

**AIR INDIA EXPRESS LIMITED**



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**BOARD OF DIRECTORS (AS ON 30.12.2020)**

Shri Rajiv Bansal  
Shri V. Hejmadi  
Shri Pranjol Chandra  
Smt. Kusum Lata Sharma

Chairman

**CHIEF EXECUTIVE OFFICER**

Shri Aloke Singh

**CHIEF FINANCIAL OFFICER**

Smt. Ranjita Kumari

**COMPANY SECRETARY**

Smt. Aditi Khandekar

**AUDITORS**

M/s. M A Parikh & Co.  
Chartered Accountants  
Mumbai.

**LEGAL ADVISORS**

M/s. Kini & Co.

**BANKERS**

ICICI Bank  
HDFC Bank  
State Bank of India  
Bank of Baroda  
Bank of India  
Citi Bank

**REGISTERED OFFICE**

1st Floor, Old Operations Building  
Air India Complex, Old Airport  
Santacruz ( East)  
Mumbai 400 029



## CHAIRMAN'S MESSAGE

### Dear Shareholders,

It gives me immense pleasure to present to you the 49<sup>th</sup> Annual Report of the Company for the year 2019-20.

I am happy to inform you that in a year that was extremely challenging in terms of increased fuel costs and intense competition, Air India Express has turned in net profits once again for the fifth consecutive year in FY 2019-20. The net profit of Rs. 412.77 Crore achieved in FY 2019-20 is also the highest ever net profit that the Airline has earned.

In line with the Company's consistent growth record over the past 5-6 years, the Company's revenues in FY 2019-20 grew by about 25% going up from Rs. 4171.56 Crore to Rs. 5219.44 Crore.

The key to the commendable outcomes has been high degree of utilization of assets in terms of aircraft, manpower and materials and enhanced operational efficiencies in key areas such as scheduling, on-time performance, revenue management, customer services, flight dispatch etc. Consequently, the Airline was able to increase the capacity offered in terms of Available Seat Kilometers by about 6% even as the daily average aircraft utilization went past all previous years' achievements to 13.4 hours per day. The growth in Revenue Passenger kilometers at 11% was way higher than the growth in capacity as the Airline's Passenger Load Factor went up by 5 percent points from 79.6% to 83.5%.

During FY 2019-20, the number of passengers carried by Air India Express grew by 11% from 4.36 Million to 4.84 Million, including 4.66 Million passengers who travelled on the international sectors operated by the Airline. Consequently, the Airline's market share of the traffic carried from / to India increased from 6.5% in FY 2018-19 to 7.1% in FY 2019-20.

I wish to now present the Civil Aviation scenario in India in order to provide a brief background of the market and circumstances in which the Company operated and what appears to be the future outlook for the industry as at this time.

### Civil Aviation Scenario

For the first time ever in over a decade, the Indian Aviation industry reported only a marginal growth of 0.6% on the domestic sectors and a decline of about 5.4% on the international sectors. As per data published by DGCA for FY 2019-20, the Indian domestic air market is estimated to have grown from 140.78 Million in FY 2018-19 to 141.65 Million passengers; while the international traffic to / from India is estimated to have declined from 63.76 Million passengers in FY 2018-19 to 60.35 Million passengers in FY 2019-20.

### Challenges being faced by the Industry

Aviation has been one of the worst affected industries in the aftermath of the COVID-19 pandemic. Airlines have lost billions of dollars in passenger revenues due to suspension of flight operations and drastic reduction in advance bookings.

The fear of falling prey to the COVID-19 virus and the unpredictability of lockdowns and quarantine rules imposed by various countries are making consumers averse to travel.

Passengers who had already booked on flights during the lockdown when flight operations were suspended, are demanding refunds. The airlines with minimal Revenue streams and restricted cash flows are tremendously challenged in meeting this demand. Most airlines have offered credit shells or travel vouchers to such passengers to be used for future travel.



The recovery of the Aviation sector largely depends on how quickly and effectively the pandemic is controlled and vaccines developed, approved and distributed.

### **Impact of COVID-19 on Air India Express**

The outbreak of the COVID-19 pandemic, saw the suspension of international flights to China the epicenter of the corona virus outbreak in February 2020. As the pandemic spread, international airlines across the Globe suspended operations to the affected countries and travel restrictions were further extended amounting to extensive suspension of international operations.

To contain the spread of COVID-19, travel restrictions were imposed by various countries, including India. From late February 2020, Air India Express reduced its operations to Singapore. Operations to destinations in the Gulf region had to be curtailed significantly starting from the beginning of the 2<sup>nd</sup> week of March 2020, due to travel restrictions imposed by regulatory authorities in the Gulf countries. The Airline had to cease all its international operations from 22 March 2020, as per directions issued by the DGCA suspending all scheduled international operations effective that date. This was followed by another Order from the DGCA suspending all scheduled domestic operations effective 25 March 2020.

The reduced operations starting from 01 February 2020 had significant impact on the Airline's performance in the last Quarter of FY 2019-20.

The travel bans and orders for cessation of scheduled international & domestic flights continued to be operative well into the First Quarter of FY 2020-21, until DGCA issued Order for calibrated resumption of domestic services with effect from 25 May 2020. Operations on International sectors were commenced from 7 May 2020 in the form of non-scheduled flights under the Vande Bharat Mission (VBM) announced by the Indian Government to bring home distressed Indian nationals who were stuck in various foreign countries due to the sudden closure of international air services by all countries.

To mitigate the impact of COVID 19 outbreak, the Management swung into action and took various steps like operating Cargo flights, availing Working Capital loans under the Emergency Funding Scheme announced by Reserve Bank of India, moratorium on payment of interest on Working Capital loans and aircraft loans, moratorium on payment of aircraft lease rentals, reduction in salary and allowances of employees, allowing employees to work from home, control of payment to various station vendors from Head Office, operating flights under VBM and air bubble transport arrangement, etc. These steps have helped the Company sail through the unprecedented environment created by the Pandemic.

### **Accident to IX 1344 aircraft on 07 August 2020**

With great pain I wish to inform you that the AIXL aircraft VT-AXH operating a flight under the VBM from Dubai to Kozhikode on 7 August 2020 overshot the Table Top Runway at Kozhikode International Airport, met with an accident. There were 174 passengers, 10 infants, 2 Pilots and 4 Cabin Crew on board the aircraft. Unfortunately, we lost 2 pilots and 19 passengers in the accident. AIXL team along with Air India officials immediately moved into action and coordinated the Crisis Management very efficiently. As of now, 167 of the injured persons including the cabin crew have been discharged from the hospitals. Two passengers are still hospitalized and receiving treatment for their injuries. The Airline has met all the hospitalization expenses and settled the amounts directly to the concerned hospitals. Interim compensation has already been released in case of all the deceased / injured passengers and crew.

The aircraft was fully insured and the Insurance Company has released the amount towards the hull claim. The final compensation in respect of the injured / deceased passengers & crew is being processed.

On behalf of the Company I wish to extend our gratitude to the District Administration of Mallapuram and Kozhikode, Airport Authority and CISF personnel posted at Kozhikode international airport, the local Police



and Fire Force and the local community for their spontaneous, prompt, well-coordinated and effective rescue and relief activity. The Management and Board of AIXL are committed to assist in mitigating the loss / distress of the passengers of the ill-fated aircraft to the best extent possible.

### **Major projects / achievements**

Air India Express bagged the Management Excellence Award for the turnaround performance in 2019 at the 12<sup>th</sup> International Civil Aviation Conference organized by ASSOCHAM. The award was presented by the Honourable Union Minister of State for Civil Aviation (I/C).

Air India Express received the prestigious Dalmia Bharat CSR Impact Award for its CSR Project 'Care India Express-Simply Cleanliness' from amongst 102 entries as well as the CSR Times Award. These awards served to place the Company among some of the best in the area of CSR activities. This Care India Express – Simply Cleanliness project was implemented at Edakkad village of Kozhikode in association with Mathrubhumi Printing & Publishing Co.

On International Customs day, Air India Express Limited received the recognition for becoming the top cargo handling airline from Kochi Airport for the year 2019.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Board has constituted a CSR Committee and laid down the CSR Policy with the objective of making positive contribution to the society through high impact, sustainable programs. During the year the Company spent Rs. 86 Lakhs towards the CSR projects from the budget approved for the year 2017-18. To utilize the balance funds available from the budget allocated for CSR expenditure in FY 2017-18, the Company has approved few new CSR Projects in FY 2019-20.

A detailed report on the CSR activities forms part of the Directors' Report.

In view of the amendments dated 19 September 2018 to the provisions of section 198 of the Companies Act, 2013 for FY 2019-20, the Company is not required to allocate any funds for CSR expenditure.

### **ACKNOWLEDGEMENT**

I take this opportunity to thank my colleagues on the Board for their valuable guidance. I would like to congratulate the Management Team and to thank all the employees of Air India Express Limited for the exemplary efforts taken by them displaying to all stakeholders the strength and resilience of our team spirit in pursuit of excellence. I want to thank each one of our employees for contributing their mite whether it be the employees in marketing, sales and other support departments, the front-liners at the airports, the cabin crew, the pilots or the engineers, for having risen up to the occasion and helping to uphold and enhance the image of Air India Express Limited.

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

Sd/-  
**(Rajiv Bansal)**  
Chairman



## VISION

- Become India's most efficient and preferred LCC on regional international & domestic routes and extending the Airline's reach to other potential markets over the long term;
- Constantly exceeding passenger expectations in terms of quality, convenience and comfort.

## MISSION

- Offer the best flight schedules at the most competitive fares having clients' needs at the core of all corporate / strategic decisions;
- Pay paramount attention to safety, punctuality and convenience of services;
- Constantly embrace technological advancements to upgrade services, systems and processes and increase value proposition to passengers, employees, travel partners, vendors and owners;
- Benchmark work practices / methods against best in industry and achieve the greatest levels of productivity from all assets;
- Develop and maintain adequate pool of competent and motivated employees;
- Grow and expand operations with focus on improving productivity & profitability complementing the parent company's operations.

**DIRECTORS' REPORT**

To  
The Shareholders,  
The Directors take pleasure in presenting the 49<sup>th</sup> Annual Report of the Company together with the Audited Statement of Accounts, Auditor's Report and the Report of the Comptroller & Auditor General of India for the year ended 31 March 2020.

**REVIEW OF PERFORMANCE****SUMMARISED FINANCIAL PERFORMANCE (FY 2019-20):**

	<b>Rupees in Crore</b>
Operating Revenue	5,219.44
Operating Expenses	4,478.93
<u>Operating Profit</u>	<u>740.51</u>
Total Revenue	5,230.60
Total Expenses	4,812.41
<u>Profit before taxation &amp; Exceptional Items</u>	<u>418.19</u>
Provision for Taxation relating to earlier year	4.01
Other Comprehensive Income	1.40
<u>Net Profit</u>	<u>412.77</u>
Balance brought forward from previous years	1,628.64
Net Loss carried forward	1244.46
Cash Profit for FY 2019-20	921.26

**SUMMARISED PHYSICAL / REVENUE PERFORMANCE (FY 2019-20 Vs. FY 2018-19)**

	<b>FY 2019-20</b>	<b>FY 2018-19</b>	<b>Variance</b>
ASK (million)	14,982	14,173	6%
Carriage (million)	4.84	4.36	11%
RPK (million)	12,512	11,277	11%
Load Factor (%)	83.5	79.6	5%
Operating Revenue (Rs. Cr.)	5,219.44	4,171.56	25.12%
Yield/RPK (Rs)	3.99	3.57	12%
RASK (Rs.)	3.34	2.84	17%
*Block Hours	1,22,260	1,15,279	6%

\*Source –IOCC Reports

\*Yield per RPK – Pax revenue + EBG/ RPK

\*RASK – Pax revenue + EBG/ ASK



## **SHARE CAPITAL**

### Authorized Share Capital

As on 31 March 2020 the Authorized Share Capital of the Company was Rs.1,000 Crore divided into 10 Crore Equity Shares of Rs.100 each.

### Issued, Subscribed and Paid up Share Capital

As on 31 March 2020, the Issued, Subscribed and Paid up Share Capital of the Company was Rs.780 Crore divided into 7.8 Crore Equity Shares of Rs.100 each.

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

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

## **REDEMPTION OF NON-CONVERTIBLE DEBENTURES**

As a part of Aircraft Financing, the Company had issued 950 Non-Convertible Debentures worth Rupees 95 Crore in March 2008. These debentures were fully redeemed on 26 March 2020.

## **CHANGE IN NATURE OF BUSINESS**

During the year there was no change in the nature of business of the Company.

## **CREDIT RATING FOR THE COMPANY**

During the year, the Company got the Credit rating done through an External Credit rating agency and the rating obtained is 'A4+'.

## **DIVIDEND**

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

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

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

## **AMOUNTS TRANSFERRED TO RESERVES**

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

## **AIRCRAFT FINANCING**

As on 31 March 2020, the position of foreign currency borrowing for Aircraft was as under:



	Rupees in Cr.
Total Loan due as on 1 April 2019	387.27
Less: Amount repaid during April 2019 to March 2020	213.15
Add: Exchange adjustments due to revision in rates of currencies	20.42
Balance as on 31 March 2020	194.54

## IMPLEMENTATION OF RESERVATION POLICY

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

SC/ST/OBC – Number of employees as on 31 March 2020

Total No. of employees	Total No. of SC employees	% of SC employees	Total No. of ST employees	% of ST employees	Total No. of OBC employees	% of OBC employees
1451	249	17.16	64	4.41	337	23.22

## IMPLEMENTATION OF OFFICIAL LANGUAGE

The Company is taking effective steps for the implementation of the provisions of the Official Language Act and Rules framed under the Act.

## VIGILANCE

The Company is controlled directly by the Air India Vigilance Mechanism which strives to build a corruption free work environment. The ultimate objective of Vigilance Department in a PSU is to empower the organization to do business within the extent framework of systems, rules and procedures more efficiently, effectively, ethically and profitably by optimum utilization of productive resources. In doing so the Vigilance Department ensures transparency with a 'stakeholder centric approach'.

Vigilance Department has undertaken various preventive activities specific to the Company. A number of station inspections, surprise checks and periodical checks have been conducted in areas like crew pilferage, cabin cleaning, Cargo, Excess baggage, Catering uplift, procurement of entertainment systems etc. Vigilance recommendations made based on the observations have resulted in systemic reforms and setting up of SOPs to strengthen the already existing procedures.

With a vision to enhance vigilance awareness and encourage probity and righteousness among all its employees, Air India and its subsidiaries celebrated the Vigilance Awareness Week 2019 with the theme '**Eradicate Corruption- Build a New India**'. A week long program had several activities designed to sensitize the employees, promote integrity and eradicate corruption with active support of its employees and wholehearted public participation.

## COMPLIANCE WITH THE RTI ACT, 2005

As required under the provisions of section 4 of the Right To Information (RTI) Act 2005, the Company has displayed essential information on its website under the head RTI. Management has also notified CPIO and the Appellate Authority in compliance with the requirements of the RTI Act.

During the year a total of 65 applications were received and 53 applications were disposed off by providing requisite information.



## INFORMATION ABOUT SUBSIDIARY/JV/ASSOCIATE COMPANY

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

## MATERIAL CHANGES AND COMMITMENTS

### Impact of COVID-19 on Air India Express

The outbreak of the COVID-19 pandemic, saw the suspension of international flights to China the epicenter of the corona virus outbreak in February 2020. As the pandemic spread, international airlines across the Globe suspended operations to the affected countries and travel restrictions were further extended amounting to extensive suspension of international operations.

To contain the spread of COVID-19, travel restrictions were imposed by various countries, including India. From late February 2020, Air India Express reduced its operations to Singapore. Operations to destinations in the Gulf region had to be curtailed significantly starting from the beginning of the 2<sup>nd</sup> week of March 2020, due to travel restrictions imposed by regulatory authorities in the Gulf countries. The Airline had to cease all its international operations from 22 March 2020, as per directions issued by the DGCA suspending all scheduled international operations effective that date. This was followed by another Order from the DGCA suspending all scheduled domestic operations effective 25 March 2020.

The reduced operations starting from 01 February 2020 had significant impact on the Airline's performance in the last Quarter of FY 2019-20.

The travel bans and orders for cessation of scheduled international & domestic flights continued to be operative well into the First Quarter of FY 2020-21, until DGCA issued Order for calibrated resumption of domestic services with effect from 25 May 2020. Operation on International sectors were commenced from 7 May 2020 in the form of non-scheduled flights under the Vande Bharat Mission announced by the Indian Government to bring home distressed Indian nationals who were stuck in various foreign countries due to the sudden closure of international air services by all countries.

From 7 May 2020 to 30 September 2020 the Airline operated 1538 flights and carried 3,45,000 passengers (Outbound 87,844 and Inbound 2,57,206) and earned a revenue of Rs. 615 Crore.

To mitigate the impact of COVID 19 outbreak, the Management swung into action and took various steps like operating Cargo flights, availing Working Capital loans under the Emergency Funding Scheme announced by Reserve Bank of India, moratorium on payment of interest on Working Capital loans and aircraft loans, moratorium on payment of aircraft lease rentals, reduction in salary and allowances of employees, allowing employees to work from home, control of payment to various station vendors from Head Office, operating flights under VBM and air bubble transport agreement, etc. These steps have helped the Company sail through the unprecedented environment created by the Pandemic.

