<b>7,175.29</b>	<b>4,535.39</b>



**NOTE NO.- 23**

Other Income	2021-22	2020-2021
	In Rs. Million	In Rs. Million
1. Interest on Fixed Deposit	42.04	55.30
2. Interest on Income Tax Refund	23.61	-
3. <u>Others</u>		
- Provisions No Longer Required Written Back	0.16	1.58
<b>Total</b>	<b>65.81</b>	<b>56.88</b>

**NOTE NO- 24**

Other Operating Expenses	2021-2022	2020-21
	In Rs. Million	In Rs. Million
i) <u>Aircraft Lease, Handling &amp; Maintenance charges</u>		
Lease of Aircraft Engine	3.45	22.29
Handling	349.08	256.28
Maintenance	1,790.95	1,179.48
	2,143.48	1,458.05
ii) <u>Navigation, Landing, Housing &amp; Parking</u>		
Landing Fees - Scheduled & Other Ops	16.76	13.48
Housing & Parking Fees	13.17	16.46
Flight Comm & Navigation Charges	170.50	94.74
	200.43	124.68
iii) <u>Other Communication Charges</u>		
Expenses on Reservation System	268.53	129.87
Postage Telegram & Courier Charges	0.09	0.08
Telephone & Trunk Call Charges	1.20	1.46
	269.82	131.42
iv) <u>Passenger Amenities</u>		
Pax Amenities - Catering On Ground	2.40	1.78
Pax Amenities - Catering On Board	53.63	30.00
Pax Amenities - Hotel Expenses	1.17	3.71
Pax. Call center Charges	19.16	15.25
Pax Amenities - News Paper & Magazines	0.02	0.05
	76.38	50.79
v) <u>Insurance</u>		
Insurance - Aircraft	101.87	122.41
Insurance General	0.01	0.01
	101.88	122.42
vi) <u>Inventory Consumption</u>		
Material Consumed-Aircraft	165.46	155.68
Provision for Obsolescence (Net)	34.83	(19.48)
	200.29	136.20
vii) <u>Booking Agency Commission (Net)</u>		
Commission on Ticket sale	44.73	40.65
	44.73	40.65
<b>Total</b>	<b>3,037.01</b>	<b>2,064.21</b>

**NOTE NO.- 25**

EMPLOYEE BENEFIT EXPENSES	2021-2022	2020-2021
	In Rs. Million	In Rs. Million
<u>1. Salary, Wages and Bonus</u>		
Salaries - Staff In India	898.86	693.74
Bonus Expense	7.22	6.98
	906.08	700.72
<u>2. Crew Allowances</u>		
Foreign Contract Pilots Fees & Claims	231.47	318.76
	231.47	318.76
<u>3. Contribution to Provident and Other Funds</u>		
CC Provident Fund-Staff in India	17.18	14.88
	17.18	14.88
<u>4. Staff Welfare Expenses</u>		
Other Staff Welfare Expenses	16.92	21.79
Staff Training Expenses	74.98	71.41
	91.90	93.20
<u>5. Gratuity</u>	14.43	12.53
<u>6. Leave Encashment</u>	1.35	8.89
<b>Total</b>	<b>1,262.41</b>	<b>1,148.98</b>

**NOTE NO.-26**

FINANCE COST	2021-2022	2020-21
	In Rs. Million	In Rs. Million
(i) Interest on Loans:		
- Interest Charged by Holding Company*	1,837.20	1,614.00
(ii) Interest expense on lease liabilities	207.85	222.24
(iii) Impact of Forex on Lease Liability	612.63	(856.70)
(iv) Bank Charges	21.52	9.60
(v) Delayed Payment Charges to Fuel Companies	255.23	213.53
(vi) Interest charged by related parties & Others	237.76	204.28
<b>Total</b>	<b>3,172.19</b>	<b>1,406.95</b>

\* Interest @ 9 % has been charged on the Avg. Balance outstanding by AI & AIAHL. Interest @ 1% has been charged on Rs. 562.50 Millions credited by AIAHL.

**NOTE NO.- 27**

OTHER EXPENSES	2021-2022	2020-21
	In Rs. Million	In Rs. Million
Travelling Expenses	25.04	32.20
Rent	29.12	26.56
Repair Charges	1.37	2.11
Hire of Transport	33.83	36.77
Electricity / Heating & Fuel Charges	6.48	5.79
Printing and Stationary	5.01	1.93
Publicity and Sales Promotion	0.15	1.15
COVID Exp.	8.22	21.02



OTHER EXPENSES	2021-2022	2020-21
	In Rs. Million	In Rs. Million
Legal Charges	2.38	0.16
Payment to Auditors	1.21	1.63
Professional / Consultation Fees & Expenses	31.63	20.82
Input Reversal	11.83	36.36
Exchange Variation (Net)	(125.53)	105.61
Fees to DGCA	1.13	2.19
Office Cleaning Expenses	-	0.07
Entertainment Expenses - General	0.12	0.10
Books & Periodicals - Jeppesen / Technical	22.45	46.55
Surplus/Loss on Assets sold or scrapped	0.01	-
Other Misc. Expenses	4.62	2.47
Interest on delayed payment of TDS	35.65	31.36
Interest on delayed payment of Service Tax/GST	0.57	2.47
Provision for Inventory Shortage	31.13	-
<b>Total</b>	<b>126.42</b>	<b>377.32</b>

**NOTE NO.- 28**

DISCLOSURE OF EARNING PER SHARE AS PER IND-AS 33	As at	As at
	March 31st, 2022	March 31st, 2021
	In Rs. Million	In Rs. Million
a) Weighted average number of equity shares		
Opening	4,02,25,000	4,02,25,000
Issued		-
Weighted Average Number of Equity Share (Used as Denominator)	4,02,25,000	4,02,25,000
b) Net profit after tax available for equity shareholders (Used as Numerator)	(4,477.63)	(3,600.94)
c) Basic and Diluted Earning Per Share (In Rupees)	(111.31)	(89.52)
d) Par Value of Share (In Rupees)	100.00	100.00

**29. Disinvestment Process**

As part of the disinvestment process of Air India Ltd and pursuant to the decision of the Air India Specific Alternative Mechanism (AISAM), the SPV, AI Assets Holding Limited (AIAHL), fully owned by the Government of India, was incorporated on 22<sup>nd</sup> January 2018.

The Ministry of Civil Aviation (MoCA) vide its letter No. 17046/56/2019-AI dated 31.12.2021 had conveyed the decision of AISAM for transferring the four Subsidiaries of Air India (AI Engineering Services Limited, AI Airport Services Limited, Alliance Air Aviation Limited, and Hotel Corporation of India Ltd) to AI Assets Holding Limited. Due to the disinvestment of Air India and considering that the subsidiaries are being transferred to AI Assets Holding Limited (AIAHL), AI Assets Holding Limited (AIAHL) would become the Holding Company of the subsidiaries. Further, as per the above order, it was decided to reconstitute the Board of all subsidiaries of Air India (AI Engineering Services Limited, AI Airport Services Limited, Alliance Air Aviation Limited, and Hotel Corporation of India Ltd).



As per the decision of AISAM for transferring the investments in four Subsidiaries of Air India Ltd. i.e., AI Engineering Services Limited (AIESL), AI Airport Services Limited (AIASL), Alliance Air Aviation Limited (AAAL) and Hotel Corporation of India Ltd (HCI) to AI Assets Holding Limited (AIAHL), the shares of the above subsidiary companies were being transferred from AI to AIAHL at book values. Accordingly, the Share Purchase Agreement (SPA) between AI and AIAHL for the transfer of shares of AAAL was executed on 10<sup>th</sup> January 2022.

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<sup>th</sup> January 2022. Consequently, AI Assets Holding Limited (AIAHL) has become the new Parent Company/ Holding Company of Alliance Air Aviation Limited.

**30. Disclosure as per Ind AS 37 –Provisions, Contingent Liabilities & Contingent Assets:**

**A. Disclosure of Contingent Liabilities**

Claims against AAAL not acknowledged as debts (excluding interest for which no claim is received and penalty wherever likely to be applicable) and are being contested to the extent ascertainable and quantifiable.