### Accident to IX 1344 aircraft on 07 August 2020

AIXL aircraft VT-AXH operating Dubai-Kozhikode VBM flight IX-1344 on 07 August 2020 overshot the Table Top Runway at Kozhikode International Airport at about 1940 hrs., slid and fell to the ground about 35 ft below. There were 170 passengers, 10 infants, 2 Pilots and 4 Cabin Crew on board the aircraft. Unfortunately, 2 pilots and 19 passengers were lost in the accident.

Within few hours of accident Emergency Response Centres were activated at Mumbai and Delhi. CEO AIXL camped at Kozhikode from 8 August till 12 September 2020 and coordinated the crisis management. Air India team under the leadership of their ED-South was also present for 2 weeks at Kozhikode along with the members of Angels of Air India. Within few hours of the accident the Company could establish direct contact with the family members of the affected passengers and provided all immediate support to mitigate their



hardships. In association with an NGO the Company provided groceries to sustain 14 days to 600 families whose men had continuously participated in the rescue operation and thereafter quarantined as per COVID protocol.

The Company had completed the disbursement of Interim Compensation to all passengers by the 2<sup>nd</sup> week of September 2020. The total Interim Compensation of Rs. 4.15 Crore has been paid. Till now 167 injured passengers and crew have been discharged from various hospitals after obtaining their complete fitness. 2 passengers who are in stable condition continue to receive treatment in hospitals. The Company has settled hospital bills and miscellaneous expenditure of all the passengers.

An agency M/s Kenyon International was involved in the retrieval / restoration of the baggage and personal belongings of the passengers. The Company has successfully re-associated 474 items out of which 469 items have already been handed over to the rightful owners. The aircraft was fully insured and the Insurance Company has released the amount towards the hull claim. The final settlement of claims in respect of the passengers / crew is currently being processed. The expenses towards the hospital expenditure in respect of all the passengers / crew will also be settled by the Insurance Company.

The accident is being investigated by AAIB. The officials / employees of the Company are fully cooperative with the AAIB. The local community has been appreciative of the efforts taken by the Airline in association with AI to attend to the needs of the kith and kin of the deceased and the injured passengers for the efforts taken to restore their baggage and valuables and for expeditiously disbursing the Interim Compensation. The Company has thanked the local community through its official social media handlers. Thousands of people mostly from Kozhikode and Malappuram, have acknowledged the efforts of the Airline.

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

A detailed Management Discussion and Analysis Report is given separately.

## MEETINGS OF THE BOARD OF DIRECTORS

As required under Section 173 of the Companies Act, 2013, four meetings of the Board of Directors of the Company were held during the Financial Year 2019-20 as detailed below:

Sr. No.	Date of Meeting	Board Strength	No. of Directors Present
1	23.04.2019	4	4
2	30.07.2019	4	4
3	31.10.2019	4	3
4	07.02.2020	4	4

## DIRECTORS' RESPONSIBILITY STATEMENT

- (i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of



the Company and for preventing and detecting fraud and other irregularities;

- (iv) The Directors have prepared the Annual Accounts on a 'going concern' basis.
- (v) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## AUDIT COMMITTEE

The Audit Committee comprised of three Directors. In the absence of Independent Directors on the Board of the Company, the Audit Committee is chaired by the Government Director. During the year 2019-20 following were the members of the Audit Committee:

Name of the Director	Position held in the Committee	Category of the Director
Shri Angshumali Rastogi (ceased w.e.f 20.01.2020)	Chairman	Government Director
Smt. Kusum Lata Sharma (appointed w.e.f 20.01.2020)	Chairperson	Government Director
Shri Pranjol Chandra	Member	Government Director
Shri Vinod Hejmadi	Member	Nominee Director - AI

## AUDITORS

The Comptroller & Auditor General of India has appointed M/s M A Parikh & Company, Chartered Accountants, Mumbai as Statutory Auditors of the Company for the financial year 2019-20.

Management clarification/explanation to the qualifications or adverse remarks in the Auditors' Report is annexed to this Report.

## COMMENTS OF COMPTROLLER AND AUDITOR GENERAL OF INDIA

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

## SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 the Board has appointed M/s Dholakia & Associates, Practicing Company Secretaries, Mumbai, to conduct Secretarial Audit for the financial year 2019-20.

The Secretarial Audit Report and Managements' Comments thereon for the financial year ended 31 March 2020 are Annexed to this Report.

## LOANS, GUARANTEES AND INVESTMENTS

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



## CONSERVATION OF ENERGY

### Conservation of energy and Technology absorption

The particulars as required under the provisions of Section 134(3) (m) of the Companies Act, 2013 in respect of conservation of energy and technology absorption have not been furnished considering the nature of activities undertaken by the Company during the year under review.

## DEPOSITS

The Company has not accepted any deposits during the year.

## SIGNIFICANT & MATERIAL ORDERS

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

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has constituted Corporate Social Responsibility (CSR) Committee as under, in compliance with the provisions of Section 135 of the Companies Act, 2013, the Rules made thereunder and the guidelines formulated by the Department of Public Enterprises;

(i)	Shri V Hejmadi	:	Chairman
(ii)	*Shri Angshumali Rastogi	:	Member
(iii)	Shri Pranjol Chandra	:	Member
(iv)	*Smt. Kusum Lata Sharma	:	Member
(v)	Shri K Shyam Sundar	:	Member / Convenor

\* Shri Angshumali Rastogi ceased to be a member of the CSR Committee effective 20 January 2020, upon his cessation as a Director on the Board of the Company and Smt. Kusum Lata Sharma was appointed as a Member of the CSR Committee in his place.

The Board in its meeting held on 17 January 2018 had approved an expenditure of Rs.3.98 Crore to be spent on CSR activities for the year 2017-18. Accordingly, from the budget allocated for CSR expenditure in FY 2017-18, the following CSR activities which were approved in FY 2017-18 & FY 2018-19, continued in FY 2019-20.

- Sponsorship: During FY 2017-18 approved sponsorship for education of 8 students of B.Voc- in Travel and Tourism course of three years, conducted by M/s. Kuttukaran Foundation, Kochi & Fair Mont Academy, Thiruvananthapuram. The project is coordinated through TISS. Total cost involved is Rs. 1.92 Lakhs p.a. totalling to Rs. 5.76 Lakhs. This is the third & final year of the project.
- Reducing malnutrition in Tribal Area - The purpose of the project is to explore the possibility of rapid reduction in severe and acute malnutrition among young children in two blocks of Akkalkua and Dhadgaon from Tribal District of Nandurbar, Maharashtra, using support of the civil society and medium sized private hospital to help the efforts of the district administration in reducing malnutrition and mortality in the district. The Project started from end March 2018 and is being implemented through CITARA, IIT Mumbai at a total cost of Rs.7.50 Lakhs p.a. for 2 years i.e. Rs. 15 Lakhs.
- Upgradation of Government General Hospital, Ernakulam- During the FY 2018-19 approved the project to upgrade major facilities including the upgradation of emergency & trauma care at the



Govt. General Hospital, Ernakulam at a cost of Rs. 86.30 Lakhs

- Care India Express-Simply Cleanliness' - This project which was inaugurated on 17 May 2018 was implemented through 'The Matrubhumi Printing & Publishing Co. Ltd' in Kerala at a cost of Rs. 47 Lakhs. This end-to-end waste management pilot project titled "EnteEdakkad" involved every stakeholder - citizens, NGO's, Residents Association, Self-help groups, Local Administration, Police and People's elected representatives in the area.

To utilize the balance funds available from the budget allocated for CSR expenditure in FY 2017-18, the following CSR activities were approved in FY 2019-20:

- 'Care India Express-Simply Cleanliness' – This project which was implemented in FY 2018-19 bagged the prestigious Dalmia Bharat CSR Impact Award from amongst 102 entries as well as CSR Times Award which had given good publicity to the Company throughout the year. Considering the high impact of this project, the publicity & awards fetched by it, its impact in reducing carbon footprint, the CSR Committee approved renewal of this project for one more year at a cost of Rs. 47 Lakhs
- Sponsorship for underprivileged children for the Diploma in Geriatric Care course -The project is to train 30 under privileged children i.e. (20 at Mitra Niketan, Thiruvananthapuram & 10 at the Hope House, Vellore), in Diploma in Geriatric Care course for a period of 1 year at a cost of Rs. 15000 per student, totaling to Rs. 4.5 Lakhs. This project is coordinated through TISS.
- Distribution of Menstrual Cups – This project is to provide 10,000 Menstrual Cups free of cost to women in Kochi Municipal Corporation and to communicate regarding use of the product and its advantages with the help of medical professionals and local NGOs. This project also aims to provide support and clarify doubts/address any concerns of the ladies for three months. The Project will also help to considerably reduce solid waste generated by disposal of sanitary pads. This project will be implemented by HLL Management Academy and the total cost of the project is Rs. 25.54 Lakhs. The MOU was signed on 13 February 2020. Due to the situation created by COVID-19, the project could not be started.
- Transformation of 6 Zilla Parishad Schools in Nandurbar, Maharashtra – This project is aimed to improve the school infrastructure of 6 Zilla Parishad Schools, to train the teachers and parents on the IAHV model of experiential and conceptual learning in order to improve the performance of these schools in the Aspirational District of Nandurbar in Maharashtra. The total cost of this project is Rs. 51.09 Lakhs. This project will be implemented through an NGO IAHV. An MOU was signed on 13 March 2020. Due to lockdown created by COVID-19 pandemic the project could not be started.
- Development of Operation Theater in the Government Maharajas Taluk Hospital, Karuvelipady, Kochi- This project is to develop Operation Theater in the Government Maharajas Taluk Hospital, Karuvelipady, Kochi at a cost of Rs.10 Lakhs.
- Upgrading the Department of Palliative Care at General Hospital, Ernakulam, Kochi – This project is for procuring material such as wound dressing materials, wheelchairs, lymphodema sleeves, oxygen cylinders, infusion pumps and tracheostomy care at a cost of Rs. 24,63,690/- for the Department of Palliative Care at General Hospital, Ernakulam, Kochi.

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

In line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition



& Redressal) Act, 2013, an Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary & trainees) are covered under this policy.

During the year 2019-20, two new cases were registered with ICC. Both the cases were dismissed as in one case the ICC had concluded that the complainant has failed to prove the allegations of sexual harassment against the respondent. In the second case the respondent had admitted all the allegations and apologized to the complainant in front of the ICC Committee. Respondent resigned from the services of the Company before submission of the Enquiry Report.

## **CORPORATE GOVERNANCE**

The Company has complied with the requirements of Corporate Governance with the exception of appointment of Independent Directors on the Board. This matter is being pursued with the Administrative Ministry through Air India.

A report on Corporate Governance is annexed at **Annexure A**.

## **RELATED PARTY TRANSACTIONS**

All Related Party transactions that were entered into during the financial year were on an arm's length basis and in the ordinary course of business. There were no materially significant Related Party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Exemption from the first and second proviso to sub-section (1) of Section 188 with regard to obtaining approval of the Company in General Meeting, has been provided to a Government Company in respect of contracts or arrangements entered into by it with any other Government Company. The Company has obtained approval of the Board in its 223<sup>rd</sup> Meeting held on 27 October, 2020 to enter into contracts with Air India Ltd, Airline Allied Services Ltd., Air India Air Transport Services Ltd, Air India Engineering Services Ltd, Hotel Corporation of India Ltd and AISATS Airport Services Pvt. Ltd. for an amount of Rs. 407.94 Crore, Rs. 0.038 Crore, Rs. 43.24 Crore, Rs. 136.64 Crore, Rs. 0.36 Crore and Rs. 17.25 Crore respectively during FY 2019-20.

## **RISK MANAGEMENT**

The Company is in the process of formulating the Risk Management Policy with the following objectives:

- Provide an overview of the principles of Risk Management
- Explain approach adopted by the Company for Risk Management
- Define the Organizational Structure for effective Risk Management
- Develop a "risk" culture that encourages all employees to identify risks and associated opportunities and to respond to them with effective actions
- Identify, assess and manage existing and new risks in a planned and coordinated manner with minimum disruption and cost, to protect and preserve Company's human, physical and financial assets.

## **EXTRACT OF ANNUAL RETURN**

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of Annual Return in form MGT 9 is uploaded on the website of the



Company i.e. [www.airindiaexpress.in](http://www.airindiaexpress.in).

## DECLARATION OF INDEPENDENCE

As per Article 117 of the Articles of Association of the Company, all the Directors on the Board are appointed by Air India Limited, our holding Company in consultation with the Government of India. Air India has requested the Ministry of Civil Aviation to nominate at least two Independent Directors on the Board of AIXL and appointments are awaited.

## DIRECTORS and KMPs

During the financial year 2019-20 the following changes have occurred in the constitution of Directors of the Company:

Sr. No	Name	Designation	Date of appointment	Date of cessation	Mode of Cessation
1	Shri Anghumali Rastogi	Director, MOCA	12 May 2017	20 January 2020	Ceased to be Director
2	Smt. Kusum Lata Sharma	Director, MOCA	20 January 2020	-	Appointed as Director
3	Shri Ashwani Lohani	CMD, AIL	14 February 2019	14 February 2020	Ceased to be Chairman
4	Shri Rajiv Bansal	CMD, AIL	14 February 2020	-	Appointed as Chairman

Details of Key Managerial Personnel of the Company:

Sr. No	Name	Designation	Date of appointment
1	Shri K Shyam Sundar	CEO	27 March 2015
2	Shri M Manoharan	CFO	27 March 2015
3	Smt. Aditi Khandekar	Company Secretary	27 March 2015

During the financial year 2019-20 there was no change in the KMPs of the Company.

**In view of the exemption granted vide Notification dated 5 June 2015 of the Ministry of Corporate Affairs, information on the following points has not been given:**

- Performance Evaluation of Board, its Committees and individuals.
- Policy for selection and appointment of Directors and their remuneration.
- Remuneration Policy - Remuneration to Executive Directors and Non-Executive Directors.

## ACKNOWLEDGEMENTS

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

The Board also gratefully acknowledges the support and guidance received from Air India Ltd., Air India



Engineering Services Ltd., Air India Air Transport Services Ltd., Air India SATS Airport Services Pvt. Ltd, Ministry of Civil Aviation and various Ministries of the Government of India, to the Company's operations and development plans. The Board also expresses their grateful thanks to the DGCA, Comptroller and Auditor General of India, the Ministry of Corporate Affairs, the Statutory Auditors, Secretarial Auditor, Internal Auditors, Airports Authority of India, other Govt. Departments, airlines, agents, Indian Financial Institutions and banks including the EXIM bank of USA.

**For & on behalf of the Board**

Sd/-  
**(Rajiv Bansal)**  
**Chairman**

Place : New Delhi  
Dated : 24 December 2020



## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### 1. AIR INDIA EXPRESS OPERATIONS

#### Fleet Size

During FY 2019-20, Air India Express continued its operations with a fleet of 25 B 737-800 NG aircraft including 8 leased aircraft.

#### Operations

Air India Express commenced Summer Schedule 2019 with 649 departures per week which marginally increased to 651 weekly departures during Winter 2019.

#### Highlights of Schedule Changes in FY 2019-20

##### New Routes / additional flights introduced during the year:

Additional capacity was deployed at Kannur Airport, which had been commissioned in December 2018.

During Summer 2019, additional capacity was deployed on following routes:

- Kannur-Muscat-Kannur : 3 weekly flights
- Kannur-Bahrain-Kuwait-Kannur : 2 weekly flights
- Surat - Sharjah - Surat : Frequency increased from 2 to 4 weekly flights
- Kannur - Abu Dhabi/Kannur : The frequency was increased from 3 to 5 weekly flights
- Kannur – Sharjah – Kannur : Frequency increased from 4 to 7 weekly flights

During Winter 2019, the frequency of the Kannur - Doha - Kannur flights was increased from 4 to 5 weekly flights.

The route-wise breakup of the flights operated by the Airline in 2019-20 is given below:

Sr. No.	Sector	Frequency/ week	
		Summer 2019	Winter 2019
1	India- Dubai	80	80
2	India- Abu Dhabi	37	37
3	India- Sharjah	55	55
4	India- Muscat	27	27
5	India- Dammam	7	7
6	India- Bahrain	7	7
7	India- Doha	25	26
8	India- Al Ain	2	2



Sr. No.	Sector	Frequency/ week	
		Summer 2019	Winter 2019
9	India- Ras Al Khaimah	2	2
10	India- Salalah	2	2
11	India- Bahrain- Kuwait	5	5
12	India- Singapore	28	28
13	India- Riyadh	7	7
14	India- Kuwait	5	5
15	Domestic	12	12
<b>Total</b>		<b>301</b>	<b>302</b>

### Online Stations

As on 31 March 2020 there were 20 online stations in India and 13 abroad:

India: Kozhikode, Kochi, Thiruvananthapuram, Kannur, Bengaluru, Mangaluru, Chennai, Tiruchirappalli, Vijayawada, Mumbai, Pune, Delhi, Amritsar, Lucknow, Chandigarh, Jaipur, Varanasi, Madurai, Coimbatore and Surat.

International: Dubai, Abu Dhabi, Sharjah, Ras-Al-Khaimah, Al Ain, Muscat, Salalah, Bahrain, Doha, Kuwait, Dammam, Riyadh and Singapore.

### Capacity offered, PLF, Yields and Revenues

The Airline continued to improve the aircraft utilization. In FY 2019-20, daily average aircraft utilization went up from 13.3 hours recorded in 2018-19 to 13.4 hours per day per aircraft with a fleet of 25 aircraft taking the total block hours to 1,22,260.

The capacity offered by the Airline in terms of ASK in FY 2019-20 grew by 6% from 14,173 Million in FY 2018-19 to 14,982 Million. On the strength of increase in Passenger Load Factor that went up from 79.6% in FY 2018-19 to 83.5%, Air India Express recorded a much higher growth of 11% in RPK. The RPK in FY 2019-20 increased to 12,512 Million from 11,277 Million achieved in FY 2018-19. Despite disruption to services beginning from about the first week of March 2020 due to the outbreak of COVID-19, the number of passengers carried by the Airline rose by 11% going up from 4.36 Million in FY 2018-19 to 4.84 Million in FY 2019-20.

The Airline's Operating Revenue grew by 25.12 % from Rs. 4172 Crore to Rs. 5219 Crore. The Yield per RPKM has increased by 12 % from Rs. 3.57 to Rs. 3.99 while Revenue per ASKM also increased by 17% from Rs. 2.84 in FY 2018-19 to Rs.3.34 achieved in FY 2019-20.

### On Time Performance

The On Time Performance (OTP) achieved in FY 2019-20 was 78% while the schedule reliability was 98.4%

### Aircraft Dispatch Reliability

The aircraft dispatch reliability for FY 2019-20 was 98.68 %.



### **Code Sharing with Air India**

The Code Sharing arrangement between Air India and Air India Express continued in FY 2019–20 and included the following sectors:

- a) Mumbai - Doha - Mumbai
- b) Delhi - Abu Dhabi - Delhi
- c) Coimbatore - Singapore - Coimbatore
- d) Delhi - Madurai - Delhi
- e) Delhi - Coimbatore - Delhi
- f) Mumbai - Vijayawada - Mumbai

## **2. FUTURE OUTLOOK**

To revive the economy and commence air traffic activities, the Governments is working on resuming air connectivity in a strategic manner. The Government of India introduced the Vande Bharat Mission on 07 May 2020, to repatriate stranded Indians across the globe back to the country. Air India and Air India Express were the main airlines that operated these flights initially. Air India Express operated 1548 international flights between 07 May and 30 September 2020 under the Vande Bharat mission and the Air Transport Bubble arrangements with other countries and carried 3.45 Lakh passengers between the Middle East/ South East Asia and India.

The Airlines are following all safety measures and guidelines issued by Ministry of Health and Family Welfare and the Ministry of Civil Aviation in this regard to provide a safer travel experience to passengers.

Airlines and Airports around the world are upgrading and realigning their passenger and baggage processing systems in keeping with the focus on health and safety of passengers and staff.

As close to about 15 million Indians are residents of the countries that represent the key overseas markets of the company and they share very close ties with their families in India, it is expected that revival of demand in these markets could begin to recover before the others. From the economic view point, the Indians resident in these countries contribute significantly by way of foreign inward remittances to India and by way of being the most economical / competent work force to the countries where they are employed. As such the gloomy forecast of IATA for recovery of global air travel may not be quite exactly applicable to the markets served by the Company which is constituted largely by Indian Expats; VFR and Leisure segments.

## **3. GOING CONCERN**

The various measures taken by the Company towards improving operational efficiency especially in all key areas notably in the area of asset utilization have helped to improve the Airline's financial position. The Airline's strategy of keeping the unit costs lower than any of its competitors and focusing on serving niche markets has seen the Airline chalk up net profits consistently over the past 5 years. The net profit achieved in FY 2019-20 was the highest ever net profit that the Airline has earned. The Airline's core markets account for about 40% of the total traffic to / from India. There are many more such niche markets which the Airline can expand its operations to that are within the range and capability of the Airline's resources. As the Airline's current / potential markets are in fact home and place of work to



many millions of Indians, and the main reason for travel on these routes are predominantly compelling, personal ones, it can be expected that the disruption in air travel brought out by the COVID pandemic would have the shortest impact on the Airline's core routes.

#### 4. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The staff strength as on 31 March 2020 was 1451.

Staff strength of 1451 includes 10 employees (Pilots and Ground Staff) on deputation from the holding Company, Air India Limited.

As on 31 March 2020 there was one employee with disabilities, in the services of the Company.

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

##### HR Initiatives during the year 2019-20

- Group Medical/ Health Insurance policy for Air India Express Ltd. employees was renewed from February, 2020 for 1 year.
- Under Swachh Bharat Scheme, action plan was initiated to upkeep cleanliness of premises and office.
- Under Swachh Bharat Scheme, Air India Express staff in association with NSS Youth Volunteers from Maharajas College, Ernakulam had undertaken cleaning drive of Roads/Area adjoining to CMFRI & High Court at Kochi on September 28, 2019 in liaison with Municipal Corporation of Kochi.
- In respect of COVID-19, necessary protective items like masks, gloves and hand sanitizers were provided to staff employed at various offices.
- In respect of COVID-19 paid leaves were sanctioned for all quarantined employees.
- In view of Lockdown due to COVID-19, facility of work from home is provided to key employees with access to ERP systems to enable them to be productive.

#### 5. INFORMATION TECHNOLOGY

##### Major achievements during the year

- IT setup for Flight Operations Control Centre (OCC) done successfully.
- WQAR Server Configuration for Flight safety and Engineering at Mumbai and Trivandrum Data Centre respectively.
- SAP – ATF Invoice Data Integration project completed.
- SAP – On board sale integration and kitting for drystores and other catering items at BOM and COK done successfully.
- Configured Work from Home VPN facility for Finance and HR team due to COVID situation in the last week of March 2020.
- Implementation of DFDR flight data upload facility for all station in Server located at AIXL TRV data



Centre. Engineering teams can upload data remotely from their respective stations. Data is stored centrally in TRV Data Centre.

## **6. RISK MITIGATION STRATEGIES**

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

## **7. INTERNAL CONTROL SYSTEMS**

The Company has appointed M/s ARKS & Associates as Internal and Concurrent auditors for the year 2019-20 to carry out various internal audit assignments and special reviews such as compliance of accounting standards, CENVAT credit, Inventory accounting etc.



## REPORT ON CORPORATE GOVERNANCE

### 1. BOARD OF DIRECTORS

As per the Articles of Association of the Company, the number of Directors shall not be less than three and not more than fifteen.

#### BOARD OF DIRECTORS AS ON 31 MARCH 2020

Shri Rajiv Bansal	CMD- Air India Ltd.	Chairman
Shri Pranjol Chandra	Director, Ministry of Civil Aviation	
Smt. Kusum Lata Sharma	Director, Ministry of Civil Aviation	
Shri Vinod Hejmadi	Director (Finance), Air India Ltd.	

During the year, all meetings of the Board were chaired by the Chairman. The Board met four times during the year to review the performance of the Company and to discuss important issues which *inter alia* included, Evaluation of MOU (2018-19) by DPE, Amendment to CSR Policy, Related Party Transactions with AI and group companies, Novation of the leases of two B737-800 NG aircraft VT-GHA (MSN 60694) and VT-GHB (MSN 60695), Revised Instruments of delegation of Financial and Administrative Powers, Registration with Trade Receivable Electronic Discounting System (TReDS) for payment to MSME suppliers etc

### 2. BOARD PROCEDURE

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

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

#### Board Meetings :

Board Meetings were held during the financial year 2019-20 on the following dates:

23 April 2019	(217 <sup>th</sup> Meeting)
30 July 2019	(218 <sup>th</sup> Meeting)



31 October 2019 (219<sup>th</sup> Meeting)

07 February 2020 (220<sup>th</sup> Meeting)

Particulars of Directors including their attendance at the Board/Shareholders' Meetings during the financial year 2019-20:

Name of the Director	Academic Qualifications	Attendance out of 4 Board Meetings	Details of Directorships held in other Companies	Memberships held in Committees
Shri Ashwani Lohani CMD – Air India Ltd. Chairman Ceased as Chairman eff. 14.2.2020	Mechanical Engineer and Fellow of Chartered Institute of Logistic and Transport	4	Chairman & Managing Director <u>Director</u> Air India Limited <u>Part-Time Chairman</u> AI Airport Services Limited (Formerly known as Air India Air Transport Services Ltd) Air India Engineering Services Ltd Alliance Air Aviation Limited (Formerly known as Airline Allied Services Ltd) Hotel Corporation of India Ltd. Air India SATS Airport Services Pvt. Ltd. Air India Assets Holding Ltd.  <u>Director</u> Air Mauritius Limited Air Mauritius Holdings Limited	<b>AIL</b> <u>Member</u> Nomination & Remuneration Committee  <b>AIATSL</b> <u>Chairman</u> Corporate Social Responsibility Committee  <u>Member</u> Audit Committee  <b>HCI</b> <u>Member</u> Audit Committee



Name of the Director	Academic Qualifications	Attendance out of 4 Board Meetings	Details of Directorships held in other Companies	Memberships held in Committees
<p>Shri Rajiv Bansal CMD – Air India Ltd. Chairman (appointed as Chairman eff 14.2.2020)</p>	<p>Civil Engineer from IIT Delhi,  Diploma in Finance, ICFA, Hyderabad  Exe Masters in International Business, IIFT, Delhi</p>	<p>-</p>	<p><u>Chairman &amp; Managing Director</u>  Air India Limited  <u>Part-Time Chairman</u>  AI Airport Services Limited (Formerly known as Air India Air Transport Services Ltd)  Air India Engineering Services Ltd  Alliance Air Aviation Limited (Formerly known as Airline Allied Services Ltd)  Hotel Corporation of India Ltd.  Air India SATS Airport Services Pvt. Ltd.  Air India Assets Holding Ltd.  <u>Director</u>  Air Mauritius Limited Air Mauritius Holdings Limited Bharat Yantra Nigam Limited</p>	<p><b>AIL</b>  <u>Member</u>  Nomination &amp; Remuneration Committee  <b>AIASL</b>  <u>Chairman</u>  Corporate Social Responsibility Committee  <u>Member</u>  Audit Committee  <b>HCI</b>  <u>Member</u>  Audit Committee</p>



Name of the Director	Academic Qualifications	Attendance out of 4 Board Meetings	Details of Directorships held in other Companies	Memberships held in Committees
<p>Shri Vinod Hejmadi Director – Finance Air India Ltd.</p>	<p>B.Com, ACA</p>	<p>4</p>	<p><u>Director</u> Air India Ltd</p> <p>AI Airport Services Limited (Formerly known as Air India Air Transport Services Ltd)</p> <p>Air India Engineering Services Ltd</p> <p>Alliance Air Aviation Limited (Formerly known as Airline Allied Services Ltd)</p> <p>Hotel Corporation of India Ltd</p> <p>Air India SATS Airport Services Pvt Ltd</p> <p>Air India Assets Holding Ltd.</p>	<p><u>Chairman</u> CSR Committee</p> <p><u>Member</u> Audit Committee HR cum Nomination &amp; Remuneration Committee</p> <p><b>AIL</b> <u>Member</u> Share Allotment Committee Selection Committee Flight Safety Committee HR Committee CSR Committee</p> <p><b>AIASL</b> <u>Member</u> Corporate Social Responsibility Committee Audit Committee</p> <p><b>HCI</b> <u>Member</u> Audit Committee</p> <p><b>AIESL</b> <u>Member</u> Audit Committee</p> <p><b>AAAL</b> <u>Chairman</u> HR Committee <u>Member</u> Audit Committee Flight Safety Committee</p> <p><b>AISATS</b> <u>Chairman</u> <u>CSR Committee</u></p>



Name of the Director	Academic Qualifications	Attendance out of 4 Board Meetings	Details of Directorships held in other Companies	Memberships held in Committees
<p>Shri Angshumali Rastogi</p> <p>Director(Finance), Ministry of Civil Aviation</p> <p>(ceased as Director eff 20.01.20)</p>	<p>Fellow, Institution of Mechanical Engineers, London.</p> <p>Chartered Engineer (Mechanical Engineering), registered with Engineering Council, London</p>	<p>2</p>	<p><u>Director</u></p> <p>Alliance Air Aviation Limited (Formerly known as Airline Allied Services Ltd)</p> <p>AAI Cargo Logistics &amp; Allied Services Company Ltd</p>	<p><u>Chairman</u></p> <p>Audit Committee</p> <p><u>Member</u></p> <p>CSR Committee</p> <p><b>AAAL</b></p> <p><u>Chairman</u></p> <p>Audit Committee</p>
<p>Smt. Kusum Lata Sharma</p> <p>Director, Ministry of Civil Aviation</p> <p>(appointed as Director eff 20.01.20)</p>	<p>LLM</p>	<p>1</p>	<p><u>Director</u></p> <p>Alliance Air Aviation Limited (Formerly known as Airline Allied Services Ltd)</p> <p>AAI Cargo Logistics &amp; Allied Services Company Ltd</p>	<p><u>Chairman</u></p> <p>Audit Committee</p> <p><u>Member</u></p> <p>CSR Committee</p> <p>HR cum Nomination &amp; Remuneration Committee</p> <p><b>AAAL</b></p> <p><u>Chairman</u></p> <p>Audit Committee</p> <p><u>Member</u></p> <p>HR Committe</p>



Name of the Director	Academic Qualifications	Attendance out of 4 Board Meetings	Details of Directorships held in other Companies	Memberships held in Committees
Shri Pranjol Chandra Director, Ministry of Civil Aviation	B.E. Mechanical	4	<u>Director</u> Alliance Air Aviation Limited (Formerly known as Airline Allied Services Ltd)	<u>Chairman</u> HR cum Nomination & Remuneration Committee <u>Member</u> Audit Committee CSR Committee  <b>AAAL</b> <u>Chairman</u> Flight Safety Committee <u>Member</u> Audit Committee

### 3. AUDIT COMMITTEE

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

As on 31 March 2020 the following were the members of the Audit Committee :

Smt. Kusum Lata Sharma	Chairperson
Shri Pranjol Chandra	Member
Shri Vinod Hejmadi	Member

The Terms of Reference of the Audit Committee are:

- To recommend for appointment, remuneration and terms of appointment of auditors of the Company;
- To review and monitor the auditor's independence and performance and effectiveness of audit process;
- To discuss with the external auditor, before the audit commences, the nature and scope of the audit and to ensure coordination where more than one audit firm is involved;
- To review the Internal Audit program & ensure co-ordination between the Internal & External Auditors as well as determine whether the Internal Audit function is commensurate with the size and nature of the Airlines Business and is provided adequate resources and representation within the Company;
- To review/examine the half-yearly and annual financial statements and the auditors' report thereon;



- To discuss problems and reservations arising from the interim and final audits and any matter that the auditor may wish to discuss in the absence of Management where necessary;
- To review the Statutory Auditor's Report, Management's response thereto and to take steps to ensure implementation of the recommendations of the Statutory Auditors ;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters;
- To consider other matters as defined by the Board.

The Audit Committee met three times during the year to review various issues including *inter alia* Internal Audit reports, Annual Accounts and Related party transactions of the Company for the year before submission to the Board, on the following dates:

20 June 2019 (32<sup>nd</sup> Meeting)

30 July 2019 (33<sup>rd</sup> Meeting)

07 February 2020 (34<sup>th</sup> Meeting)

Attendance at the Audit Committee Meetings

Name of the Member	No. of Meetings Attended
Shri Angshumali Rastogi	2
Shri Pranjol Chandra	3
Smt Kusum Lata Sharma	1
Shri Vinod Hejmadi	3

#### 4. Annual General Meetings during the last three years

The details of these meetings are given below :

	Date and time of the Meeting	Venue
46 <sup>th</sup> Annual General Meeting	25 September 2017 At 1100 hrs	Conference Room, 22 <sup>nd</sup> Floor, Air India Building, Nariman Point, Mumbai-400 021.
47 <sup>th</sup> Annual General Meeting	27 December 2018 At 12 Noon	1 <sup>st</sup> Floor, Old Operations Building, Air India Complex, Old Airport, Santa Cruz (East), Mumbai 400 029
48 <sup>th</sup> Annual General Meeting	14 October 2019 At 1400 hrs	1 <sup>st</sup> Floor, Old Operations Building, Air India Complex, Old Airport, Santa Cruz (East), Mumbai 400 029

Special resolutions passed in the previous three AGMs : NIL



## CODE OF CONDUCT

### DECLARATION

I hereby declare that all the Board Members & Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors for the year ended 31 March 2020.