**(Amount in Rs. Million)**

Description	Opening Balance As on 01.04.2021	Addition During the Year	Amount charged against the provision	Unused Amount reversed during the year	Effect of Change in Discounting rate	Balance As on 31 <sup>st</sup> March 2022
Income Tax Demand Notices Received by Company which are under appeal	37.16	11.59	14.04	17.43	N/A	17.28
* Other Claims on account of Other contingent liabilities	117.26	Nil	95.18	5.12	N/A	16.96
<b>Grand Total</b>	<b>154.42</b>	<b>11.59</b>	<b>109.22</b>	<b>22.55</b>	<b>N/A</b>	<b>34.24</b>

**B. \* Explanatory Statement in respect of Other Contingent Liabilities**

Miscellaneous claim **Rs. 16.96 million** (Previous Year - Rs. 117.26 million) includes:

- Claims received from various foreign vendors amounting to Rs. Nil (Previous Year - Rs. 95.18 million) is not acceptable and is disputed by AAAL Engineering on the ground of non-compliance with the agreed terms for the services.
- Unsettled legal claims of Rs. 16.96 million (Previous Year- Rs. 22.08 million) in respect of ongoing legal cases.

**C.) Capital & Other Commitments:**

Estimated amount of contracts remaining to be executed on the Capital Account is given hereunder:

(Amount in Rs. Million)

Particulars	As at 31 March 2022	As at 31 March 2021
-	NIL	NIL

The Company has entered into Lease Agreements with M/s Truenoord Zanskar Ltd. & M/s Hindustan Aeronautics Ltd. for operation of 2 ATR-42 600 & 2 Dornier DO 228 respectively during FY 2022-23.

**D.) Provision for Redelivery**

Movements in the provisions for redelivery are disclosed hereunder:

(Amount in Rs. Million)

PARTICULARS	For the year ended 31 March 2022	For the year ended 31 March 2021
Balance as at beginning of the year	542.33	507.34
Provisions created during the year	-	90.92
Interest accretion on provisions during the year	5.34	5.07
Amounts utilized/adjusted during the year	-	(41.91)
Impact of exchange loss on restatement of opening provision	-	-
Impact of exchange Gain/Loss on restatement of closing provision	23.98	(19.09)
<b>Balance as at end of the year</b>	<b>571.65</b>	<b>542.33</b>
<b>Balance as at end of the year - non-current</b>	<b>571.65</b>	<b>542.33</b>
<b>Balance as at end of the year - current</b>	<b>-</b>	<b>-</b>

**31. Disclosure as per Ind AS 8 “Accounting Policy, Changes in Accounting Estimates and Errors”**

During the year, the Company has recognized prior period errors amounting to Rs. Nil (Previous Year Rs. 345.74 million).

**32. Physical Verification & Reconciliation****a) Property, Plant and Equipment (PPE)**

As per the policy of the Company, Physical Verification and reconciliation of Property, Plant and Equipment consisting of office Equipment, Furniture & fixtures, Engine & airframe Rotables, etc. is carried out on a biennial basis.

The majority of assets constituting around 98% of the total value of assets are located at Delhi, Kolkata & Hyderabad stations.

The 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 Rs. 3.29 million and a net book value of Rs. 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.

**b) Physical Verification of Aircraft Inventory**

The Physical Verification of Aircraft Inventory is done on a Biennial basis and the discrepancies observed in the course of the verification are adjusted in the year in which the report is finalized.

The 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, & Hyderabad in the year 2021-22.

Physical Verification of Aircraft Inventory for the period 2021-22 has been completed and a shortage of Rs 52.22 million and excesses 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 shortages have been made in books of accounts.

**c) Confirmations/Reconciliations**

- 1) The Company has sought confirmation of balances for major receivables and payables. Wherever the balances confirmed by the parties are not in agreement with the books, reconciliation of the differences is under process.

Details of unconfirmed balances are tabulated as under:

**(Amount in Rs. Million)**

Head of Account	Balance as per Books	Balance which is unconfirmed	% of amount unconfirmed
TRADE PAYABLE	11,102.97	38.81	0.35%
TRADE RECEIVABLE	805.13	29.47	3.66%

- 2) 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.
- 3) An amount of Rs. 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.



### 33. Internal Control

To ensure regulatory and statutory compliance as well as to provide the highest level of corporate governance, the Company has an adequate internal control system and process in place for the smooth and efficient conduct of business. A comprehensive delegation of power exists for smooth decision making which is periodically reviewed to align with changing business environment and for speedier decision making. Elaborate guideline for the preparation of accounts is followed consistently for uniform compliances. In order to ensure that all checks and balances are in place and all internal control systems are in order, a regular and exhaustive internal audit is being conducted by an independent firm of Chartered Accountants. The scope of the internal auditor is reviewed by Management from time to time to ensure to implement the effective internal controls at stations, regional offices and user departments and a system for uniform and timely accounting entries of transactions in SAP. Besides, the Company has Audit Committee, to keep a close watch on compliance with the Internal Control System.

There is no new activity and process introduced / carried out during the year 2021-22. Accordingly, the risk matrix submitted under IFC for FY 2020-21 has been reviewed and compliance has been ensured in 2021-22 also.

### 34. Inventories

1. The inventory is mainly comprised of aircraft spares & consumables and tools of ATR aircraft. The spares for exclusive use in ATR aircraft are 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.
2. 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.

### 35. Status of Reconciliation with Airport Operators

1. Reconciliation with the Airport Authority of India has been carried out and has been reconciled till 31.03.2022.
2. The accounts with BIAL, DIAL, HIAL and MIAL have been reconciled up to 31.03.2022.

### 36. Disclosure as per Ind-AS 108 “Operating Segments”

- A. In terms of IND AS – 108, the Company is engaged in airline-related business, which is its primary business segment and hence segment results are not disclosed separately. The details of geographical area-wise gross passenger revenue earned (derived by allocating revenue to the area from where the passenger has originated) are given here:



(Amount in Rs. Million)

Particulars	FY-2021-2022	FY-2020-2021
India	7,175.29	4,535.39
Outside India	0.00	0.00
<b>TOTAL</b>	<b>7,175.29</b>	<b>4,535.39</b>

The major revenue earning asset of the Company is its aircraft fleet which is flexibly and optimally deployed across its route network. There is no suitable basis for allocation of assets and liabilities to geographical segment, consequently, area-wise assets and liabilities are not disclosed.

### 37. Disclosure as per Ind-AS 24 “Related Party Disclosures”

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

#### 1. Key Management Personnel & Relatives:

##### Transactions with Key Managerial Personnel

- i) There are no transactions with key managerial personnel other than Remuneration to Key Managerial persons.
- ii) Key Management Personnel & Relatives:

#### A. The Board of Directors of Alliance Air Aviation Ltd. (AAAL) (Formerly known as Airline Allied Services Ltd.) (During FY 2021-22 and till date)

S. No.	Name	Designation	Date of Appointment	Date of Cessation
1.	Shri Rajiv Bansal CMD, Air India Ltd.	Chairman	14/02/2020	21/01/2022
2.	Shri Vikram Dev Dutt CMD, Air India Ltd.	Chairman	24/01/2022	25/01/2022
3.	Shri Vinod S Hejmadi Director (Finance), Air India Ltd.	Director	20/11/2015	25/01/2022
4.	Ms. Meenakshi Mallik Director (Commercial), Air India Ltd.	Director	14/07/2020	25/01/2022
5.	Shri Pranjol Chandra Director, Ministry of Civil Aviation	Director	31/08/2018	25/01/2022
6.	Shri Satyendra Kumar Mishra Managing Director, AI Assets Holding Limited (AIAHL)	Director	25/01/2022	27/01/2022
7.	Shri Vikram Dev Dutt Chairman & Managing Director, AI Assets Holding Limited (AIAHL)	Chairman	27/01/2022	Till date
8.	Smt. Usha Padhee Joint Secretary, DT Division, Ministry of Civil Aviation	Director	25/01/2022	Till date



S. No.	Name	Designation	Date of Appointment	Date of Cessation
9.	Shri Pranjol Chandra Director, Ministry of Civil Aviation	Director,	11/02/2022	Till date
10.	Shri Deepak Sajwan Deputy Secretary, Ministry of Civil Aviation	Director	27/01/2021	Till date