Sd/-

**(K Shyam Sundar)**  
Chief Executive Officer  
Air India Express Limited

Place : New Delhi  
Date : 27 October 2020

**REPORT ON CSR ACTIVITIES FOR FY 2019-20**

<b>Sr. No.</b>	<b>Particulars</b>								
<b>1</b>	<b>A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs</b>								
	The Board of Directors of the Company have adopted a CSR Policy, which includes implementation of CSR activities such as Education, Skill Development, Women Empowerment, Environment and community development, Health, Drinking Water, sanitation, Rural development/slum development, child care, conservation of natural resources, etc. The Company's Policy is to focus on making positive contribution to the society through high impact, sustainable programs. At least 50% of the CSR budget would be allocated for CSR activities in and around areas of Company's operations. The Company will implement CSR activities to empower weaker, less privileged and marginalized sections of the Society to create social capital.								
	The CSR focus area projects / programs / activities are inspired by the National Development Policies and would cover various areas as detailed in the CSR Policy which has been uploaded on Company's website <a href="http://www.airindiaexpress.in">www.airindiaexpress.in</a> . These activities could be undertaken in the proximity of the Company's operation area, BRGF Districts as identified by the Planning Commission and where there was a strategic connect for the Company.								
	The CSR projects / programs / activities would be implemented through implementing partners/specialized agencies, the selection of whom would be based on the laid down criteria.								
<b>2</b>	<b>The Composition of the CSR Committee</b>								
	We have a Board Level Sub Committee (CSR Committee) that inter-alia formulates the CSR Policy, recommends CSR Budget for approval of the Board, approve CSR projects with a monetary value of Rs.25 Lakhs and above and monitor CSR policy to ensure that the CSR objectives are met.								
	As on 31 March 2020 the CSR Committee comprised of : <table><tbody><tr><td>Shri Vinod Hejmadi</td><td>Chairman</td></tr><tr><td>Shri Pranjol Chandra</td><td>Member</td></tr><tr><td>Smt.Kusum Lata Sharma</td><td>Member</td></tr><tr><td>Shri K Shyam Sundar</td><td>Member</td></tr></tbody></table>	Shri Vinod Hejmadi	Chairman	Shri Pranjol Chandra	Member	Smt.Kusum Lata Sharma	Member	Shri K Shyam Sundar	Member
Shri Vinod Hejmadi	Chairman								
Shri Pranjol Chandra	Member								
Smt.Kusum Lata Sharma	Member								
Shri K Shyam Sundar	Member								
	The CSR Working Committee comprised of : <table><tbody><tr><td>Chief of HR</td><td>Chairman</td></tr><tr><td>Company Secretary</td><td></td></tr><tr><td>Chief of Finance</td><td></td></tr><tr><td>Chief of Corporate Communications</td><td></td></tr></tbody></table>	Chief of HR	Chairman	Company Secretary		Chief of Finance		Chief of Corporate Communications	
Chief of HR	Chairman								
Company Secretary									
Chief of Finance									
Chief of Corporate Communications									
	This Committee reviews the proposals for CSR Projects/Programmes/activities received from various locations and approve the proposals of value less than Rs.25 Lakhs against approved allocated Budget.								



<b>3</b>	<b>Average net profit of the company for last three financial years</b>
	N. A. in view of amendment to Section 198 of the Companies Act 2013
<b>4</b>	<b>Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)</b>
	N.A. in view of amendment to Section 198 of the Companies Act 2013
<b>5</b>	<b>Details of CSR spent during the financial year</b>
	<b>(a) Total amount to be spent for the financial year</b>
	Nil
	<b>(b) Amount unspent, if any</b>
	Nil
	<b>(c) Manner in which the amount spent during the financial year</b>
	Amount spent Rs.85.79 Lakhs (From the amount carried forward from FY 2017-18). For details see Annexure attached
<b>6</b>	<b>In case company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report</b>
	<p>To utilize the balance funds available from the budget allocated for CSR expenditure in FY 2017-18, the Company has approved few CSR Projects in FY 2019-20.</p> <p>Effective 19 September 2018, the provisions of Section 198 of the Companies Act, 2013 have been amended, whereby, while computing the average net profits, the “excess of expenditure over income” incurred before 01 April 2014 as against such reduction post 01 April 2014 pre amendment, has to be reduced. Consequently, the losses incurred prior to 01 April 2014 are deductible in computing the “net profits”, which in the case of the Company has resulted into negative net profits for the year computed under the said Section 198 of the Companies Act 2013. Accordingly, the Company is not required to incur the expenditure towards Corporate Social Responsibility u/s 135 of the Companies Act, 2013 for FY 2019-20.</p>
<b>7</b>	<b>A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR Objectives and Policy of the Company</b>
	We hereby affirm that the CSR Policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of the CSR projects and activities in compliance with our CSR Objectives.

**For AIR INDIA EXPRESS LIMITED**

Sd/-  
**(Vinod Hejmadi)**  
Chairman of CSR Committee

Sd/-  
**(K Shyam Sundar)**  
CEO



**ANNEXURE TO PROJECT REPORT ON CSR ACTIVITIES**

(Amount in Rs.)

Sr. No. (1)	CSR Project or activity identified (2)	Sector in which the project is covered (3)	Location of the Project or Program (4)	Amount Outlay (Budget) FY 2019-20 (5)	Amount spent on the Projects or Programs (6)	Cumulative expenditure up to the reporting period (7)	Amount spent Direct or through Implementing Agency (8)
1	<b>IIT BOM-Reducing Malnutrition in Tribal area (2Years Project)</b>	Community Development	Akkalkua & Dhadgaon, Tribal Districts of Nandurbar, Maharashtra	15,00,000	7,50,000	11,25,000	Through Agency CTARA IIT BOM
2	<b>Care India Express, Simply Cleanliness, Ente Edakkad Project</b>	Environment	Calicut, Kerala	47,00,000	9,40,000	9,40,000	Through Agency Mathrubhumi Printing and Publishing Ltd
3	<b>Upgradation of Govt Hospital, Ernakulam</b>	Health	Ernakulam Kerala	86,30,000	64,71,994	64,71,994	Direct Payment
4	<b>TISS Diploma in travel &amp; tourism 2019-20</b>	Education/Skill Development	Kochi Thiruvananthapuram	1,92,000	1,92,000	1,92,000	Through Agency TISS
5	<b>Sponsor under priviledged children (20 at Mitra Niketan, Thiruvananthapuram &amp; 10 at the Hope House, Vellore) for the Diploma in Geriatric Care course</b>	Education/Skill Development	Kochi Thiruvananthapuram	4,50,000	2,25,000	2,25,000	Through Agency TISS
6	<b>KSWA- -Skill Development Project: Training to 750 underpriveledged youth</b>	Education/ Skill Development	Puari Khurd & other Villages, Varanasi, UP	15,00,000	0	12,50,000	Through Agency KSWA
7	<b>HLL-Distribution of Menstrual Cups</b>	Health	Kochi	25,54,000	0	0	Direct Payment



Sr. No. (1)	CSR Project or activity identified (2)	Sector in which the project is covered (3)	Location of the Project or Program (4)	Amount Outlay (Budget) FY 2019-20 (5)	Amount spent on the Projects or Programs (6)	Cumulative expenditure up to the reporting period (7)	Amount spent Direct or through Implementing Agency (8)
8	IAHV -Transformation of 6 Zilla Parishad Schools	Education/Skill Development	Maharashtra	51,50,000	0	0	IAHV
9	Development of Operation Theater in the Government Maharajas Taluk Hospital, Karuvelipady, Kochi	Health	Kochi	10,00,000	0	0	Direct Payment
10	Department of Palliative Care at General Hospital, Ernakulam, Kochi	Health	Kochi	24,63,690	0	0	Direct Payment

**For AIR INDIA EXPRESS LIMITED**

Sd/-  
**(Vinod Hejmadi)**  
Chairman of CSR Committee

Sd/-  
**(K Shyam Sundar)**  
CEO



**FORM NO. MR-3  
SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020**

[Issued in pursuance to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 with modifications as deemed necessary, without changing the substance of format given in MR-3]

To,  
The Members,  
Air India Express Limited  
(Erstwhile known as Air India Charters Limited)  
1st Floor, Old Operations Building,  
Air India Complex, Old Airport,  
Santacruz (East),  
Mumbai – 400029.

We have conducted the secretarial audit through electronic platform namely online means to verify the documents by our authorized person(s) during the lock down period and telephonic interactions with the officials of the Company, of the compliance of applicable statutory provisions and the adherence to good corporate practices by Air India Express Limited (CIN: U62100MH1971GOI015328) (hereinafter called 'the Company') for the financial year ended 31st March, 2020. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

A. In expressing our opinion, it must be noted that-

- i) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- ii) We have followed the audit practices and processes as were appropriate to obtain reasonable assurances about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis of our opinion.
- iii) We have not verified correctness and appropriateness of financial records and books of accounts of the Company.
- iv) Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
- v) The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- vi) The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

B. Based on online verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and made available to us and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial



audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-process (duly evolved) and compliance-mechanism in place to the extent and as applicable to the Company, in the manner and subject to the reporting made hereinafter:

- C) We have conducted an online examination of the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:
- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
  - ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
  - iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of External Commercial Borrowings. The Company has no Foreign Direct Investment and Overseas Direct Investment.
  - v) None of the Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are applicable to the Company except:-
    - a) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 to the extent applicable in respect of the compliance under the Companies Act and Listing Regulations and dealing with client in respect of listed securities;
    - b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulation, 2008 till 26th March, 2020 being the date of redemption of the entire listed securities.
  - vi) Having regard to the compliance system prevailing in the Company and on the basis of the Management Representation Letters issued by the designated officers of the Company, the Company has complied with the following laws applicable specifically to the Company:
    - a) Aircraft Act, 1934 and the Rules made thereunder;
    - b) Carriage by Air Act 1972 and the Rules made thereunder;
    - c) The Aircraft (Carriage of Dangerous Goods) Rules, 2003 and the Rules made thereunder;
    - d) Civil Aviation Requirements issued by Directorate General of Civil Aviation.
    - e) Acts prescribed under Environmental Protection.
- D. We have also examined compliance with the applicable clauses of the following:
- i) Secretarial Standards in respect of Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
  - ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) with respect to Listed Unsecured Non-convertible Debentures till 26th March, 2020



During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. except the following;

- a) Non-Appointment of Independent Directors as required under the provisions of Section 149(4) of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 for the period from 1st April, 2019 till 26th March, 2020 and consequent non-compliance relating to composition of Corporate Social Responsibility Committee under section 135(1); Audit Committee under section 177 (2) and Nomination and Remuneration Committee under section 178 of the Companies Act, 2013. Upon redemption of Listed Unsecured Non-convertible Debentures on 26th March, 2020, the status of the Company has changed to Unlisted Public Company being a wholly owned subsidiary of a Public Company, covered under the exemption granted under Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014.
- b) Non-appointment of woman director for the period 1st April, 2019 to 19th January, 2020 as required under section 149(1) of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

E. We further report that--

- i) Subject to what is stated herein above as regards the appointment of Independent Directors and Woman Director, the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- ii) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent well in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- iii) Majority decision is carried through and there was no instance of any director expressing any dissenting views.

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

G. We further report that during the audit period:

The Company has redeemed its 950 –9.38% Unsecured Redeemable Non-convertible Debentures of face value of Rs.10 Lakh each (listed) and repaid the principle amount to its Debenture holders on 26th March, 2020.

- i) Except the above, none of the following events has taken place-
- ii) Public/Rights/Preferential Issue of Shares/Debentures/Sweat equity etc.
- iii) Major decision taken by the members in pursuance to Section 180 of the Companies Act, 2013.



- iv) Merger/Amalgamation/Reconstruction, etc.
- v) Foreign Technical Collaborations

**For DHOLAKIA & ASSOCIATES LLP**  
(Company Secretaries)  
**UDIN: F010032B001076856**

**Sd/-**  
**CS Nrupang B. Dholakia**  
Designated Partner  
FCS-10032 CP No. 12884

Place : Mumbai  
Date : 27 October 2020



**MANAGEMENT'S COMMENTS ON THE SECRETARIAL AUDITOR'S OBSERVATIONS  
FOR FINANCIAL YEAR 2019 -20**

<b>Observation</b>	<b>Management's Comments</b>
<p>(a) Non-Appointment of Independent Directors as required under the provisions of Section 149(4) of the Companies Act,2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 for the period from 1st April,2019 till 26th March 2020 and consequent non-compliance relating to composition of Corporate Social Responsibility Committee under section 135(1); Audit Committee under section 177 (2) and Nomination and Remuneration Committee under section 178 of the Companies Act,2013.</p>	<p>Air India Express Limited (AIXL) is a wholly owned Subsidiary of Air India Limited (AIL), a Government Company.</p> <p>Presently, there is no Independent Director on the Board of AIXL.</p> <p>In terms of Article 117 of the Articles of Association of the Company, Air India has taken up with the Ministry of Civil Aviation for appointment of Independent Directors on the Board of AIXL.</p>
<p>(b) Non-appointment of woman director for the period 1st April, 2019 to 19th January, 2020 as required under section 149(1) of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014.</p>	<p>Smt. Kusum Lata Sharma has been appointed as a Director on the Board of the Company on 20 January 2020.</p>



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF AIR INDIA EXPRESS LIMITED FOR THE YEAR ENDED 31 MARCH 2020**

The preparation of financial statements of **Air India Express Limited** for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 28 October 2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Air India Express Limited** for the year ended 31 March 2020 under section 143(6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

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

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

**Sd/-  
Tanuja Mittal  
Principal Director of Commercial Audit,  
Mumbai**

Place : Mumbai  
Date : 21 December 2020



## INDEPENDENT AUDITOR'S REPORT

**To the Members of Air India Express Limited**

**Report on the Audit of Financial Statements**

### 1. Qualified Opinion

We have audited the accompanying Ind AS financial statements of Air India Express Limited ("the Company") which comprises the Balance Sheet as at 31<sup>st</sup> March, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects/possible effects of the matters described in the Basis for Qualified Opinion section of our report, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (Ind AS) and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2020, and profit including (including other comprehensive income), the changes in equity and its cash flows for the year ended on that date.

### 2. Basis for Qualified Opinion

*In respect of non-compliance with certain provisions of the Act to the extent stated below:*

- i. Non-Appointment of Independent Directors as required under the provisions of Section 149(4) of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 for the period from 1st April, 2019 till 26th March, 2020 and consequent non-compliance relating to composition of Corporate Social Responsibility Committee under section 135(1); Audit Committee under section 177 (2) and Nomination and Remuneration Committee under section 178 of the Companies Act, 2013. Upon redemption of Listed Unsecured Non-convertible Debentures on 26th March, 2020, the status of the Company has changed to Unlisted Public Company being a wholly owned subsidiary of a Public Company, covered under the exemption granted under Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014.*
- ii. Non-appointment of woman director for the period 6<sup>th</sup> November, 2018 to 19th January, 2020 as required under section 149(1) of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014.*

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



### 3. Emphasis of Matter

We invite attention to the following:

- i. In respect of non-compliance with Regulation 52 of Listing Obligation and Disclosures Requirements (Amendment) Regulation, 2017 (LODR) regarding delay in submission of Half yearly Financial Results to Bombay Stock Exchange.
- ii. Note No. 47(B) regarding penal interest amounting to Rs. 832.47 Million for delayed payment of Guarantee Commission to Government of India.
- iii. Non-filing of form 3CEB from F. Y. 2012-13 to F.Y. 2015-16 (Refer note no. 57).
- iv. Flight Interruption Manifest and Code-Share revenue are considered as "Interline Transactions" and hence, GST liability in respect of the same is not charged and paid by the Company for the reason refer to in note no. 40.
- v. Reconciliation / rectification: The Company has made provision for repairs expenditure of Rs. 293.84 Million as referred to in note no. 41(d).
- vi. The Company has not deducted income tax at source while making provision for expenses but has deducted the same and paid to the government at the time of making payment of expenses, the impact of such non-compliance will be accounted for in the year in which it is paid.
- vii. Note no.45 regarding write off out of opening balance of insurance claim receivable. We are informed that out of total write off, amount of Rs. 196.02 Million is on account of rejection of the claim by the insurance agency and insurance claim receivable of Rs. 30.17 Million is reversed as at year end as the same is not confirmed by the insurance agency.
- viii. Note no.46 regarding additional charge of Rs. 345.81 Million for insurance cost allocated by Holding Company for the year on account of increase in insurance premium for FY 2019-20 attributable to Company's high claim ratio for the damages claim from the insurance company during prior years. This being the technical matter, we have relied on the representation provided to us in respect of the basis of allocation between the Holding Company and the Company.
- ix. Note No. 34 in respect of various disputes for demands raised against the Company by Service tax and Customs authorities and its financial impact on the financial statements of the Company. Total amount of disputed taxes in respect of Service tax and Customs duty as disclosed in contingent liabilities is Rs.1,172.98 Million. In the opinion of the management, these matters are pending outcome of the appeals and involves peculiar issues of aviation industry which are not yet resolved. In the opinion of the management there are valid technical grounds based on which demands are disputed and hence, no provision is considered necessary and disclosure as contingent liability is appropriate.
- x. Note no. 60 regarding unreconciled Airport Tax payable of Rs. 176.88 Million.
- xi. Note No. 36 in respect of adoption of threshold level for retrospective restatement for prior period items during the year. We are informed that the Company has adopted the threshold level for retrospective restatement of prior period item in line with the criteria followed by the Holding Company. Consequently, prior period expense (net) of Rs. 117.75 Million pertaining to FY 2018-19 and prior period expenses (net) of Rs. 83.68 pertaining to period prior to FY 2018-19 are accounted for in current year.



xii. In respect of delay in filing of form MSME-1 for the half year ended 30<sup>th</sup> September, 2019.

Our opinion is not qualified in respect of above matters. Para nos. i to vi were also reported under emphasis of matter in previous year and our opinion was not qualified for those matters.

#### **4. Information Other than the Financial Statements and Auditor's Report Thereon**

The other information obtained at the date of this auditor's report in Director's report including annexures thereon, is prepared by the Board of Directors and does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **5. Responsibilities of Management and those charged with governance for the Ind AS financial statements**

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

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

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

#### **6. Auditor's Responsibilities for the Audit of Ind AS Financial Statement**

1. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered



material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not



be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## 7. Other Matters

- i. The Company conducted physical verification of part of inventories at Mumbai location subsequent to year end. We have relied on the physical verification of inventories carried out by the management and independent firm of chartered accountants and the report of the said firm.
- ii. Due to Covid-19 and consequent lockdown, we were unable to visit the business area located outside Mumbai and hence we had rely upon the documents / returns provided to us for our verification by the said business areas.

## 8. Report on Other Legal and Regulatory Requirements

- A. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure "A"** a Statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- B. As required under Section 143(5) of the Act, we enclose herewith, as per **Annexure "B"**, our report on the directions issued by the Comptroller & Auditor General of India.
- C. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from Business Areas which were not visited by us.
  - c) The Balance Sheet, the Statement of Profit and Loss (Including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in equity read with Notes to Accounts dealt with by this Report are in agreement with the books of account and with the returns received from Business Areas which were not visited by us.
  - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
  - e) The Company being a Government Company as defined in section 2(45) of the Companies Act, 2013 is exempted from the applicability of the provision of the section 164(2) of the said Act, vide Circular No.G.S.R.463(E) dated 5<sup>th</sup> June 2015 issued by the Ministry of Corporate Affairs.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure "C"** and
  - g) The Company being a Government Company as defined in section 2(45) of the Companies Act, 2013 is exempted from the applicability of the provision of the section 197 of the said Act, vide Circular No.G.S.R.463(E) dated 5<sup>th</sup> June 2015 issued by the Ministry of Corporate



Affairs.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us
- i. The Company has disclosed the impact of pending litigation on its financial position in its financial statement – Refer to Note No.34.
  - ii. The Company does not have any long-term contracts including derivative contracts for which there could be any material foreseeable losses and hence, the question of making provision for such losses does not arise.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For M.A. Parikh & Co**  
**Chartered Accountants**  
Firm Registration No: 107556W

Sd/-  
**Mukul Patel**  
Partner  
Membership No.: 032489  
UDIN : 20032489AAAABW3597

Place : Mumbai  
Date : 28 October 2020



## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

The Annexure referred to in paragraph 8(A) under the heading 'Report on other legal and regulatory requirements' of our Independent Auditor's Report to the members of **Air India Express Limited** ('the Company') on financial statements for the year ended 31<sup>st</sup> March 2020. We report that:

- i. In respect of the Property, Plant and Equipment
  - a. *The Company is in the process of updating its Property, Plant and Equipment register with respect to quantitative details and location thereof.*
  - b. The Company has a program of Physical Verification of Property, Plant and Equipment on rotational basis biennially so that every asset is verified once every four years which in our opinion is adequate. Company has conducted physical verification of Property, Plant and Equipment during the financial year ended 31<sup>st</sup> March, 2019 and as per the program assets were not due for physical verification during the financial year ended 31<sup>st</sup> March, 2020 and hence question of our comment on discrepancies not arise.
  - c. According to the information and explanation given to us, the Company does not own any immovable property. Therefore, clause (i) (c) of para 3 of the Order is not applicable to the Company.
- ii. According to the information and explanations given to us, on account of lockdown, the Company has conducted physical verification of only part of the inventory at the Mumbai location subsequent to the year end and Trivandrum location during the financial year 2019-20. In our opinion, for the inventories verified, frequency of physical verification is reasonable. The verification has been conducted by the Management and an independent agency and discrepancies noticed during the verification were material and have been properly dealt with in the books of account (Refer Note No. 41). However, with respect to the balance part of inventories at Mumbai and Trivandrum location and all the inventories at other locations (including inventory lying with third parties), in absence of physical verification, we cannot comment on the reasonableness of frequency and discrepancies, if any, which may have remained undetected & unadjusted.
- iii. According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms / LLPs or other parties covered in the register maintained under section 189 of the Act. Therefore, the requirements of clause (iii)(a), (iii)(b) and (iii)(c) of paragraph 3 of the Order are not applicable to the Company.
- iv. As per information and explanation given to me, the Company has not granted any loans or made any investments, given any guarantee or provided security in connection with any loan for which compliance under section 185 or 186 of the Act is required. Therefore, question of our comment on compliance with section 185 and 186 of the Act does not arise.
- v. In our opinion and according to the explanations given to me, the Company has not accepted any deposits. Therefore, question of reporting compliance with directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder does not arise. We are informed that no order relating to the Company in this regard has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vi. Based on the information & explanation provided to us by the management, maintenance of cost records



has not been prescribed by the Central Government under sub-section (1) of section 148 of the Act in respect of the Company's services. Accordingly, clause (vi) of paragraph 3 of the Order is not applicable to the Company.

vii. In respect of statutory dues:

According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues and there were no dues in arrears, as at 31<sup>st</sup> March, 2020 for a period of more than six months from the date on which they became payable, *except the following*:

- a. *Profession Tax: Rs. 1.11 Million on account of pendency of determination of jurisdiction by the concerned authority.*
  - b. *Provident Fund: Rs. 0.18 Million.*
  - c. *Payment of Tax Deducted at Source (TDS) u/s 194 C, 194 H, 194 J & 194 I of the Income Tax Act, in respect of:*
    - i. *As the Company makes adhoc TDS payments for expenses other than salary every month which are pending reconciliation in absence of proper linkage between deduction and deposit of TDS, we are not in a position to offer any comments, as regards delay if any.*
    - ii. *Unascertained amount towards interest and penalty, if any, in respect of delayed/unpaid TDS on account of Company's policy of not deducting tax at source while providing for expenses but deducting and paying while payment of expenses.*
  - d. *Statutory dues, if any, in respect of foreign Business Areas not covered during our audit, since the records are maintained at the respective Business Areas which were not available for verification, we are unable to comment whether the dues have been deposited on a timely basis.*
1. According to the records of the Company and information and explanations given to us, there are no dues outstanding in respect of Income Tax, Wealth Tax, Service Tax, Good and Service Tax, Cess or other statutory dues on account of any dispute except as mentioned below:

**(Rupees in Million)**

Sr. No.	Name of the Statute	Gross Demand	Amount Deposited	Unpaid Demand	Nature and forum where the dispute is pending
1	Service Tax for Financial Year 2005-06 to 2016- 17	1,126.99	-	1,126.99	Commissioner of GST and Central Excise
2	Customs Duty	45.99	0.20	45.79	Commissioner of Central Excise, Customs & Service Tax
3	Employees State Insurance Corporation June 2003- July 2012	21.63	2.0	19.63	Director of Employees State Insurance Corporation

- viii. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to its banks and to debenture holders *except for the following*:



Name of the Bank	Amount of Installment Rs. In Million	Period of Default No of Days
Apple Bank for Savings	63.44	1
Apple Bank for Savings	63.81	2
JP Morgan Chase Bank N.A	62.47	2
JP Morgan Chase Bank N.A	63.90	2
JP Morgan Chase Bank N.A	63.80	2

Further, the Company not raised loans or borrowed from financial institution and government.

- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year and hence paragraph 3 (ix) of the Order is not applicable. Therefore, the question of utilization of funds for the purpose for which it was taken does not arise.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no fraud on the Company by its officer and employees has been noticed or reported during the year and nor have we been informed of such case by the management.
- xi. As per the Notification GSR 463(E) of Ministry of Corporate Affairs, Dated 5<sup>th</sup> June 2015, Section 197 of the Companies Act 2013 is not applicable to Government Companies. Therefore, the paragraph 3 (xi) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Thus, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act and where applicable, the details of such transactions have been disclosed in the financial statements as required by Indian Accounting Standard 24.(Refer Note No. 51)
- xiv. According to the information and explanations give to us and based on our examination of the records of the Company, during the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore, the provisions of clause (xiv) of paragraph 3 of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with the directors or persons connected with them and hence, paragraph 3(xv) of the Order is not applicable.
- xvi. According to the information and explanations given to us and based on our examination of the records of the Company it is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For M.A. Parikh & Co**  
**Chartered Accountants**  
Firm Registration No: 107556W

Sd/-

**Mukul Patel**  
Partner

Membership No.: 032489  
UDIN : 20032489AAAABW3597

Place : Mumbai  
Date : 28 October 2020



## ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

As referred to in our Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31<sup>st</sup> March, 2020, we report that :

Based on the information and explanations obtained by us, we furnish our comments on the Directions issued by the Comptroller and Auditor General of India relating to the accounts of the Company for the year ended 31<sup>st</sup> March, 2020.

Sr No	Directions / Sub-Directions	Statutory Auditor's Comments
1.	<b>Whether the Company has system in place to process all the accounting transactions through the IT system? If yes, the implications of processing of accounting transactions outside IT system on integrity of the accounts along with the financial implications, if any, may be stated</b>	Based on the information and explanations given to us, the Company generally has a system in place to process all the accounting transactions through IT system except to the extent as stated hereunder:  (i) The entries being made manually on periodic basis in respect of sales/revenue with the accounting software (SAP) basis reconciliation prepared by an independent outside agency.  (ii) Payroll records are partially maintained manually.  (iii) Depreciation on PPE is computed manually and thereafter, entered into SAP.  (iv) Cargo revenue, flight interruption manifest and code shade Revenue are accounted manually on the basis of information from the Holding Company.  (v) Non aircraft inventories are not maintained in 'RAMCO System'  As per the information and explanations given to us, the above records outside SAP system are manually verified before entering into SAP system for their appropriate integration therein.
2.	<b>Whether there is any restructuring of an existing loan or cases of waiver/write-off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated</b>	Based on information and explanation given to us, there were no cases of restructuring of an existing loan or cases of any waiver/write-off of debts/loan/interest made by the lender.



Sr No	Directions / Sub-Directions	Statutory Auditor's Comments
3.	<b>Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for / utilized as per its term and conditions? List the cases of deviation</b>	Based on information and explanation given to us, the company has not received any funds for specific schemes from central/state agencies.

**For M.A. Parikh & Co**  
**Chartered Accountants**  
Firm Registration No: 107556W

Sd/-  
**Mukul Patel**  
Partner  
Membership No.: 032489  
UDIN : 20032489AAAABW3597

Place : Mumbai  
Date : 28 October 2020



## **ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020.**

[Referred to in paragraph 8(C)(f) under the heading "Report on other legal and regulatory requirements" of our report of even date]

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

#### **Qualified Opinion**

We have audited the internal financial controls over financial reporting of **Air India Express Limited** ("the Company") as of 31<sup>st</sup> March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

According to the information and explanations given to us and based on our audit, material weaknesses have been identified in the Company's internal financial controls over financial reporting as at 31<sup>st</sup> March, 2020 in respect of:

- a) The company did not have an effective interface between various functional software relating to Revenue and Payroll with the accounting software resulting in accounting entries being made manually on periodical basis.
- b) Cargo revenue, flight interruption manifest and code shade Revenue are accounted manually on the basis of information from the Holding Company.
- c) The company did not have an appropriate internal control system for reconciliation of Control Accounts in relation to the Sales/Revenue, Inventory and Payroll.
- d) Controls over planning and monitoring of financial closing process.
- e) Controls over spreadsheets used in financial closing process.
- f) The company did not have an appropriate internal control system for deduction, timely deposit and reconciliation of statutory dues.
- g) The company did not have an appropriate internal control system for obtaining confirmation of balances on a periodic basis and reconciliation of unmatched Receivables and Payables. The same has been done as at the end of the year.
- h) The Company did not have an effective internal control system for reconciliation of onboard "Bar Sales" with consumption and realization.
- i) The company did not have an effective system for timely accounting of entries.
- j) Maker checker process needs to be strengthened.
- k) System of verification of reconciliation provided by outsourced agency relating to revenue needs to be strengthened.
- l) During the year, due to lockdown, the Company has not conducted physical verification of inventories at all the locations and has relied on the inventory reports generated from the system.



A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual financial statements will not be prevented or detected on a timely basis.

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of 31<sup>st</sup> March, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, and *except for effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria*, the Company's internal financial controls over financial reporting were operating effectively as of 31<sup>st</sup> March, 2020.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company for the year ended 31<sup>st</sup> March, 2020, and these material weaknesses have affected our opinion on the financial statements of the Company and we have issued a qualified opinion on the financial statements.

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

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

### **Auditor's Responsibility**

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

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

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



### **Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

Place : Mumbai  
Date : 28 October 2020

**For M.A. Parikh & Co**  
**Chartered Accountants**  
Firm Registration No: 107556W

Sd/-  
**Mukul Patel**  
Partner  
Membership No.: 032489  
UDIN : 20032489AAAABW3597



**MANAGEMENT COMMENTS TO THE INDEPENDENT AUDITOR’S REPORT OF THE STATUTORY AUDITORS FOR THE FINANCIAL YEAR 2019-20**

Sl. No.	Audit Observation	Management Comments
<b>Qualified Opinion</b>		
1.	<p><i>Non-Appointment of Independent Directors as required under the provisions of Section 149(4) of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 for the period from 1st April, 2019 till 26th March, 2020 and consequent non-compliance relating to composition of Corporate Social Responsibility Committee under section 135(1); Audit Committee under section 177 (2) and Nomination and Remuneration Committee under section 178 of the Companies Act, 2013. Upon redemption of Listed Unsecured Non-convertible Debentures on 26th March, 2020, the status of the Company has changed to Unlisted Public Company being a wholly owned subsidiary of a Public Company, covered under the exemption granted under Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014.</i></p>	<p>Air India Express Limited (AIXL) is a wholly owned subsidiary of Air India Ltd (A Government Company) and as per Article 117 of the Articles of Association of the Company, all the Directors of the Company are appointed by Air India Ltd in consultation with the Government of India / Ministry. AIXL has requested AI to nominate at least two independent Directors on its board and the same was not materialized.</p> <p>As per the provisions of Section 135(1) of the Companies Act, CSR committee of the Board shall consist of three or more directors including at least one independent director. As per the provisions of Section 177 (2) of the Companies Act, Audit Committee shall consist of a minimum of three Directors with independent Directors forming a majority. As required under section 178, the nomination and the remuneration committee should consist of three or more non-Executive Director out of</p> <p>which not less than one half should be independent Directors. At present there is no independent Directors on the Board of AIXL and the matter has been escalated to AI for necessary nomination.</p> <p>Upon redemption of Listed Unsecured Non-convertible Debentures on 26th March, 2020, the status of the Company has changed to Unlisted Public Company being a wholly owned subsidiary of a Public Company,</p>



		covered under the exemption granted under Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014.
2.	<i>Non-appointment of woman director for the period 6<sup>th</sup> November, 2018 to 19th January, 2020 as required under section 149(1) of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014</i>	The same has been complied with the appointment of Smt. Kusum Lata Sharma as Director on 20 <sup>th</sup> January, 2020.
<b>Emphasis of Matter (not qualified)</b>		
1.	<u>Reference number 3(i):</u> In respect of non-compliance with Regulation 52 of Listing Obligation and Disclosures Requirements (Amendment) Regulation, 2017 (LODR) regarding delay in submission of Half yearly Financial Results to Bombay Stock Exchange	As per the regulation under section 52 of LODR, the unaudited financials has to be approved by the Board and signed by the independent Chartered Accountant besides filing online. In the current financial year the company has filed half yearly financial result limited reviewed by Independent Auditor and approved by the Board on 7 <sup>th</sup> February, 2020. Due to the delay in limited review there was delay in submission of Limited Reviewed Half yearly Financial Results , to Bombay Stock Exchange.
2.	<u>Reference number 3(ii):</u> Note No. 47 regarding penal interest amounting to Rs. 832.47 Million for delayed payment of Guarantee Commission to Government of India.	The Company has provided the guarantee fees payable to the Government at the rate of 0.5% on the amount of the respective liabilities as outstanding at the end of every financial year. However, since the Company has paid the entire amount of guarantee fees payable in full and since it has represented to the Government for waiver of the penal interest amounting to Rs. 832.47 Million and also the Company had not received any claim from the Government of India for such penal interest as aforesaid, no provision for the same has been made in the financial statements.
3.	<u>Reference number 3(iii):</u> <i>Non-filing of form 3 CEB for the F. Y. 2012-13 to F.Y. 2015-16 (Refer note no. 54).</i>	Company has completed income tax assessment upto FY 2017-18.