**B. Key Managerial Personnel & Relatives**

S. No.	Name of Key Managerial Personnel	Designation	Date of Appointment	Date of Cessation
1.	Ms. Harpreet A. De Singh	Chief Executive Officer	03/11/2020	31/07/2021
2.	Mr. Vineet Sood	Chief Executive Officer	31/07/2021	Till date
3.	Mr. Ambar Kumar Mondal	Chief Financial Officer	26/07/2019	Till date
4.	Ms. Manjiree M. Vaze	Company Secretary	21/03/2017	14/01/2022
5.	Ms. Shilpa Bhatia	Company Secretary	14/01/2022	Till Date

**C. Related parties:**

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

Name	Nature of Relationship	Control/Influence
Air India Ltd.	Holding Company till 25.01.2022	Entity having control over the Company
AI Engineering Services Ltd. (Formerly known as Air India Engineering Services Ltd.)	Sister Concern (Subsidiary of Air India) till 12.01.2022, thereafter, subsidiary Co. of AIAHL	Entity having no significant influence/control on the Company
AI Airport Services Ltd. (Formerly known as Air India Air Transport Services Ltd.)	Sister Concern (Subsidiary of Air India) till 13.01.2022, thereafter, subsidiary Co. of AIAHL	Entity having no significant influence/control on the Company
Hotel Corporation of India Ltd.	Sister Concern (Subsidiary of Air India) till 11.01.2022 thereafter, subsidiary Co. of AIAHL	Entity having no significant influence/control on the Company
Air India Express Ltd.	Sister Concern till disinvestment of Air India	Entity having no significant influence/control on the Company

- ii) Parties (other than the Government of India)

Air India SATS	Joint Venture of Air India Ltd.	Entity having no significant influence/control on the Company
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**D. Related Party Transactions**

- i. There are no transactions with Key Managerial Personnel except remuneration and perquisites paid to the Chief Executive Officer amounting to Rs. 3.81 million (previous year: 2.02 million), to the Chief Financial Officer amounting to Rs. 1.71 million (previous year: 1.29 million) and to the Company Secretary amounting to Rs. 0.37 million for the year 2021-22.
- ii. Transactions such as providing airline-related services in the normal course of airline business are not included above.
- iii. No Loans or Credit Transactions were outstanding with Directors or Officers of the Company or their relatives at the end of the year.
- iv. 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.
- v. In respect of Excess Baggage sale, No Show Charges, Cancellation Charges & Code Share, AAAL has considered revenue amounting to Rs. 322.84 million (previous year: 213.50 million) based on the specific approval of the competent authority of AI and AAAL.
- vi. In terms of Ind AS 24, the following are the disclosure requirements related to transactions with certain Government Related entities i.e., Significantly controlled and influenced entities (Government of India) and non-Govt. related parties.

**E. Transaction details - Related Parties****1. Air India Ltd. and other Sister Concerns (other subsidiaries of Air India Ltd.):****Details:**

Name of the Entities and Nature of transactions	1st April 2021 to 20 <sup>th</sup> Jan'2022 (Amt.in Rs. Million)	2020-21 (Amt.in Rs. Million)
<b>a) Air India Ltd. (Being Holding Company till 20.01.2022)</b>		
<b>Expenditure/ Services received from Air India Ltd.</b>		
Handling	25.05	33.16
SOD	4.61	6.21
Staff Training Expenses	112.78	71.80
Corporate Guarantee Charges	16.81	22.00
Interest charged by AIL	1,433.15	1,614.00
Insurance	9.57	11.13
Other Expenditure	6.03	0.87



Name of the Entities and Nature of transactions	1st April 2021 to 20 <sup>th</sup> Jan'2022 (Amt.in Rs. Million)	2020-21 (Amt.in Rs. Million)
Purchase of Intangible Assets	2.15	-
SOD Billing by AAAL	(1.67)	(1.79)
<b>Closing Balance of Air India Ltd. transferred to AIAHL following disinvestment of Air India Ltd. (Cr.) *</b>	<b>23,345.28</b>	<b>20,657.32</b>
Corporate Guarantee given by AIL on behalf of AAAL (till 20 <sup>th</sup> Jan, 2022)	4,556.67	4,400.64

Name of the Entities and Nature of transactions (Till Disinvestment of Air India Ltd.)	2021-22 (till 20 Jan' 2022) (Amount in Rs Million)	2020-21 (Amount in Rs Million)
<b>b) Air India SATS Airport Services Pvt. Ltd.</b>		
<b>Expenditure</b>		
Handling Charges	118.67	124.63
<b>Closing Balance (Cr.) *</b>	<b>501.85</b>	<b>435.22</b>

Name of the Entities and Nature of transactions (till Disinvestment of Air India Ltd.)	2021-22 (till 20 Jan' 2022) (Amount in Rs Million)	2020-21 (Amount in Rs Million)
<b>c) Air India Express Ltd.</b>		
Transfer of Inventory	0.003	0.13
SOD Billing by AAAL	(0.85)	(1.27)
<b>Closing Balance (Cr.) *</b>	<b>(0.54)</b>	<b>(1.79)</b>

**2. Parent Company AI Assets Holding Ltd. (AIAHL) from 21.01.2022 and other subsidiaries of AIAHL.**

Name of the Entities and Nature of transactions	21.01.2022 to 31.03.2022 (Amount in Rs Million)	2020-21 (Amount in Rs Million)
<b>a.) AI Asset Holding Co. (AIAHL) from 21.01.2022</b>		
<b>Expenditure</b>		
Interest	404.05	
<b>Closing Balance (Cr.) *</b>	<b>24,320.69</b>	
Corporate Guarantee given by AIAHL on behalf of AAAL (from 21 <sup>st</sup> Jan, 2022)	2,012.29	-

Name of the Entities and Nature of transactions	2021-22 (Amount in Rs Million)	2020-21 (Amount in Rs Million)
<b>b.) Hotel Corporation of India Ltd.</b>		
<b>Expenditure</b>		
Hotel Accommodation	0.43	1.09
<b>Closing Balance (Cr.) *</b>	<b>0.52</b>	<b>0.30</b>



Name of the Entities and Nature of transactions	2021-22 (Amount in Rs. Million)	2020-21 (Amount in Rs. Million)
<b>c.) AI Engineering Services Ltd. (AIESL)</b> earlier known as Air India Engineering Services Ltd.		
<b>Expenditure</b>		
Repair Other	499.22	453.44
Manpower	50.81	-
SOD Billing by AAAL	-	(1.53)
Interest	134.59	117.10
<b>Closing Balance (Cr.) *</b>	<b>1,710.52</b>	<b>1,414.87</b>

Name of the Entities and Nature of transactions	2021-22 (Amount in Rs. Million)	2020-21 (Amount in Rs. Million)
<b>d) AI Airport Services Ltd. (AIASL)</b> earlier known as Air India Air Transport Services Ltd.		
<b>Expenditure</b>		
Handling Charges	191.29	124.00
<b>Credit Received</b>		
SOD Billing by AAAL	(0.95)	(0.86)
Interest	70.18	75.32
<b>Closing Balance (Cr.) *</b>	<b>911.11</b>	<b>718.52</b>

\* The closing balance includes provisions made during the year.

### 3. Transactions with Provident Fund Trusts

(Amount in Rs. Million)

Particulars	2021-22		2020-21	
	PF Contribution during the Year	Payable as on 31.03.2022	PF Contribution during the Year	Payable as on 31.3.2021
<b>AASL PF Trust</b>	17.18	3.60	14.88	6.10

### 4. Major Transactions with Government-Related Entities

The details of the major transactions of revenue and expenditure of the Company with Govt. Related Entities are given hereunder:

(Amount in Rs. Million)

Sr. No	Name of Entity	2021-22	2020-21
	<b>Expenditure</b>		
i)	Airport Authority of India <i>(including space)</i>	190.29	125.37
ii)	<b>Oil Companies</b>		
	Indian Oil Co Ltd	1,082.39	610.39
	Hindustan Petroleum Co Ltd	414.81	166.69
	Bharat Petroleum Co Ltd	324.44	183.10
	<b>Revenue</b>		
i)	<b>Subsidy for Operation from Govt.</b>		
	Govt. of India	2,842.10	1,971.11
ii)	<b>Charter Revenue - Others</b>		
	Govt. of India	20.72	17.18

**Note:** The above transactions with the Govt./Govt. Related entities cover transactions that are significant individually and collectively. The Company also entered into other transactions with various other Govt. related entities; however, these transactions are insignificant either individually or collectively and hence, not disclosed.