4.	<p><u>Reference number 3(v):</u></p> <p>Reconciliation / rectification: The Company has made provision for repairs expenditure of Rs. 293.84 Million as referred to in note no 41(d).</p>	<p>Inventories at the yearend includes balance under in-house repairing jobs being carried as Work order suspense – Internal / External which contain material used and repair charges. On these balances the Company creates liability provision as necessary.</p>
5.	<p><u>Reference number 3(vi):</u></p> <p>The Company has not deducted income tax at source while making provision for expenses but has deducted the same and paid to the government at the time of making payment of expenses, the impact of such non-compliance will be accounted for in the year in which it is paid.</p>	<p>The Company, as per the practice, while creating the provision in the books of accounts comply with deduction of TDS if such provisions are made before April. For all provisions made beyond April, the Tax is considered accordingly while discharging the liability. Further, as per the section 40 A IA, the TDS paid on such expenses can be allowed to be claimed by the Company in the respective Financial year in which the payments are made and TDS liability is discharged.</p>
6.	<p><u>Reference number 3(vii):</u></p> <p>Note no.45 regarding write off out of opening balance of insurance claim receivable. We are informed that out of total write off, amount of Rs. 196.02 Million is on account of rejection of the claim by the insurance agency and insurance claim receivable of Rs. 30.17 Million is reversed as at year end as the same is not confirmed by the insurance agency.</p>	<p>The Company has adopted the stated Accounting policy during the financial year 2019-20 for accounting of claims receivable on the acceptance of claim by the insurance company.</p>
7.	<p><u>Reference number 3(x):</u></p> <p>Note no. 61 regarding unreconciled Airport Tax payable of Rs. 176.88 Million</p>	<p>The Company is in the process of reconciling Airport Tax Payable of Rs. 176.88 Million and the same will be adjusted in the year in which the said process is completed.</p>
8.	<p><u>Reference number 3(xi):</u></p> <p>Note 36 in respect of adoption of threshold level for retrospective restatement for prior period items during the year. We are informed that the Company has adopted the threshold level for retrospective restatement of prior period item in line with the criteria followed by the Holding Company. Consequently, prior period expense (net) of Rs. 117.75 Million pertaining to FY 2018-19 and prior period expenses (net) of Rs. 83.68 Million pertaining to period prior to FY 2018-19 are accounted for in current year.</p>	<p>We have adopted the threshold limit for accounting of prior period in line with Parent Company policy.</p>



9.	<p><u>Reference number 3(xii):</u></p> <p><i>Delay in filling of form MSME-1 for the half year ended 30<sup>th</sup> September, 2019.</i></p>	<p>There was a delay in filing of form MSME-1 for the half year ended 30<sup>th</sup> September, 2019. Necessary steps have been taken to ensure timely filing of MSME Returns and strict control has been put in place for making timely payments to all MSME Vendors.</p> <p>As a result, company has filed form MSME -1 for the half year ended 31<sup>st</sup> March, 2020 within due date.</p> <p>Further, company has filed form MSME -1 for the half year ended 30<sup>th</sup> September, 2020 on 26.10.2020. (due date is 31.10.2020)</p>
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**As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act**

1.	<p><u>Reference number: Annexure A i(a):</u></p> <p><i>(i) In respect of the Property, Plant and Equipment</i></p> <p>a. <i>The Company is in the process of updating its Property, Plant and Equipment register with respect to quantitative details and location thereof.</i></p> <p><u>Reference number: Annexure A (ii):</u></p> <p><i>ii. According to the information and explanations given to us, on account of lockdown, the Company has conducted physical verification of only part of the inventory at the Mumbai location subsequent to the year end and Trivandrum location during the financial year 2019-20. In our opinion, for the inventories verified, frequency of physical verification is reasonable. The verification has been conducted by the Management and an independent agency and discrepancies noticed during the verification were material and have been properly dealt with in the books of account (Refer Note No. 41). However, with respect to the balance part of inventories at Mumbai and Trivandrum location and all the inventories at other locations (including inventory lying with third parties), in absence of physical verification, we cannot comment on the reasonableness of frequency and discrepancies, if any, which may have remained undetected &amp; unadjusted</i></p>	<p>The Company has carried out the updation process effective FY 2015-16 and prior period exercise due complexities are still in process.</p> <p>Effective FY 2017-18, the Company has adopted the process of physical verification of Inventory on annual basis and the same is undertaken by the external Auditors. Due to COVID 19 and complete lockdown from 24<sup>th</sup> Mar'20 physical verification could not be carried out at all locations .</p>
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<p><i>Reference number: Anneuxre A (vii):</i></p> <p><i>In respect of statutory dues:</i></p> <p>According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues and there were no dues in arrears, as at 31st March, 2020 for a period of more than six months from the date on which they became payable, except the following:</p> <p>a. <i>Profession Tax: Rs. 1.11 Million on account of pendency of determination of jurisdiction by the concerned authority.</i></p> <p>b. <i>Provident Fund: Rs. 0.18 Million</i></p> <p>c. <i>Payment of Tax Deducted at Source (TDS) u/s 194 C, 194 H, 194 J &amp; 194 I of the Income Tax Act, in respect of:</i></p> <p>i. <i>As the Company makes adhoc TDS payments for expenses other than salary every month which are pending reconciliation in absence of proper linkage between deduction and deposit of TDS, we are not in a position to offer any comments, as regards delay if any.</i></p> <p>ii. <i>Unascertained amount towards interest and penalty, if any, in respect of delayed/unpaid TDS on account of Company's policy of not deducting tax at source while providing for expenses but deducting and paying while payment of expenses.</i></p>	<p>The Company in the past has made several attempts to remit the PT dues to the authorities. Since most of the employees have resigned, the matter was referred to the external consultant to guide us in the matter. Upon receipt of the guidance appropriate action would be initiated</p> <p>The UAN number for the respective employees are under process by the PF department and upon confirmation, the UAN number would be validated in the system and the PF dues would be remitted accordingly.</p> <p>The Company is remitting TDS based on the SAP extracts of monthly liability as per the provisions made. However, the Company remit the adhoc payment of TDS for the month of Mar 2020 to avoid late filing and interest, etc and the same is already mapped with the respective vendors and reconciled. Further, all unconsumed challans list mapped with SAP had been provided to the Auditors along with vendor closing balances and necessary confirmations.</p> <p>The Company does not have any unascertained amount towards interest and penalty. Further, the Company had provided TDS-CPC default statement effective FY 2007-08 onwards till FY 2019-20 and also the above is reflected in the Form 26 AS for FY 2019-20.</p>
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<p>d. <i>Statutory dues, if any, in respect of foreign Business Areas not covered during our audit, since the records are maintained at the respective Business Areas which were not available for verification, we are unable to comment whether the dues have been deposited on a timely basis.</i></p> <p>Reference number: Anneuxre A (viii):</p> <p>Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to its banks and to debenture holders except for the followings:</p> <table border="1"> <thead> <tr> <th>Name of Bank</th> <th>Amount of Installment</th> <th>Period of default – No of days</th> </tr> </thead> <tbody> <tr> <td>1. Apple Bank</td> <td>63.44</td> <td>1</td> </tr> <tr> <td>2. Apple Bank</td> <td>63.81</td> <td>2</td> </tr> <tr> <td>3. JP Morgan Chase Bank</td> <td>62.47</td> <td>2</td> </tr> <tr> <td>4. JP Morgan Chase Bank</td> <td>63.90</td> <td>2</td> </tr> <tr> <td>5. JP Morgan Chase Bank</td> <td>63.80</td> <td>2</td> </tr> </tbody> </table>	Name of Bank	Amount of Installment	Period of default – No of days	1. Apple Bank	63.44	1	2. Apple Bank	63.81	2	3. JP Morgan Chase Bank	62.47	2	4. JP Morgan Chase Bank	63.90	2	5. JP Morgan Chase Bank	63.80	2	<p>All compliances in respect of Foreign stations are complied with as per the certification / confirmation provided by the respective Foreign stations.</p> <p>1 &amp; 2). The payment was delayed due to shortage of funds as COVID-19 impacted Company's revenue.</p> <p>3, 4 &amp; 5). Finance Department Officials have identified error in the invoice raised by the Bank and intimated the same to Bank. The revised invoice was received on October 9, 2019 i.e. 2 days after the due date of October 7, 2019. Hence, there was a delay in making the payment of the installment.</p>
Name of Bank	Amount of Installment	Period of default – No of days																	
1. Apple Bank	63.44	1																	
2. Apple Bank	63.81	2																	
3. JP Morgan Chase Bank	62.47	2																	
4. JP Morgan Chase Bank	63.90	2																	
5. JP Morgan Chase Bank	63.80	2																	

**Management reply to Annexure - B to the Independent Auditor's Report**

<p><b>1. Whether the Company has system in place to process all the accounting transaction through IT system? If yes, the implications of processing of accounting transaction outside IT system on integrity of the accounts along with the financial implications, if any, may be stated</b></p>	<p>Based on the information and explanations given to us, the Company has a system in place to generally process all the accounting transactions through IT system except to the extent as stated hereunder:</p> <p>(i) Non aircraft inventories are not maintained in 'RAMCO System'</p> <p>As per the information and explanations given to us, the above records used from the outside SAP system are verified before entering into SAP system for their appropriate integration therein.</p>	<p>Non aircraft inventories are being maintained in SAP MM Module.</p>
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**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

<p>a) The company did not have an effective interface between various functional software relating to Revenue, Payroll and Inventory Management with the accounting software resulting in accounting entries being made manually on periodical basis.</p> <p>b) Cargo revenue, flight interruption manifest and code share Revenue are accounted manually on the basis of information from the Holding Company.</p> <p>c) The company did not have an appropriate internal control system for reconciliation of Control Accounts in relation to the Sales/Revenue, Inventory and Payroll.</p> <p>d) Controls over planning and monitoring of financial closing process.</p> <p>e) Controls over spreadsheets used in financial closing process.</p> <p>f) The company did not have an appropriate internal control system for deduction, timely deposit and reconciliation of statutory dues.</p>	<p>However, the Company has appointed a consultant to review the SAP processes and guide us further process. As on date, the complete fuel payments are being linked with SAP on real time basis. Integration of Bar Sale with SAP has been done at Kochi &amp; Mumbai .Due to Covid it could not be done at other locations HR Attendance management system integration with SAP is in process.. The integration of catering process with SAP is in progress and will go live during FY 2020-2021.</p> <p>This is a Statement of fact.</p> <p>The Company has appointed the Internal and concurrent auditor in FY 2019-20. The concurrent auditor are verifying control accounts and issuing reports on quarterly basis which is discussed with the audit committee on a quarterly basis.</p> <p>Necessary steps have been taken for implementing half yearly &amp; monthly financial closing process. During FY 2019-2020, company has filed with SEBI, half yearly financial result (H1) limited reviewed by Independent Auditor. During FY 2020-2021, monthly closure of accounts has been implemented.</p> <p>Only Managers and CFO has access to the files used.</p> <p>The Company is exercising complete controls on Compliance and Statutory regulation and remittances are made on or before the due dates. The reports from SAP are being generated and manual controls are also exercised in this regard. In FY 20-21 most of the reconciliations are done on a monthly basis.</p>
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<p>g) The company did not have an appropriate internal control system for obtaining confirmation of balances on a periodic basis and reconciliation of unmatched Receivables and Payables however the same has been done as at the end of the year.</p> <p>h) The Company did not have an effective internal control system for reconciliation of onboard “Bar Sale” with consumption and realization.</p> <p>i) The company did not have an effective system for timely accounting of entries.</p> <p>j) Maker checker process needs to strengthened.</p> <p>k) System of verification of reconciliation provided by outsourced agency relating to revenue needs to be strengthened.</p> <p>l) During the year, due to lockdown, the Company has not conducted physical verification of inventories at all the locations and has relied on the inventory reports generated from the system.</p>	<p>The Company has followed the system of obtaining the confirmations from Vendors / Customers on quarterly/half yearly basis in FY 19-20 . Certification is obtained from external Audit Firm on annual basis.</p> <p>Bar Sales are being streamlined and suitable controls are vested with Airport Coordinators, Airport cashiers and station Finance Officers for effective follow up through System.</p> <p>Further, BAR sales had been integrated with SAP during January 2020 at Mumbai location and on 7 February 2020 at Kochi. Due to COVID19 issue, currently there are no scheduled flights and Bar upliftment is not happening.</p> <p>Hence, the process of integration at remaining locations is under hold currently. The integration process will be started once we receive tentative date for the commencement of scheduled flights.</p> <p>Entries are getting accounted on real time basis. The entries of Rs. 5 Lakhs and above are being verified by Concurrent auditors and after their verification entries are posted in SAP. From 2020-2021 there is effective system for timely accounting of entries.</p> <p>All the transactions are being verified by the maker with supporting documents and entries are entered in SAP. The entries of Rs. 5 Lakhs and above are being verified by Concurrent auditors and after their verification entries are posted in SAP. Entries below RS 5 lacs are booked by maker and posted by checker</p> <p>The internal auditor on concurrent basis, reviews the various reconciliation.</p> <p>This is a Statement of fact</p>
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**BALANCE SHEET AS AT 31ST MARCH 2020**

(Rupees in Million)

Particulars	Note No.	As at 31st March 2020	As at 31st March 2019
<b>ASSETS :</b>			
<b>Non-Current Assets</b>			
(a) Property, Plant and Equipment	4	18,078.41	28,774.10
(b) Right of use assets	4	21,617.56	-
(c) Intangible Assets	4	1.88	0.04
(d) Capital work in Progress		-	95.32
(e) Financial Assets	5	266.90	165.43
(f) Other Non-Current Assets	6	1,447.21	60.14
<b>Total Non Current Assets</b>		<b>41,411.96</b>	<b>29,095.03</b>
<b>Current Assets</b>			
(a) Inventories	7	1,878.97	2,646.03
(b) Financial assets:			
i) Trade Receivables	8	46.93	495.24
ii) Cash and Cash Equivalents	9	92.12	285.38
iii) Bank balances other than (ii) above	10	692.39	681.04
iv) Other Financial Assets	11	1,086.24	1,233.51
(c) Current Tax Assets (Net)	12	13.43	12.00
(d) Other Current Assets	13	437.08	2,871.36
(e) Assets held for Sale		-	1.40
<b>Total Current Assets</b>		<b>4,247.16</b>	<b>8,225.96</b>
<b>Total Assets</b>		<b>45,659.12</b>	<b>37,320.99</b>
<b>EQUITY AND LIABILITIES :</b>			
<b>Equity</b>			
a) Equity Share Capital	14	7,800.00	7,800.00
b) Other Equity	15	(12,444.62)	(16,286.47)
<b>Total Equity</b>		<b>(4,644.62)</b>	<b>(8,486.47)</b>
<b>Liabilities :</b>			
<b>(a) Non-Current Liabilities</b>			
<b>i) Financial Liabilities</b>			
- Borrowings	16	-	1,778.00
- Lease Liabilities	17	10,425.18	-
- Other Financial Liabilities	18	0.42	5.20
ii) Provisions	19	244.74	141.89
<b>Total Non-Current Liabilities</b>		<b>10,670.34</b>	<b>1,925.09</b>
<b>(b) Current Liabilities</b>			
<b>i) Financial Liabilities</b>			
- Borrowings	20	13,600.97	13,088.18
- Lease Liabilities	21	3,821.41	-
- Trade Payables	22	-	-
Total outstanding dues of micro enterprises and small enterprises		3.10	2.38
Total outstanding dues of creditors other than micro enterprises and small enterprises		5,659.57	9,707.43
- Other Financial Liabilities	23	13,167.43	16,494.41
ii) Provisions	24	109.73	55.02
iii) Other Current Liabilities	25	3,271.19	4,534.95
<b>Total Current Liabilities</b>		<b>39,633.40</b>	<b>43,882.37</b>
<b>Total Equity &amp; Liabilities</b>		<b>45,659.12</b>	<b>37,320.99</b>
<b>Significant Accounting Policies</b>			
<b>Notes forming part of the Financial Statement</b>	1-68		

The accompanying notes are an integral part of the Financial Statement

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

As per our Report of even date

**For M. A. Parikh & Co.**  
Chartered Accountants  
Firm Registration No. 107556W

**Sd/-**  
**Mukul Patel**  
Partner  
Membership No: 032489

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

**Sd/-**  
**Rajiv Bansal**  
Chairman  
(DIN :- 00245460)

**Sd/-**  
**Kusum Lata Sharma**  
Director  
(DIN :- 08678975)

**Sd/-**  
**Vinod Hejmadi**  
Director  
(DIN :- 07346490)

**Sd/-**  
**K. Shyam Sundar**  
Chief Executive Officer

**Sd/-**  
**Ranjita Kumari**  
Chief Financial Officer

**Sd/-**  
**Aditi Khandekar**  
Company Secretary

Place : Mumbai

Date : 28 October 2020

Place : New Delhi

Date : 27 October 2020



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

(Rupees in Million)