**38. Employee Benefits**

The Company provides retirement benefits in the form of Gratuity and Leave Encashment on the basis of valuation, as at the Balance Sheet Date, carried out by independent Actuaries, as per Ind AS19 issued by the Institute of Chartered Accountants of India.

- a. Privilege Leave Encashment is payable to all eligible employees at the time of retirement up to a maximum of 300 days. Leave Encashment liability for the current financial year is Rs. 1.35 million (Previous Year Rs. 8.89 million).
- b. Defined Benefit Plan –

**1) Provident Fund (Funded)**

The Company pays a fixed contribution to the provident fund at predetermined rates to a separate trust, which invests the funds in permitted securities. The Company has an obligation to ensure a minimum rate of return to the members as specified by GOI.

As per the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Company has no right to the benefits either in the form of a refund from the plan or lower future contribution to the plan towards the net surplus of Rs. 0.23 million determined through actuarial valuation. Accordingly, the Company has not recognized the surplus as an asset, and the actuarial gains in 'Other Comprehensive Income', as these pertain to the Provident Fund Trust and not to the Company.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the provident fund plan as at the balance sheet date.

	<b>Assets / Liability</b>	<b>31/03/2022</b>
a	Present value of obligation	42,04,71,990
b	Fair value of plan assets	42,06,98,749
<b>c</b>	<b>Net assets / (liability) recognized in balance sheet as provision</b>	<b>2,26,759</b>

**Change in Present Benefit Obligation**

		<b>31/03/2022</b>
a)	Present value of obligation as at the beginning of the period	37,51,95,284
b)	Interest Cost	3,09,45,799
c)	Current Service Cost	1,71,82,965
d)	Contributions by plan participants / employees	2,20,41,466
e)	Benefits Paid	(2,39,61,574)
f)	Total Actuarial (Gain)/Loss on Obligation	(9,31,950)
g)	Settlements/Transfer In	--
<b>h)</b>	<b>Present value of obligation as at the end of the period</b>	<b>42,04,71,990</b>

**Change in plan assets:**

		<b>31/03/2022</b>
a)	Fair value of plan assets at the beginning of the period	37,65,26,190
b)	Actual return on plan assets	2,89,09,702
c)	Employer contribution	1,71,82,965





		<b>31/03/2022</b>
d)	Plan Participants / Employee Contribution	2,20,41,466
e)	Benefits paid	(2,39,61,574)
f)	Settlements / Transfer In	--
<b>g)</b>	<b>Fair value of plan assets at the end of the period</b>	<b>42,06,98,749</b>

## 2) Gratuity (Unfunded)

The Company has a defined benefit gratuity plan which is unfunded and is treated as Other Long-Term Employee Benefits. The present value of the obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Gratuity is paid by the Company as and when it becomes due and is paid as per the Gratuity Scheme of the Company. During the year, there were no plan amendments, curtailments or settlements.

### Movement in net Defined Benefit (Asset) / Liability

#### a) Reconciliation of balances of Defined Benefit Obligation

##### 2.1 (a): Table Showing Changes in Present Value of Obligations:

Period	From: 01-04-2021 To: 31-03-2022	From: 01-04-2020 To: 31-03-2021
Present value of the obligation at the beginning of the period	6,69,88,047	5,67,78,149
Interest cost	48,56,633	39,74,470
Current service cost	95,69,809	85,50,945
Past Service Cost	0	0
Benefits paid (if any)	(30,30,159)	(6,96,865)
Actuarial (gain)/loss	(37,14,406)	(16,18,652)
Present value of the obligation at the end of the period	7,46,69,924	6,69,88,047

##### 2.1 (b): Bifurcation of total Actuarial (gain) / loss on liabilities

Period	From: 01-04-2021 To: 31-03-2022	From: 01-04-2020 To: 31-03-2021
Actuarial gain/losses from changes in Demographics assumptions (mortality)	Not Applicable	Not Applicable
Actuarial (gain)/ losses from changes in financial assumptions	(21,22,388)	0
Experience Adjustment (gain)/ loss for Plan liabilities	(15,92,018)	(16,18,652)
Total amount recognized in other comprehensive Income	(37,14,406)	(16,18,652)

##### 2.2: Key results (The amount to be recognized in the Balance Sheet):

Period	As on 31-03-2022	As on 31-03-2021
Present value of the obligation at the end of the period	7,46,69,924	6,69,88,047
Fair value of plan assets at end of the period	0	0
Net liability/(asset) recognized in Balance Sheet and related analysis	7,46,69,924	6,69,88,047
Funded Status - Surplus/ (Deficit)	(7,46,69,924)	(6,69,88,047)

**2.3 (a): Expense recognized in the statement of Profit and Loss:**

Period	From: 01-04-2021 To: 31-03-2022	From: 01-04-2020 To: 31-03-2021
Interest cost	48,56,633	39,74,470
Current service cost	95,69,809	85,50,945
Past Service Cost	0	0
Expected return on plan asset	(0)	(0)
Expenses to be recognized in P&L	1,44,26,442	1,25,25,415

**2.3 (b): Other comprehensive (income) / expenses (Remeasurement)**

Period	From: 01-04-2021 To: 31-03-2022	From: 01-04-2020 To: 31-03-2021
Cumulative unrecognized actuarial (gain)/loss opening. B/F	(1,49,34,832)	(1,33,16,180)
Actuarial (gain)/loss - obligation	(37,14,406)	(16,18,652)
Actuarial (gain)/loss - plan assets	0	0
Total Actuarial (gain)/loss	(37,14,406)	(16,18,652)
Cumulative total actuarial (gain)/loss. C/F	(1,86,49,238)	(1,49,34,832)

**2.3 (c): Net Interest Cost**

Period	From: 01-04-2021 To: 31-03-2022	From: 01-04-2020 To: 31-03-2021
Interest cost on defined benefit obligation	48,56,633	39,74,470
Interest income on plan assets	0	0
Net interest cost (Income)	48,56,633	39,74,470

**2.4: Experience adjustment:**

Period	From: 01-04-2021 To: 31-03-2022	From: 01-04-2020 To: 31-03-2021
Experience Adjustment (Gain) / loss for Plan liabilities	(15,92,018)	(16,18,652)
Experience Adjustment Gain / (loss) for Plan assets	0	0

**3.1: Summary of membership data at the date of valuation and statistics based thereon:**

Period	As on: 31-03-2022	As on: 31-03-2021
Number of employees	835	764
Total monthly salary	1,74,66,564	1,40,25,920
Average Past Service (Years)	6.9	6.9
Average Future Service (yrs.)	22.3	23.1
Average Age (Years)	37.7	36.9
Weighted average duration (based on discounted cash flows) in years	16	16
Average monthly salary	20,918	18,359
Expected Future Service taking into account Decrements (Years)	16	



**3.2: Actuarial assumptions provided by the Company and employed for the calculations are tabulated:**

Discount rate	7.25 % per annum	7.00 % per annum
Salary Growth Rate	8.00 % per annum	8.00 % per annum
Mortality	IALM 2012-14	IALM 2012-14
Withdrawal rate (Per Annum)	5.00% p.a. (18 to 30 Years)	5.00% p.a. (18 to 30 Years)
Withdrawal rate (Per Annum)	3.00% p.a. (30 to 44 Years)	3.00% p.a. (30 to 44 Years)
Withdrawal rate (Per Annum)	2.00% p.a. (44 to 60 Years)	2.00% p.a. (44 to 60 Years)

**3.3: Benefits valued:**

Normal Retirement Age	60 Years	60 Years
Salary	Last drawn qualifying salary	Last drawn qualifying salary
Vesting Period	5 years of service	5 years of service
Benefits on Normal Retirement	15/26 * Salary * Past Service (yr.).	15/26 * Salary * Past Service (yr.).
Benefit on early exit due to death and disability	As above except that, no vesting conditions apply	As above except that, no vesting conditions apply
Limit	2000000.00	2000000.00

**3.4: Current Liability (\*Expected payout in next year as per schedule III of the Companies Act, 2013):**

Period	As on: 31-03-2022	As on: 31-03-2021
Current Liability (Short Term) *	27,77,804	23,78,297
Non-Current Liability (Long Term)	7,18,92,120	6,46,09,750
<b>Total Liability</b>	<b>7,46,69,924</b>	<b>6,69,88,047</b>

**3.5: Effect of plan on entity's future cash flows**

**3.5 (a): Funding arrangements and funding policy**

Not Applicable

**3.5 (b): Expected contribution during the next annual reporting period**

The Company's best estimate of Contribution during the next year	1,08,54,815	91,69,416
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**3.5 (c): Maturity profile of defined benefit obligation: Weighted Average**

Weighted average duration (based on discounted cash flows) in years	16	16
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**3.5 (d): Maturity Profile of Defined Benefit Obligation: Maturity analysis of benefit obligations.**

01 Apr 2022 to 31 Mar 2023	27,77,804
01 Apr 2023 to 31 Mar 2024	9,88,079
01 Apr 2024 to 31 Mar 2025	16,14,264
01 Apr 2025 to 31 Mar 2026	16,97,896
01 Apr 2026 to 31 Mar 2027	12,33,969
01 Apr 2027 Onwards	6,63,57,912

**3.6: Projection for next period:**

Best estimate for contribution during next Period	1,08,54,815
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**3.7: Sensitivity Analysis: Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. Please note that the sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation from one another as some of the assumptions may be correlated. The results of the sensitivity analysis are given below:**

Period	As on 31-03-2022
Defined Benefit Obligation (Base)	7,46,69,924 @ Salary Increase Rate: 8%, and discount rate :7.25%
Liability with x% increase in Discount Rate	6,63,87,372; x=1.00% [Change (11) %]
Liability with x% decrease in Discount Rate	8,45,46,503; x=1.00% [Change 13%]
Liability with x% increase in Salary Growth Rate	8,43,72,875; x=1.00% [Change 13%]
Liability with x% decrease in Salary Growth Rate	6,63,69,958; x=1.00% [Change (11) %]
Liability with x% increase in Withdrawal Rate	7,39,37,941; x=1.00% [Change (1) %]
Liability with x% decrease in Withdrawal Rate	7,54,85,869; x=1.00% [Change 1%]

**3.8: Reconciliation of liability in balance sheet**

Period	From: 01-04-2021 To: 31-03-2022	From: 01-04-2020 To: 31-03-2021
Opening gross defined benefit liability/ (asset)	6,69,88,047	5,67,78,149
Expenses to be recognized in P&L	1,44,26,442	1,25,25,415
OCI- Actuarial (gain)/ loss-Total current period	(37,14,406)	(16,18,652)
Benefits paid (if any)	(30,30,159)	(6,96,865)
Closing gross defined benefit liability/ (asset)	7,46,69,924	6,69,88,047

**3) Leave Encashment (Unfunded) –**

The Company has defined benefit leave encashment plan in India (Unfunded) which is treated as Other Long-Term Employee Benefits. The Company's net obligation in respect of Leave Encashment is the amount of benefit to be settled in the future, that employees have earned in return for their service in the current and previous years. The benefit is discounted to determine its present value. The obligation is measured on the basis of an actuarial valuation using the projected unit credit method.

**2.1 (a): Table Showing Changes in Present Value of Obligations:**

Period	From: 01-04-2021 To: 31-03-2022	From: 01-04-2020 To: 31-03-2021
Present value of the obligation at the beginning of the period	3,40,69,349	2,54,83,067
Interest cost	24,70,028	17,83,815
Current service cost	52,81,085	56,09,101
Benefits paid (if any)	(70,875)	(3,04,920)



Period	From: 01-04-2021 To: 31-03-2022	From: 01-04-2020 To: 31-03-2021
Actuarial (gain)/loss	(63,96,172)	14,98,286
Present value of the obligation at the end of the period	3,53,53,415	3,40,69,349

**2.1 (b): Bifurcation of total Actuarial (gain) / loss on liabilities**

Period	From: 01-04-2021 To: 31-03-2022	From: 01-04-2020 To: 31-03-2021
Actuarial gain/losses from changes in Demographics assumptions (mortality)	Not Applicable	Not Applicable
Actuarial (gain)/ losses from changes in financial assumptions	(10,25,378)	0
Experience Adjustment (gain)/ loss for Plan liabilities	(53,70,794)	14,98,286
Total amount recognized in other comprehensive Income	(63,96,172)	14,98,286

**2.2: Key results (The amount to be recognized in the Balance Sheet):**

Period	As on 31-03-2022	As on 31-03-2021
Present value of the obligation at the end of the period	3,53,53,415	3,40,69,349
Fair value of plan assets at end of the period	0	0
Net liability/(asset) recognized in Balance Sheet and related analysis	3,53,53,415	3,40,69,349
Funded Status - Surplus/ (Deficit)	(3,53,53,415)	(3,40,69,349)

**2.3 (a): Expense recognized in the statement of Profit and Loss:**

Period	From: 01-04-2021 To: 31-03-2022	From: 01-04-2020 To: 31-03-2021
Interest cost	24,70,028	17,83,815
Current service cost	52,81,085	56,09,101
Expected return on plan asset	(0)	(0)
Net actuarial (gain)/loss recognized in the period	(63,96,172)	14,98,286
Expenses to be recognized in P&L	13,54,941	88,91,202

**2.4: Experience adjustment:**

Period	From: 01-04-2021 To: 31-03-2022	From: 01-04-2020 To: 31-03-2021
Experience Adjustment (Gain) / loss for Plan liabilities	(53,70,794)	14,98,286
Experience Adjustment Gain / (loss) for Plan assets	0	0

**3.1: Summary of membership data at the date of valuation and statistics based thereon:**

Period	As on: 31-03-2022	As on: 31-03-2021
Number of employees	835	764
Total monthly salary	1,74,66,564	1,40,25,920
Average Past Service (Years)	6.9	6.9
Average Future Service (yrs.)	22.3	23.1
Average Age (Years)	37.7	36.9
Total Leave with Cap/Without Cap	43,879/43,892	43,114/43,134



Period	As on: 31-03-2022	As on: 31-03-2021
Total CTC / Availment Rate	3,49,33,128 / 3%	2,80,51,840 / 3%
Weighted average duration (based on discounted cash flows) in years	17	18
Average monthly salary	20,918	18,359
Expected Future Service taking into account Decrements (Years)	16	

**3.2: Actuarial assumptions provided by the Company and employed for the calculations are tabulated:**

Discount rate	7.25 % per annum	7.00 % per annum
Salary Growth Rate	8.00 % per annum	8.00 % per annum
Mortality	IALM 2012-14	IALM 2012-14
Withdrawal rate (Per Annum)	5.00% p.a. (18 to 30 Years)	5.00% p.a. (18 to 30 Years)
Withdrawal rate (Per Annum)	3.00% p.a. (30 to 44 Years)	3.00% p.a. (30 to 44 Years)
Withdrawal rate (Per Annum)	2.00% p.a. (44 to 60 Years)	2.00% p.a. (44 to 60 Years)

**3.3: Benefits valued:**

Normal Retirement Age	60 Years	60 Years
Salary	As per rules of the Company	As per rules of the Company
Benefits on Normal Retirement	1/30 * Salary * Number of leaves.	1/30 * Salary * Number of leaves.
Benefit on early exit	As above, subject to rules of the Company.	As above, subject to rules of the Company.
Benefit on death	As above, subject to rules of the Company.	As above, subject to rules of the Company.

**3.4: Current Liability (\*Expected payout in next year as per schedule III of the Companies Act, 2013):**

Period	As on: 31-03-2022	As on: 31-03-2021
Current Liability (Short Term) *	15,65,018	14,40,763
Non-Current Liability (Long Term)	3,37,88,397	3,26,28,586
<b>Total Liability</b>	<b>3,53,53,415</b>	<b>3,40,69,349</b>

**3.5: Sensitivity Analysis: Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. Please note that the sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation from one another as some of the assumptions may be correlated. The results of the sensitivity analysis are given below:**

Period	As on 31-03-2022
Defined Benefit Obligation (Base)	3,53,53,415
Liability with x% increase in Discount Rate	3,12,81,779; x=1.00% [Change (12) %]
Liability with x% decrease in Discount Rate	4,02,51,457; x=1.00% [Change 14%]
Liability with x% increase in Salary Growth Rate	4,01,65,012; x=1.00% [Change 14%]



Period	As on 31-03-2022
Liability with x% decrease in Salary Growth Rate	3,12,73,221; x=1.00% [Change (12) %]
Liability with x% increase in Withdrawal Rate	3,50,82,330; x=1.00% [Change (1) %]
Liability with x% decrease in Withdrawal Rate	3,56,65,334; x=1.00% [Change 1%]

### 3.6: Reconciliation of liability in balance sheet

Period	From: 01-04-2021 To: 31-03-2022	From: 01-04-2020 To: 31-03-2021
Opening gross defined benefit liability/ (asset)	3,40,69,349	2,54,83,067
Expenses to be recognized in P&L	13,54,941	88,91,202
Benefits paid (if any)	(70,875)	(3,04,920)
Closing gross defined benefit liability/ (asset)	3,53,53,415	3,40,69,349

### 39. Deferred Tax Assets/ Liability

The Company has a history of losses, hence in absence of convincing evidence that sufficient taxable profit will be available against which the unused tax losses, deductible timing differences or unused tax credit can be utilized by the entity in near future, no accounting for Deferred Tax Assets / Liabilities has been made in the Financial Statements.