Particulars	Note No.	Year ending 31st March 2020		Year ending 31st March 2019	
<b>Revenue</b>					
1. Revenue from Operations					
i) Sale of Services	26	51,057.27		40,944.22	
ii) Other Operating Revenue	27	1,137.17		771.44	
<b>Operating Revenue</b>			<b>52,194.44</b>		<b>41,715.66</b>
Other Income	28		111.59		298.76
<b>Total Revenue</b>			<b>52,306.03</b>		<b>42,014.42</b>
<b>Expenses</b>					
1. Aircraft Fuel & Oil			14,886.97		15,214.58
2. Operation Expenses	29		16,863.52		14,079.88
3. Employees Benefit Expenses	30		3,371.78		2,930.86
4. Finance Cost	31		3,334.89		2,951.35
5. Depreciation and Amortization Expenses	32		5,030.76		2,607.82
6. Other Expenses	33		4,636.18		2,544.04
<b>Total Expenses</b>			<b>48,124.10</b>		<b>40,328.53</b>
<b>Profit before Tax</b>			4,181.93		1,685.89
Tax Expenses :					
i) Current Tax			-		42.00
ii) Tax Adjustment relating to earlier year			40.17		-
<b>Profit after Tax for the year</b>			<b>4,141.76</b>		<b>1,643.89</b>
<b>Other Comprehensive Income</b>					
<b>A</b> (i) Items that will not be reclassified to profit or loss			(14.02)		(28.01)
(ii) Income tax relating to above mentioned items			-		-
<b>B</b> (i) Items that will be reclassified to profit or loss			-		-
(ii) Income tax relating to above mentioned items			-		-
<b>Total Comprehensive Income for the year</b>			<b>4,127.74</b>		<b>1,615.88</b>
<b>Earning per Equity Share of Rs.100 Each Basic &amp; Diluted</b>	54		<b>53.10</b>		<b>21.08</b>
<b>Significant Accounting Policies</b>					
<b>Notes forming part of the Financial Statement</b>	1-68				

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

As per our Report of even date

**For M. A. Parikh & Co.**  
Chartered Accountants  
Firm Registration No. 107556W

**Sd/-**  
**Mukul Patel**  
Partner  
Membership No: 032489

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

**Sd/-**  
**Rajiv Bansal**  
Chairman  
(DIN :- 00245460)

**Sd/-**  
**Kusum Lata Sharma**  
Director  
(DIN :- 08678975)

**Sd/-**  
**Vinod Hejmadi**  
Director  
(DIN :- 07346490)

**Sd/-**  
**K.Shyam Sundar**  
Chief Executive Officer

**Sd/-**  
**Ranjita Kumari**  
Chief Financial Officer

**Sd/-**  
**Aditi Khandekar**  
Company Secretary

Place : Mumbai  
Date : 28 October 2020

Place : New Delhi  
Date : 27 October 2020



## STATEMENT OF CHANGES IN EQUITY AS AT 31ST MARCH 2020

A. Equity Share Capital	As at 31.03.2020		As at 31.03.2019	
	No. of Shares	Amount (Rupees)	No. of Shares	Amount (Rupees)
Balance at the beginning of the reporting period	78,000,000	7800,000,000	78,000,000	7800,000,000
Balance at the end of reporting period	78,000,000	7800,000,000	78,000,000	7800,000,000

(Rupees in Million)

B. Other Equity	Capital Reserve	Retained Earnings	Other Comprehensive Income	Total
<b>Balance as at 31.03.2019</b>	<b>251.05</b>	<b>(16,506.98)</b>	<b>(30.54)</b>	<b>(16,286.47)</b>
Transfer to/ from Profit & Loss	(14.92)	4,141.76	(14.02)	4,112.82
Impact of Ind AS 116 - Leases (Refer Note 50)	-	(270.97)	-	(270.97)
<b>Balance as at 31.03.2020</b>	<b>236.13</b>	<b>(12,636.19)</b>	<b>(44.56)</b>	<b>(12,444.62)</b>
<b>Balance as at 31.03.2018</b>	<b>265.93</b>	<b>(18,150.87)</b>	<b>(2.53)</b>	<b>(17,887.47)</b>
Transfer to/ from Profit & Loss	(14.88)	1,643.89	(28.01)	1,601.00
<b>Balance as at 31.03.2019</b>	<b>251.05</b>	<b>(16,506.98)</b>	<b>(30.54)</b>	<b>(16,286.47)</b>

As per our Report of even date

**For M. A. Parikh & Co.**  
Chartered Accountants  
Firm Registration No. 107556W

**Sd/-**  
**Mukul Patel**  
Partner  
Membership No: 032489

Place : Mumbai  
Date : 28 October 2020

For and on behalf of the Board of Directors

**Sd/-**  
**Rajiv Bansal**  
Chairman  
(DIN :- 00245460)

**Sd/-**  
**K. Shyam Sundar**  
Chief Executive Officer

Place : New Delhi  
Date : 27 October 2020

**Sd/-**  
**Kusum Lata Sharma**  
Director  
(DIN :- 08678975)

**Sd/-**  
**Ranjita Kumari**  
Chief Financial Officer

**Sd/-**  
**Vinod Hejmadi**  
Director  
(DIN :- 07346490)

**Sd/-**  
**Aditi Khandekar**  
Company Secretary



**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020**

(Rupees in Million)

Particulars	F.Y. 2019-20		F.Y. 2018-19	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Profit before Tax</b>		<b>4,181.93</b>		1,643.89
Adjustments for :				
Other Comprehensive Income	(14.02)		(28.01)	
Depreciation and Amortization	5,030.76		2,607.82	
Finance Cost	3,334.89		2,951.34	
Loss on sale of Assets	-		31.23	
Property,Plant and Equipment Scrapped	255.93		465.39	
Provision for Doubtful Debts written back	(0.24)		-	
Provision for Doubtful Debts	-		0.24	
Interest on Bank Deposits	(42.62)	8,564.70	(37.77)	5,990.24
<b>Cash surplus/(-) deficit before variation in Net Working Capital</b>		<b>12,746.63</b>		7,634.13
<u>Increase /(-)Decrease in Current Assets</u>				
Trade Receivable	448.55		(62.70)	
Other Financial Assets	145.95		(112.00)	
Other Current Assets	2,434.28		(1,350.40)	
Other Non Current Assets	(1,387.07)		6.50	
Non Current Financial Assets	(101.47)		(29.90)	
Inventories	767.06		71.00	
<u>Increase /(-)Decrease in Current Liabilities &amp; Provisions</u>				
Non current Provision	102.85		78.60	
Other Financial Liabilities	(4.78)		5.20	
Current Trade Payables	(4,047.14)		(592.80)	
Other Financial Liabilities	(1,219.51)		291.20	
Current Provision	14.54		395.40	
Other Current liabilities	(1,263.76)		1,405.73	
<b>Cash (-)outflow / Inflow from Operations</b>		<b>(4,110.50)</b>		105.83
<b>Less:- Taxes Paid/(Refund)</b>		<b>1.43</b>		2.90
<b>Net cash (-)outflow / Inflow from Operations (A)</b>		<b>8,634.70</b>		<b>7,737.06</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Property,Plant and Equipment (Net)	(3,041.47)		(2,455.23)	
Purchase of Intangible Assets	(2.42)		-	
Asset held for sale	1.40		0.49	
Bank Balances other than cash and cash equivalents	(11.35)		(518.33)	
Interest received on Bank Deposits	43.94		36.30	
<b>Net cash (-)outflow / Inflow from Investing Activities (B)</b>		<b>(3,009.90)</b>		<b>(2,936.77)</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020****(Rupees in Million)**

<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Finance Cost	(3,347.64)		(2,957.00)	
Working Capital loan repaid	512.79		1,134.70	
Repayment Aircraft Loans / Lease Payment	(2,983.21)		(3,467.60)	
<b>Net cash (-)outflow / Inflow from Financing Activities (C)</b>		<b>(5,818.06)</b>		<b>(5,289.90)</b>
<b>Net Increase / (-)Decrease in Cash &amp; Cash equivalents (A+B+C)</b>		<b>(193.26)</b>		<b>(489.61)</b>
<b>Add : Cash and cash equivalents at the beginning of the year</b>				
<b>Balances with Banks :</b>				
i) On Current Accounts	283.80		287.00	
ii) Deposit Accounts (with original Maturity of 3 month or less than 3 months)	-		461.80	
Cheques on Hand	-		25.00	
Cash on Hand	1.58	285.38	1.40	775.20
<b>Cash and cash equivalents at the end of the year</b>		<b>92.12</b>		<b>285.59</b>
Balances with Banks :				
On Current Accounts		90.61		283.80
Cheques on Hand		0.20		-
Cash on Hand		1.31		1.58
<b>Cash and cash equivalents at the end of the year</b>		<b>92.12</b>		<b>285.38</b>
1. The Cash Flow Statement has been prepared in accordance with 'Indirect Method' as set out in the Indian Accounting Standard 7 (Ind-AS-7) on 'Statement of Cash Flows' as notified under section 133 of the Companies Act 2013, read with the relevant rules thereunder.				
2. Current account balance with banks includes Rs. 44.03 million (31st March 2019 Rs. 283.72 million) held in foreign currency which are freely remissible to the Company.				

As per our Report of even date

**For M. A. Parikh & Co.**  
Chartered Accountants  
Firm Registration No. 107556W

**Sd/-**  
**Mukul Patel**  
Partner  
Membership No: 032489

Place : Mumbai  
Date : 28 October 2020

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

**Sd/-**  
**Rajiv Bansal**  
Chairman  
(DIN :- 00245460)

**Sd/-**  
**K. Shyam Sundar**  
Chief Executive Officer

Place : New Delhi  
Date : 27 October 2020

**Sd/-**  
**Kusum Lata Sharma**  
Director  
(DIN :- 08678975)

**Sd/-**  
**Ranjita Kumari**  
Chief Financial Officer

**Sd/-**  
**Vinod Hejmadi**  
Director  
(DIN :- 07346490)

**Sd/-**  
**Aditi Khandekar**  
Company Secretary



Note No. -

## 1. COMPANY INFORMATION / OVERVIEW:

### i. Background:

Air India Express Limited (a wholly owned subsidiary of Air India Limited a Government of India Company) is a company incorporated in India, registered under the Provisions of Companies Act. The company provides domestic and international air transport services which include passenger, cargo services and other related services. The Company operates mainly between Tier-2 and Tier-3 cities in India and destinations in the Gulf & South East Asia.

The aircraft fleet of the company consists of 17 Boeing 737-800 NG owned aircraft and 8 Boeing 737-800 NG leased aircraft.

The registered office of the company is located at 1<sup>st</sup> Floor, Old operation building, Old Airport, Santacruz East, Mumbai - 400029.

### ii. Disinvestment Process:

In view of the NITI Aayog recommendations on the disinvestment and followed by the recommendations of the Core Group of Secretaries on disinvestment (CGD), the Cabinet Committee on Economic Affairs (CCEA) had given an 'In-Principle' approval for considering the strategic disinvestment of AI, five of its Subsidiaries and a Joint Venture in its meeting held on 28th June 2017. CCEA also constituted the Air India Specific Alternative Mechanism (AISAM) to guide the process of strategic disinvestment. The Transaction Advisor, Legal Advisor and Asset Valuer had also been appointed to guide the Govt and to carry forward the process of Disinvestment.

However, in the AISAM Meeting held on 18th June 2018 it was decided that in view of the volatile crude prices and adverse fluctuation in exchange rates, the present environment is not conducive to stimulate interest amongst investors for strategic disinvestment of Air India in the near future. It has been decided that once the global economic indicators including oil prices and the forex regime stabilizes, the option of strategic disinvestment of Air India should be brought before AISAM, for deliberating the future course of action.

In January 2020, AISAM decided to invite Expression of Interest (EOI) from interested bidders for strategic disinvestment of Air India Limited along with all of the 100% stake that is held by Air India in Air India Express Limited and the 50% stake held by Air India in Air India SATS Airport Services Private Limited (AI SATS). Accordingly, a Preliminary Information Memorandum (PIM) was finalised, and uploaded on the website of DIPAM, by M/s Ernst & Young LLP India who have been appointed as Transaction Advisor by Government of India for advising and managing the proposed strategic disinvestment.

As per the procedure the prospective bidders would submit their EOI which would then be evaluated by GOI. An advertisement was issued in the newspapers on 27th January 2020 inviting interested bidders to submit their EOI for participating in the proposed disinvestment of Air India Limited along with Air India Express Limited & AI SATS. The extended last date for submission of Expression of Interest is 30th October 2020 and the extended date for intimation to the qualified bidders is 20th November 2020.



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

### (i) Statement of Compliance:

The Financial Statements of the company for the year ended 31st March 2020 have been prepared in accordance with Indian Accounting Standards (Ind AS) pursuant to the notification issued by Ministry of Corporate Affairs dated 16th February 2015, notifying the Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) (Amended) Rules, 2016, Companies (Indian Accounting Standards) (Amended) Rules, 2017 and comply in all material aspects with the relevant provisions of the Companies Act 2013 (the Act) and Companies (Amendment) Act 2017.

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

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

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

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not at fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

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

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

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

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

**(iii) Functional Currency:**

The Currency of the primary economic environment in which the Company operates (“the Functional Currency”) is Indian Rupee (Rs.) in which the Company primarily generates and expends cash. Accordingly, the Management has assessed its functional currency to be Indian Rupee (Rs.) The Stand-alone Financial Statements are presented in Indian Rupees (INR) which is the Company’s Presentation and Functional currency. All amounts disclosed in the Financial Statements and Notes have been rounded off to the nearest Million (up to one decimal), unless otherwise stated.

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

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

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

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

- a) Impairment of Assets
- b) Estimate of revenue recognition from “Forward Sales Account”
- c) Measurement of useful life and residual values of Property, Plant and Equipment and the assessment as to which components of the cost may be capitalized
- d) Estimation of Costs of Re-delivery
- e) Recognition of Deferred Tax Assets
- f) Recognition and measurement of defined benefit obligations
- g) Judgment required to ascertain lease classification
- h) Measurement of Fair Values and Expected Credit Loss (ECL)
- i) Judgment to ascertain whether it is probable or not that an outflow of resources embodying economic benefits will be required to settle the taxation disputes and legal claims.

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

Presentation of assets and liabilities in the financial statement has been made based on current / non-current classification provided under the Companies Act 2013. The Company being in the service sector, has no specific operating cycle; however, 12 month’s period has been adopted as “the Operating Cycle” in-terms of the provisions of Schedule III to the Companies Act 2013. Accordingly, current liabilities and current assets include the current portion of non-current financial assets /liabilities.



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

#### I. PROPERTY, PLANT AND EQUIPMENT

- a. Property, Plant and Equipment are carried at deemed cost from the date of transition and thereafter added to cost of acquisitions / constructions including incidental costs incurred pertaining to the acquisition, bringing them to the location for use and interest on loans borrowed wherever applicable, up to the date of putting the concerned asset to its working condition for its intended use.
- b. Spare parts which meet the definition of Property, Plant and Equipment (i.e. Aircraft Rotables, Repairable including the cost incurred on major modernization / modification / conversion of aircraft and engines) have been capitalized as separate components.
- c. Assets under lease, in respect of which substantially all the risks and rewards incidental to ownership are transferred to the Company, are considered as 'Finance Leases' and are capitalized.
- d. Physical Verification of Assets:

Physical Verification of Assets is done on a rotational basis biennially so that every asset is verified in full in two biennial periods and the discrepancies observed in the course of verification are adjusted in the year in which such report is submitted and finalized.

#### II. DEPRECIATION / AMORTIZATION

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

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

- i) Aircraft Repairable:

In respect of purchases of Aircraft Repairable after 1<sup>st</sup> April 2015, the useful life has been estimated at 10 years however, in case of opening balance of Aircraft Repairable as on 1<sup>st</sup> April 2015, useful life has been estimated at 5 years.

- ii) The useful life of assets is given hereunder:

Sr. No.	Type of Asset	Useful Life
1	Aircraft Fleet & Equipment	25 years
2	Airframe Engine <ul style="list-style-type: none"> <li>▪ Limited Life Part (LLP)</li> <li>▪ Engine Hot and Core Section</li> <li>▪ Engine Cold Section</li> <li>▪ Frame and other Components of the engine</li> <li>▪ QEC Kits</li> </ul>	20000 Cycle 8000 Cycle 20000 Cycle 25 years 25 years
3	Simulators & Link Trainers	25 years
4	Airframe / Aero-Engine Rotables	25 years



5	Repairable	10 years
6	Vehicles	8 years
7	Computer Systems	3 years
8	Electrical Fittings	10 years
9	Furniture & Fixtures	10 years
10	Office Equipment	5 years
11	Plant & Machinery	15 years
12	Workshop Equipment	15 Years

Note:- On the basis of technical assessment, the useful life of B-737 is considered as 25 years (instead of the life of 20 years as prescribed under Schedule II of the Companies Act 2013) keeping a residual value of 5% of the original cost.

- b. Cost incurred on major modifications/refurbishment, modernization/conversion wherever applicable is carried to own and leased assets are depreciated over the useful life/period of lease of the said asset.

### III. INTANGIBLE ASSETS

Intangible assets are recorded at cost of acquisition, including incidental costs related to acquisition and installation, and are carried at cost less accumulated amortization and impairment losses, if any.

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

- a) Software of Passenger Services System, over 10 years, and
- b) Other software/website, over 3 years.

### IV. CAPITAL WORK IN PROGRESS

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

### V. INVENTORIES

- a. Inventories primarily consist of stores, spares, loose tools (other than those which meet the criteria of Property, Plant and Equipment). Inventory cost comprises of costs of purchase, (net of refundable rebates and discounts) and all other costs incurred in bringing the inventories to their present location and condition, and is determined on weighted average basis.
- b. Inventories are valued at lower of cost or Net Realizable Value ('NRV').
- c. Expendables / consumables are charged off at the time of initial issue except those meant for repairable items which are expensed when the work order is closed after due examination of the component debited to the work order.
- d. Obsolescence provision for aircraft stores and spare parts:



- i) Provision is made for non-moving stores and spares inventories exceeding a period of five years (net of realizable value of 5%) except for (ii) below and netted off from the value of inventory.
  - ii) Inventory of stores and spares of Aircraft Fleet which has been phased out, is shown at estimated realizable value unless the same can be used in other Aircrafts.
- e. Obsolescence provision for non-aircraft stores and spares is made for the non-moving inventory exceeding a period of five years.