### 40. Disclosure as per Ind- AS 33 “Earnings Per Share”

Details	As at March 31, 2022	As at March 31, 2021
Profit/ (Loss) after tax as per statement of profit and loss (In Rupees)	(447,76,28,672)	(360,09,43,517)
Weighted Average no. of equity shares (Number)	4,02,25,000	4,02,25,000
<b>EPS Basic &amp; Diluted (In Rs.)</b>	(111.31)	(89.52)

### 41. Disclosure as per Micro and Small Enterprises Development Act, 2006

In terms of Section 22 of the Micro, Small and Medium Enterprises Development Act 2006, the outstanding to these enterprises are required to be disclosed. The SAP system has a field, minority indicator in Vendor Master, which is updated to identify the vendor as SSI. The system is being enhanced to capture more details of SSI Vendors, such as certificate no., issuing agency, validity, etc.

Payments to most of the undertakings covered under the Micro, Small and Medium Enterprises Development Act (to the extent identified) have been made within the prescribed time limit/date agreed upon with the supplier. There is no interest liability for delayed payments to MSME. Information in respect of micro and small enterprises as at 31 March 2022 as required by Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act).

Amount in Rs. Million

Particulars	31-March-22 (Amt in Rs Million)	31-March-21 (Amt in Rs Million)
a) Amount remaining unpaid to any supplier:		
Principal amount	NIL	4.89
Interest due thereon	NIL	NIL



Particulars	31-March-22 (Amt in Rs Million)	31-March-21 (Amt in Rs Million)
b) Amount of interest paid in terms of Section 16 of the MSMED Act along with the amount paid to the suppliers beyond the appointed day.	NIL	NIL
c) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.	NIL	NIL
d) Amount of interest accrued and remaining unpaid	NIL	NIL
e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowances as a deductible expenditure under Section 23 of MSMED Act	NIL	NIL

#### 42. Going Concern

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 of CMD, AIAHL and three 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 2021-22, 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. Rs. 86 Crores yearly.

The above model not only ensures the increased total revenue of Rs 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.

#### **43. Revenue**

The Company is availing the services of an outside agency for the processing of data relating to the passenger, cargo, baggage and other revenue. AIL's system has been used for the booking of Tickets etc. Revenue data relating to the group is supplied by AIL to the outsourced agency and the processed data is received at their end. Revenue relating to AAAL has been segregated on the basis of code assigned to AAAL and accounted for on the basis of reports uploaded on the FTP server. Sources data for the processing and generation of reports which is the basis for the recognition of AAAL revenue are maintained at AIL. As per Industry practice, Air India is complying with all necessary norms to ascertain the authenticity and accuracy of data processed by an outsourced agency. The New PSS/DCS system exclusively for Alliance Air being operationalized since 15<sup>th</sup> April 2022 and separate agency has been appointed for processing of data to ensure authentication of the same.



**44. Regional Connectivity Scheme**

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.

**45. M/S Gati**

An agreement for freighter charter operations (undertaken by AAAL) between Air India Ltd and M/s GATI was terminated by GATI in March 2009, consequent to which AI invoked the Bank Guarantee of Rs. 300 million deposited by GATI. The Arbitral Tribunal has given its award against which an appeal has been filed by Air India Limited before the Hon'ble Delhi High Court which has also upheld the decision of the Arbitral Tribunal. To file an appeal in the Delhi High Court (Double Bench) against the subject order, AIL deposited Rs. 220 million with Hon'ble High Court as deposit money on 17.11.2015. Against this deposit, Provision for Doubtful Security Deposit has been made for Rs. 220 million as prudence, although the matter is sub-judice. The last hearing date has been further postponed to 26.09.2022 for arguments.

**46. TDS on Provisional Expenses**

Provision has been created for the bills received from the vendor during 2022-23 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.

**47. Disclosures as per Ind AS 116 “Leases”**

a.) The Company has taken 18 ATR 72-600 Aircraft on lease. Liabilities on account of future minimum lease rentals in respect of leases are as under: -

(Amount in Rs. Million)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Non-Current	Current	Non-Current	Current
Lease Liabilities	19,856.31	2,608.93	21,954.42	2,252.96

**b.) Disclosures for Leases where the Company is a Lessee under Ind AS 116**

The Company's leased assets primarily consist of leases for aircraft and engines.

**Short Term Lease -**

During the year ended 31 March 2022, the Company has recognized an expense of Rs. 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.

**Other Disclosures****(Amount in Rs. Million)****1.) Maturity Analysis of lease liabilities**

<b>PARTICULARS</b>	<b>2021-22</b>	<b>2020-21</b>
Less than one year	2,636.50	2,492.93
One to five years	11,525.05	10,959.00
More than five years	9,049.77	11,458.32
<b>Total undiscounted lease liabilities at 31 March 2022</b>	<b>23,211.32</b>	<b>24,910.25</b>
<b>Lease liabilities included in the statement of financial position on 31 March 2022</b>	<b>22,465.24</b>	<b>24,207.38</b>

**2.) Amount's recognized in the statement of profit and loss**

<b>PARTICULARS</b>	<b>2021-22</b>	<b>2020-21</b>
Depreciation expense on ROU Asset	2,381.85	2,381.85
Interest on lease liabilities	207.85	222.24
Variable lease payments not included in the measurement of lease liabilities	0	0
Income from sub-leasing right-of-use assets	0	0
Expenses relating to short-term leases*	3.45	22.29
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	0	0

\* Engines taken on lease have been classified as short-term leases since the lease term is less than 12 months as on the balance sheet date. Due to this reason, Management has availed the practical expedient.

**3.) Amounts recognized in the Statement of Cash Flows**

<b>PARTICULARS</b>	<b>2021-22</b>	<b>2020-21</b>
<b>Amount Shown as Cash Flow from Financing Activity -</b>		
Total cash outflow for leases	2,533.31	2,193.07

**48. Remuneration to Auditors**

The details of the Audit fees and Expenses of the Auditors: -

**(Amount in Rs. Million)**

<b>Particulars</b>	<b>2021-22</b>	<b>2020-21</b>
<b>Payment to Statutory Auditor</b>		
Statutory Audit Fees (Inclusive of reimbursement of Expenses)	1.20	1.20
Tax Audit Fees	0.16	0.15
Special Purpose Audit Fees	0.35	-
<b>Total</b>	<b>1.71</b>	<b>1.35</b>



Particulars	2021-22	2020-21
<b>Payment to other Auditors</b>		
Internal Audit Fees	0.22	0.22
Fees for Other Matters	0.48	0.06
<b>Total</b>	<b>0.70</b>	<b>0.28</b>
<b>Grand Total</b>	<b>2.41</b>	<b>2.17</b>

49. The Company has registered charges of **Rs. 2,805.03 million** (Previous Year Rs. 2,805.03 million) with the Registrar of Companies U/s 77 of Companies act 2013. The Company is in the process of getting the said charges satisfied by following the procedure prescribed U/s 82 of the Companies Act 2013.

#### 50. Capital Management

The objective of the Company is to maximize the shareholders' value by maintaining an optimum capital structure. Management monitors the return on capital as well as the debt-equity ratio and makes necessary adjustments in the capital structure for the development of the business.

During the financial year ended 31 March 2022, no significant changes were made in the objectives, policies or processes relating to the Management of the Company's capital structure.

#### Debt-Equity Ratio:

(Amount in Rs. Million)

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
Borrowings	23,907.78	20,656.16
<b>Total Debt (A)</b>	<b>23,907.78</b>	<b>20,656.16</b>
Equity Share Capital	4,022.50	4,022.50
Other Equity	(35,008.02)	(30,534.11)
<b>Total Equity (B)</b>	<b>(30,985.52)</b>	<b>(26,511.61)</b>
<b>Debt Equity Ratio (A/B)</b>	<b>(0.68)</b>	<b>(0.78)</b>

#### Return on Equity and Capital Gearing Ratio:

(Amt in Rs. Million)

Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
<b>Profit /(Loss) for the year</b>	<b>(4,477.63)</b>	<b>(3,600.94)</b>
Equity Share Capital	4,022.50	4,022.50
Other Equity	(35,008.02)	(30,534.11)
<b>Equity attributable to owners of the Company</b>	<b>(30,985.52)</b>	<b>(26,511.60)</b>
<b>Return on Equity Ratio (%)</b>	<b>(14.45%)</b>	<b>(13.58%)</b>
<b>Capital Gearing Ratio</b>	<b>(5.94)</b>	<b>(5.14)</b>

#### 51. Fair value measurement and financial instruments

##### Financial instruments – by category and fair value hierarchy

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



i) **As on 31 March 2022** (Amount in Rs. in Million)

Particulars	Category				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
<b>Financial Assets</b>							
<b>Non-Current</b>							
Others			847.65	847.65	0.00	0.00	0.00
<b>Current</b>							
Trade Receivables*			805.13	805.13	0.00	0.00	0.00
Cash and Cash equivalents*			145.04	145.04	0.00	0.00	0.00
Bank balances other than (b) above*			867.90	867.90	0.00	0.00	0.00
Loans*			-	-	-	-	-
Other			108.90	108.90	0.00	0.00	0.00
<b>Financial liabilities</b>							
<b>Non-Current</b>							
Lease Liabilities	19,856.31			19,856.31	0.00	0.00	0.00
<b>Other</b>							
<b>Current</b>							
Borrowings			23,907.78	23,907.78	0.00	0.00	0.00
Lease Liabilities	2,608.93			2,608.93	0.00	0.00	0.00
Trade Payables			11,102.97	11,102.97	0.00	0.00	0.00
Other			545.83	545.83	0.00	0.00	0.00

ii) **As on 31 March 2021** (Amount in Rs Million)

Particulars	Category				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
<b>Financial Assets</b>							
<b>Non-Current</b>							
Others**			159.56	159.56	0.00	0.00	0.00
<b>Current</b>							
Trade Receivables*			636.60	636.60	0.00	0.00	0.00
Cash and Cash equivalents*			36.87	36.87	0.00	0.00	0.00
Bank balances other than (b) above*			914.03	914.03	0.00	0.00	0.00
Loans*			-	-	-	-	-
Other			116.77	116.77	0.00	0.00	0.00
<b>Financial liabilities</b>							
<b>Non-Current</b>							
Lease Liabilities	21,954.42			21,954.42	0.00	0.00	0.00
<b>Other</b>							
<b>Current</b>							
Borrowings			20,656.16	20,656.16	0.00	0.00	0.00
Lease Liabilities	2,252.96			2,252.96	0.00	0.00	0.00



Particulars	Category				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Trade Payables			9,141.64	9,141.64	0.00	0.00	0.00
Other			461.57	461.57	0.00	0.00	0.00

\* The Carrying amounts of trade receivables, trade payables, cash and cash equivalents, bank balance other than cash and cash equivalents and other financial assets and liabilities, approximate the fair values, due to their short-term nature.

\*\* Other non-current financial assets represent Bank deposits due for maturity after 12 months from the reporting date and interest accrued but not due on financial instruments, the carrying value of which approximates the fair values as on reporting date.

**52. Financial Risk Management Objective and Policies:**

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

- i. Credit risk
- ii. Liquidity risk
- iii. Market risk –
  - a. Interest rate risk
  - b. Currency risk

The Company’s principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk. The Company’s senior Management oversees the Management of these risks. The Company’s senior Management is supported by a treasury team. The treasury team provides assurance to the Company’s senior Management that the Company’s financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company’s policies and risk objective. It is the Company’s policy that no trading in derivatives for the speculative purpose may be undertaken. The Board of Directors reviews and agrees with policies for managing each of these risks, which are summarized below:

**(i) Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation.

The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The maximum exposure to the credit at the reporting date is primarily from trade receivables. Trade receivables are typically unsecured and are derived from revenue earned from



customers. The Company does monitor the economic environment in which it operates. The Company manages its credit risk through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company brands credit terms in the normal course of the business.

The Company sells the majority of its passenger service against deposits made by agents (customers) and through online channels.

On adoption of Ind AS 109, the Company uses the expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available internal credit risk factors such as the Company’s historical experience with customers. Based on the business environment in which the Company operates, Management considers that the trade receivables (other than receivables from Government Departments) are in default (credit-impaired) if the payments are more than 36 months past due.

Trade receivable as at year-end primarily includes **Rs. 805.13 million** (Rs 636.60 million) relating to revenue generated from passenger services.

The Company's exposure to credit risk for trade receivables is as follows:

Particulars	Amount in Rs. Million			
	As at 31/03/2022		As at 31/03/2021	
	Gross Carrying Amount	Loss Allowance	Gross Carrying Amount	Loss Allowance
Debts not due	-	-	-	-
Debts over due	830.40	25.27	663.06	26.46

**Movement in the allowance for impairment in respect of trade receivables**

(Amount in Rs. Million)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Balance at the beginning of the Year	26.46	26.46
Addition during the year	0.00	0.00
Write off/Adjustments made during the year	(1.19)	0.00
Balance at the end of the Year	25.27	26.46

**(ii) Liquidity Risk**

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

The Company’s approach to managing Liquidity is to have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Company’s reputation.

The Company believes that its liquidity position, including cash (including unencumbered bank deposit and excluding interest accrued but not due), anticipated future internally generated



funds from operations will enable it to meet its future known obligation in the ordinary course of business. However, if liquidity needs were to arise, the Company believes it has access to a financing arrangement with its parent Company, which should enable it to meet its ongoing capital, operating, and liquidity requirement. The Company will continue to consider various borrowing or leasing options to maximize liquidity and supplement cash requirements as necessary.

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

- Day-to-day funding, is managed by monitoring future cash flows to ensure that requirements can be met.
- Maintaining a rolling forecast of the Company's liquidity position on the basis of expected cash flows.
- Maintaining diversified credit lines.

### Exposure to Liquidity risk

The following are the remaining contractual maturities of financial liabilities in the reporting data. The contractual cash flow amount is gross and undiscounted and includes interest accrued but not due.

(Amount in Rs. Million)

As at 31 <sup>st</sup> March 2022	Carrying Amount	Contractual Cash Flows			
		Upto 1 year	1-5 Year	More than 5 years	Total
Payable to Holding Company	23,907.78	23,907.78	-	-	23,907.78
Trade payables	11,102.97	11,102.97	-	-	11,102.97
Other Current Financial Liabilities	545.83	545.83	-	-	545.83
Aircraft Lease	23,211.32	2,636.50	11,525.05	9,049.77	23,211.32
<b>Total</b>	<b>58,767.90</b>	<b>38,193.08</b>	<b>11,525.05</b>	<b>9,049.77</b>	<b>58,767.90</b>

(Amount in Rs. Million)

As at 31 <sup>st</sup> March 2021	Carrying Amount	Contractual Cash Flows			
		Upto 1 year	1-5 Year	More than 5 years	Total
Payable to Holding Company	20,656.16	20,656.16	-	-	20,656.16
Trade payables	9,141.64	9,141.64	-	-	9,141.64
Other Current Financial Liabilities	461.57	461.57	-	-	461.57
Aircraft Lease	24,910.25	2,492.93	10,959.00	11,458.32	24,910.25
<b>Total</b>	<b>55,169.62</b>	<b>32,752.30</b>	<b>10,959.00</b>	<b>11,458.32</b>	<b>55,169.62</b>

### (iii) Market risk

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



**a. Interest rate risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings with floating interest rates.

The exposure of the Company's borrowings to interest rate changes as reported to the Management at the end of the reporting period are as follows:

(Amount in Rs. Million)

Variable-rate instruments	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
Payable to Holding Company Air India Ltd. till 20.01.2022 transferred to AIAHL on 21.01.2022 amounting to Rs 23,345.28	-	20,656.16
Payable to Holding Company AIAHL	23,907.78	-
<b>Total</b>	<b>23,907.78</b>	<b>20,656.16</b>

**Interest rate sensitivity analysis**

A reasonably possible change of 0.50 % in interest rates at the reporting date would have affected the profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Statement of Profit and loss.	
	Increase by 0.50 %	Decrease by 0.50 %
Increase/(decrease) in the interest on foreign currency term loans from others and on finance lease obligations.		
For the year ended 31 March 2022	119.54	(119.54)
For the year ended 31 March 2021	103.28	(103.28)

**b. Currency Risk**

Currency Risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to the effects of fluctuation in the prevailing foreign currency rates on its financial position and cash flows. Exposure arises primarily due to exchange rate fluctuation between the functional currency and other currencies from the Company's operating, investing and financing activities.

The following table sets forth information relating to unhedged foreign currency exposure as at March 31, 2022:

	USD	EURO	Others
Net financial assets	55.87	-	-
Net financial liabilities	10.48	-	-

10% appreciation / depreciation of the functional currency of the Company with respect to various foreign currencies would result in increase / decrease in the Company's profit before taxes by approximately Rs. 344.02 million for the year ended March 31, 2022.



The following table sets forth information relating to unhedged foreign currency exposure as at March 31, 2021:

	USD	EURO	Others
Net financial assets	40.72	-	-
Net financial liabilities	16.47	-	-

10% appreciation / depreciation of the functional currency of the Company with respect to various foreign currencies would result in increase / decrease in the Company's profit before taxes by approximately Rs.177.36 million for the year ended March 31, 2021.

### 53. Disclosure as per Ind AS 115, 'Revenue from contracts with customers'

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

The major revenue of the Company arises from the rendering of services (Passenger and cargo). The following is a description of the principal activity.

#### Nature, the timing of satisfaction of performance obligation and significant payment terms

Passenger revenue is recognized on flown basis i.e., after rendering the services, revenue is recognized net of discounts given to the passengers, applicable taxes and airport levies such as passenger service fee, user development fee, etc.

Cargo revenue is recognized when service is rendered i.e., goods are transported, net of airport levies and applicable taxes.

The amounts are billed as per the terms of the contracts and are payable within the contractually agreed credit period as per the Master Service Agreement with Air India.

#### Disaggregation of revenue

Revenue is disaggregated by the type and nature of services of revenue recognition.

#### Rendering of services

(Amount in Rs. Million)

S. No.	Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
1	Passenger	4,193.48	2,443.63
2	Excess Baggage	67.80	38.08
3	Mail	3.72	2.13
4	Cargo	18.90	51.95
5	Charter	20.72	17.18
6	Subsidy for Operation form Government	2,842.10	1,971.11
7	Handling Servicing and Incidental Revenue	28.57	11.31
	<b>Total</b>	<b>7,175.29</b>	<b>4,535.39</b>

The following table provides information about the opening and closing balance of trade receivables:



(Amount in Rs. Million)

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
Trade Receivable	805.13	636.60

As on 31st March 2022, the Company is operating under Regional Connectivity Scheme (RCS) in 81 routes, which has been awarded to the Company on four rounds having a validity of 3 years through the bidding process. In terms of the RCS agreement, the Company is required to sell specified seats at an agreed subsidized fare inclusive of taxes. In compliance with the terms of the agreement, the Company is eligible for the VGF Claim amount.

Since the RCS routes are awarded through the bidding process for a period of 3 years, the route is open to all carriers after this period subject to the availability of slots & other requirements.

**Practical expedients applied as per Ind AS 115:**

No single customer represents 10% or more of the Company's total revenue during the year ended March 31, 2022 and 2021.

Disclosure requirement as per para 120 of Ind As 115 in respect of remaining performance obligation is not being made in view of practical expedient as per para 121 of Ind As 115.

**54. Estimation of Uncertainties relating to the global health pandemic from SARS-CoV-2 (COVID-19):**

The COVID-19 pandemic, continued to be a global challenge, creating disruption across the world. In the first three months of FY 2022, the second wave of the pandemic overwhelmed India's medical infrastructure.

However, countries across the globe focused on vaccination coverage and implemented various economic stimuli to minimize the impact of COVID-19 and hasten economic recovery

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, up to the date of approval of these Financial Statements has used internal and external sources of information including credit reports and related information, economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets to be recovered.

However, the full extent of the impact of the COVID-19 pandemic on the Company's operations, and financial matrix will depend on future developments across the geographies that the Company operates in, and the governmental, regulatory and the Company's responses thereto, which are highly uncertain and incapable of estimation at this time, however, we will continue to carry out the impact assessment on our assets and closely monitor any material changes to future economic conditions.



55. Previous Year’s figures have been re-casted/re-arranged in line with IND-AS requirements.
56. Additional Regulatory Information (in compliance with Schedule 3, Division 2 of the Companies Act, 2022):

**Ratios:**

Sr. No.	ANALYTICAL RATIOS	Numerator	Denominator	CURRENT YEAR	PREVIOUS YEAR	% CHANGE	REASONS
1	Current Ratio	Current Assets	Current Liabilities	0.0417	0.04125	-1%	-
2	Debt-Equity Ratio	Total Debt	Shareholder’s Equity	-0.77	-0.78	1%	-
3	Debt Service Coverage Ratio	Earnings Available for Debt Service	Debt Service	0.43	0.89	52%	During the year 2020-21, Finance cost reduced due to favourable change in exchange rate. This year, the finance cost has increased drastically to adverse change in exchange rate.
4	Return on Equity Ratio	(Net Profits After Taxes-Preference Dividend)	Average Shareholder’s Equity	NA	NA	NA	Due to negative Shareholder’s Equity and Loss during the year, the Ratio is not commutable
5	Inventory Turnover Ratio	COGS	Average Stocks	NA	NA	NA	-
6	Trade Receivable Turnover Ratio	Net Credit Sales	Average Trade Receivables	3.94	2.77	42%	During the Year 2020-21 due to ongoing Pandemic the flight operation decreased drastically. The Pax Revenue increased to Rs. 4193.48 million in 2021-22 from Rs. 2443.63 in the year 2020-21
7	Trade Payable Turnover Ratio	Net Credit Purchases	Average Trade Payables	NA	NA	NA	Prime business is Passenger Carrier and the nature of business will not reflect facts
8	Net Capital Turnover Ratio	Net Sales	Average Working Capital	-0.20	-0.15	33%	During the Year 2020-21 due to ongoing Pandemic the flight operation decreased drastically. The Pax Revenue increased to Rs. 4193.48 million in 2021-22 from Rs. 2443.63 in the year 2020-21.



Sr. No.	ANALYTICAL RATIOS	Numerator	Denominator	CURRENT YEAR	PREVIOUS YEAR	% CHANGE	REASONS
9	Net Profit Ratio	Net Profit/ Loss	(Sales)	-0.62	-0.79	-21%	During the Year 2020-21 due to ongoing Pandemic the flight operation decreased drastically. The Pax Revenue increased to Rs. 4193.48 million in 2021-22 from Rs. 2443.63 in the year 2020-21
10	Return on Capital Employed	(Earnings Before Interest and Taxes)	(Capital Employed)	NA	NA	NA	Due to negative Shareholder's Equity and Loss during the year, the Ratio is not commutable
11	Return on Investment	(Net Return on Investment)	(Cost of Investment)	NA	NA	NA	-

As per our Separate report of even date

**For S.K Kapoor & Co.**

Chartered Accountants

**Firm Registration Number: 000745C**

Sd/-

**V. B. Singh**

(Partner)

ICAI Membership Number.:

073124

UDIN: 22073124AMWIMD4044

Place: New Delhi

Date: 14/07/2022

**For and on behalf of the Board of Directors of Alliance Air Aviation Limited**

Sd/-

**Vikram Dev Dutt**

Chairman (Nominee Director)

DIN: 02055541

Sd/-

**Vineet Sood**

Chief Executive Officer

Sd/-

**Usha Padhee**

Nominee Director

DIN:03348716

Sd/-

**Ambar Kumar Mondal**

Chief Financial Officer

Sd/-

**Shilpa Bhatia**

Company Secretary

Membership No. ACS 49386



# Alliance Air Network

(As on 31<sup>st</sup> March 2022)