## **VI. MANUFACTURER'S CREDIT (CASH & NON-CASH INCENTIVES)**

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

## **VII. REVENUE RECOGNITION**

The Company's revenue is primarily derived from passengers and cargo transportation services. Revenue is recognized when the transportation service has been provided. Passengers tickets are paid for in advance of transportation and are recognized, net of discounts, as deferred revenue on ticket sales in current liabilities until the customer has flown. Unused tickets are recognized as revenue after the contracted date of departure, using estimates regarding the timing of recognition based on the terms and conditions of the ticket and statistical analysis of historical trends. The Company considers whether it is an agent or a principal in relation to transportation services if it has a performance obligation to provide services to the customer or whether the obligation is to arrange for the services to be provided by a third party. Other revenues are recognized as the related performance obligation is satisfied (over time) using an appropriate methodology which reflects the activity that has been undertaken to satisfy the related obligation.

- a) Transport revenue is net of loss or gain on reissue / refund / involuntary transfer of passengers to other carriers, as the case may be.
- b) Blocked Space arrangements / Code share revenue is recognized on actual basis, based on uplift data received from the code share partner. In the event the details are not available, revenue is booked to the extent of documents/information received, and adjustments, if any, required are carried out at the time of availability of such information.
- c) Income from Interest is recognized on a time proportion basis as per effective interest rate. Rentals are recognised on a time proportion basis.
- d) Claims receivable from Insurance Company are accounted for on acceptance of the claim by the Insurance Company.
- e) Warranty claims / credit notes received from vendors are recognized on acceptance of claim/ receipt of credit notes.
- f) Other Operating Revenue is recognized when goods are delivered or services are rendered.
- g) Gain or loss arising out of sale/scrap of Property, Plant and Equipment including aircraft over the net depreciated value is recognized in the Statement of Profit & Loss as Non-Operating Revenue or Expenses.



## VIII. FOREIGN CURRENCY MONETARY ITEMS

The management has determined the currency of the primary economic environment in which the company operates i.e. functional currency, to be Indian Rupees (Rs). The financial statements are presented in Indian Rupees, which is company's functional and presentation currency.

(a) Foreign Currency Monetary Items:

In respect of long term foreign currency monetary items originating before 1st April, 2016, the effect of exchange differences arising on settlement or reporting of long term monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are accounted as an addition or deduction to the cost of the assets so far as it relates to acquisition of depreciable capital assets and is depreciated over the balance useful life of the concerned asset, in other cases such difference is accumulated by transfer to "Foreign Currency Monetary Items Translation Difference Account" to be amortized over the balance period of such long term Asset or Liability.

(b) Foreign currency monetary items other than those identified as long term at the year-end are converted at the year-end exchange rate circulated by Foreign Exchange Dealers Association of India (FEDAI), and the gains/losses arising out of fluctuations in exchange rates are recognized in the Statement of Profit and Loss.

(c) Exchange variation is not considered at the year-end in respect of Debts and Loans & Advances, for which doubtful provision exists, since they are not expected to be realized.

(d) Foreign Currency transactions of Integral Foreign Operations:

(i) Foreign currency Revenue and Expenditure transactions relating to Integral Foreign Operations are recorded at established monthly rates (based on published IATA rates).

(ii) Interline settlement with Airlines for transportation is carried out at the exchange rate published by IATA for respective month.

## IX. RETIREMENT BENEFITS

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

a) Defined Contribution Plans consist of contributions to Employees Provident Fund and Employees State Insurance Scheme.

b) Defined Benefit Plans, which are not funded, consist of Gratuity and Leave Encashment. The liability for these benefits is actuarially determined under the Projected Unit Credit Method at the year end.

## X. BORROWING COST

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

b. Interest incurred on borrowed funds or other temporary borrowings in anticipation of receipt of



long term borrowings that are used for acquisition of qualifying assets exceeding the value of Rs.10 million is capitalized at the weighted average borrowing rate on loans outstanding at the time of acquisition.

## XI. IMPAIRMENT OF NON-FINANCIAL ASSETS

The Company assesses at each Balance Sheet date whether there is any indication that the carrying amount of its non - financial assets have been impaired. If any such indication exists, provision for impairment is made in accordance with IND AS-36.

## XII. LEASE

The Company has adopted Ind AS 116 Leases from 1st April 2019. Ind AS 116 introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

On initial application, the Company elected to adopt the modified retrospective approach, by recognizing the cumulative effect of initially applying the new standard as an adjustment to the opening balance as on April 1, 2019, without restating the comparative information.

The company applied Ind AS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under Ind AS 17 were not reassessed / considered. Therefore, the definition of a lease under Ind AS 116 has been applied only to contracts entered into or changed on or after 1st April 2019.

The Company has applied following other practical expedients on transition to Ind AS 116 on initial application:

- a. Use of single discount rate to portfolio of leases of similar assets in similar economic environment with similar conditions for end date.
- b. The lease liability is initially measured at the amortized cost of present value of the future lease payments. The lease payments are discounted using the SWAP plus risk factor rate prevailing as on the date of initial application of Ind-AS 116 i.e. as on 1<sup>st</sup> April, 2019.
- c. Not to recognize right of use assets and lease liabilities for leases with remaining lease term of upto 12 months from the date of initial application (i.e. 1st April 2019) by class of asset and leases of low value asset on lease by lease basis.
- d. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease term / useful life of the underlying asset. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Company changes its assessment on whether it will exercise an extension or a termination option.

### As lessee:

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



time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether the contract involves the use of an identified asset, the Company has substantially all of the economic benefits from use of the asset through the period of the lease and the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

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

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs and estimated cost for re-delivery /removing/restoration of the underlying asset less any lease incentives.

### **XIII. TAX ON INCOME**

#### **Current income tax**

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

#### **Deferred Tax**

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

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

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

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



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

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

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

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

#### **XIV. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS**

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

#### **XV. CASH AND CASH EQUIVALENTS**

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

#### **XVI. EARNINGS PER SHARE**

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

#### **XVII. FINANCIAL INSTRUMENTS**

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



**(a) Financial assets**

**(i) Classification**

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

**(ii) Initial recognition and measurement**

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

**(iii) Subsequent measurement**

For the purpose of subsequent measurement, financial assets are classified in the following categories:

- **Financial assets carried at amortized cost**

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

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

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

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

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

**(iv) Derecognition**

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

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

The Company assesses impairment based on expected credit losses (ECL) model for



measurement and recognition of impairment loss on the financial assets that are trade receivables or contract revenue receivables and all lease receivables etc.

**(vi) Write-off**

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

**(b) Financial Liabilities**

**(i) Initial recognition and measurement**

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

**(ii) Classification**

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

**(iii) Subsequent measurement**

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

• **Financial liabilities at amortized cost**

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

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

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

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

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

**(iv) Derecognition**

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

**(v) Offsetting of financial instruments**

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

**XVIII. CASH FLOW STATEMENT**

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

**XIX. SEGMENT REPORTING**

Based on the internal reporting provided to the Competent Authority ( Board of Directors), which is also considered as Chief Operating decision maker, Air Transport service is considered as the only operating segment of the Company which comprises of carriage of Passengers, Cargo, Excess Baggage and Mail.

**XX. MATERIALITY THRESHOLD LIMITS**

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

(Rs in Million)

Sr. No.	Threshold Items	Threshold Value
i.	<b>Prepaid Expense</b>	
	Foreign Stations	00.05
	Domestic Stations	00.01
ii.	Contingent Liabilities & Capital Commitments	00.10
iii.	Interest Free Deposits for discounting	50.00
iv.	Fair Valuation of Financial Instrument	50.00
v.	Prior Period Items	
	- Recognition Based on Individual Limits	25.00
	- Restatement Based on Overall Limits	1% of Total Revenue



**NOTE “4” : PROPERTY PLANT AND EQUIPMENT**

**4.1 : For the Year ended 31st March 2020**

**(Amount in Million)**

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION					NET BLOCK		
		As at April 01, 2019	Reclassified on account of adoption of INDAS 116 *	Additions	Deductions	As at March 31, 2020	As at April 01, 2019	Reclassified on account of adoption of INDAS 116 *	For the year	Deductions	Total Upto March 31, 2020	As at March 31, 2020	As at March 31, 2019
<b>PROPERTY PLANT &amp; EQUIPMENT :</b>													
<b>A. AIRCRAFT FLEET &amp; ROTABLES</b>													
1	Airframes (Refer Note ii & iii)	18,968.11	8,722.05	65.24	14.83	10,296.47	3,377.84	1,440.83	579.28	2.63	2,513.66	7,782.81	15,590.27
2	Aero Engines (Refer Note ii & iii)												
	i) Limited Life Parts (LLP)	3,053.17	1,217.80	-	-	1,835.37	694.23	273.41	145.66	-	566.48	1,268.89	2,358.94
	ii) Engine Hot and Core Section	4,811.10	1,830.01	1,456.61	448.65	3,989.05	1,632.27	573.70	507.90	272.57	1,293.90	2,695.15	3,178.83
	iii) Engine Cold Section	5,333.66	2,127.40	-	-	3,206.26	1,212.78	477.63	254.46	-	989.61	2,216.65	4,120.88
	iv) Frame and other Components of the engine	368.01	174.23	0.98	-	194.76	66.24	22.49	20.41	-	64.16	130.60	301.77
	v) QEC Kits	34.07	-	-	-	34.07	6.67	-	1.90	-	8.57	25.50	27.40
3	Simulators & Link Trainers (Refer Note iv)	301.72	-	-	-	301.72	50.67	-	14.92	-	65.59	236.13	251.05
4	Airframe Rotables	2,250.45	-	513.04	-	2,763.49	260.01	-	107.69	-	367.70	2,395.79	1,990.44
5	Aero-Engine Rotables	125.27	-	-	-	125.27	21.41	-	6.05	-	27.46	97.81	103.86
6	Repairables	1,066.74	-	505.76	-	1,572.50	236.82	-	132.34	-	369.16	1,203.34	829.92
	<b>SUB TOTAL “A”</b>	<b>36,312.30</b>	<b>14,071.49</b>	<b>2,541.63</b>	<b>463.48</b>	<b>24,318.96</b>	<b>7,558.94</b>	<b>2,788.06</b>	<b>1,770.61</b>	<b>275.20</b>	<b>6,266.29</b>	<b>18,052.67</b>	<b>28,753.36</b>
<b>B. OTHERS</b>													
1	Vehicles	0.96	-	1.23	-	2.19	0.10	-	0.13	-	0.23	1.96	0.86
2	Workshop Equipment, Instruments, Plants and machinery	11.05	-	0.02	-	11.07	9.56	-	0.07	-	9.63	1.44	1.49
3	Ground Support & Ramp Equipment	2.60	-	-	-	2.60	1.57	-	-	-	1.57	1.03	1.03
4	Furniture & Fixtures	4.93	-	1.38	-	6.31	1.69	-	0.57	-	2.26	4.05	3.24
5	Electrical Fittings & Installations	0.13	-	-	-	0.13	0.02	-	0.01	-	0.03	0.10	0.11
6	Computer System	15.24	-	7.68	-	22.92	3.83	-	6.07	-	9.90	13.02	11.41
7	Office Appliances & Equipment	3.19	-	2.17	-	5.36	0.59	-	0.63	-	1.22	4.14	2.60
	<b>SUB TOTAL “B”</b>	<b>38.10</b>	<b>-</b>	<b>12.48</b>	<b>-</b>	<b>50.58</b>	<b>17.36</b>	<b>-</b>	<b>7.48</b>	<b>-</b>	<b>24.84</b>	<b>25.74</b>	<b>20.74</b>
	<b>TOTAL (A+B)</b>	<b>36,350.40</b>	<b>14,071.49</b>	<b>2,554.11</b>	<b>463.48</b>	<b>24,369.54</b>	<b>7,576.30</b>	<b>2,788.06</b>	<b>1,778.09</b>	<b>275.20</b>	<b>6,291.13</b>	<b>18,078.41</b>	<b>28,774.10</b>
<b>INTANGIBLE ASSETS :</b>													
	COMPUTER SOFTWARE	1.01	-	2.42	-	3.43	0.97	-	0.58	-	1.55	1.88	0.04
	<b>TOTAL</b>	<b>1.01</b>	<b>-</b>	<b>2.42</b>	<b>-</b>	<b>3.43</b>	<b>0.97</b>	<b>-</b>	<b>0.58</b>	<b>-</b>	<b>1.55</b>	<b>1.88</b>	<b>0.04</b>

i \* Refer Note 50

ii Aircraft Fleet and Engine represent 10 B737-800 owned Aircrafts and out of which transfer of title for 2 aircraft is in process whose registration no are VT-AXT and VT-AXU

iii Addition to and deductions from “Aircraft Fleet and Engine” includes Exchange rate fluctuations on underlying loans in foreign currency amounting to Rs 3.13 Million.

iv Deprecation on Simulator during the year amounting to Rs 14.92 Million (Previous year Rs.14.89 Million) has been adjusted from capital reserve created for Capitalization of Simulator and not charged to Statement of Profit and Loss.



**4.2 : For the Year ended 31st March 2019**

**(Amount in Million)**

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at April 01, 2018	Additions	Deductions / Adjustments	As at March 31, 2019	As at April 01, 2018	For the year	Deductions/ Adjustments	Total Upto March 31, 2019	As at March 31, 2019	As at March 31, 2018
<b>PROPERTY PLANT &amp; EQUIPMENT :</b>											
<b>A. AIRCRAFT FLEET &amp; ROTABLES</b>											
1	<u>Airframes</u>										
(a)	Leased, Owned & Self Operated (Refer Note i, ii & iv)	18,287.24	794.28	113.41	18,968.11	2,402.99	990.08	15.23	3,377.84	15,590.27	15,884.25
2	<u>Aero Engines</u>										
(a)	Leased, Owned & Self Operated (Refer Note i, ii & iv)										
	i) Limited Life Parts (LLP)	3,053.17	-	-	3,053.17	454.82	239.41	-	694.23	2,358.94	2,598.35
	ii) Engine Hot and Core Section	4,388.42	1,051.42	628.74	4,811.10	1,146.68	721.49	235.90	1,632.27	3,178.83	3,241.75
	iii) Engine Cold Section	5,333.66	-	-	5,333.66	794.54	418.24	-	1,212.78	4,120.88	4,539.12
	iv) Frame and other Components of the engine	218.77	149.24	-	368.01	41.13	25.11	-	66.24	301.77	177.65
	v) QEC Kits	34.07	-	-	34.07	4.77	1.90	-	6.67	27.40	29.30
3	Simulators & Link Trainers (Refer Note iii)	301.72	-	-	301.72	35.79	14.88	-	50.67	251.05	265.94
4	Airframe Rotables	2,045.05	205.40	-	2,250.45	165.42	94.59	-	260.01	1,990.44	1,879.64
5	Aero-Engine Rotables	125.27	-	-	125.27	15.38	6.03	-	21.41	103.86	109.89
6	Repairables	920.97	145.77	-	1,066.74	131.30	105.52	-	236.82	829.92	789.66
<b>SUB TOTAL "A"</b>		<b>34,708.34</b>	<b>2,346.11</b>	<b>742.15</b>	<b>36,312.30</b>	<b>5,192.82</b>	<b>2,617.25</b>	<b>251.13</b>	<b>7,558.94</b>	<b>28,753.36</b>	<b>29,515.55</b>
<b>B. OTHER</b>											
1	Vehicles	1.13	-	0.17	0.96	0.02	0.08	-	0.10	0.86	1.11
2	Workshop Equipment, Instruments, Plants and machinery	18.53	-	7.48	11.05	10.85	1.90	3.19	9.56	1.49	7.68
3	Ground Support & Ramp Equipment	2.85	-	0.25	2.60	1.43	0.30	0.16	1.57	1.03	1.42
4	Furniture & Fixtures	4.58	1.67	1.32	4.93	1.07	0.74	0.12	1.69	3.24	3.51
5	Electrical Fittings & Installations	0.12	0.02	0.01	0.13	0.02	0.01	0.01	0.02	0.11	0.10
6	Computer System	5.41	10.47	0.64	15.24	2.10	1.97	0.24	3.83	11.41	3.31
7	Office Appliances & Equipment	4.22	1.64	2.67	3.19	1.02	0.45	0.88	0.59	2.60	3.20
<b>SUB TOTAL "B"</b>		<b>36.84</b>	<b>13.80</b>	<b>12.54</b>	<b>38.10</b>	<b>16.51</b>	<b>5.45</b>	<b>4.60</b>	<b>17.36</b>	<b>20.74</b>	<b>20.33</b>
<b>TOTAL (A+B)</b>		<b>34,745.18</b>	<b>2,359.91</b>	<b>754.69</b>	<b>36,350.40</b>	<b>5,209.33</b>	<b>2,622.70</b>	<b>255.73</b>	<b>7,576.30</b>	<b>28,774.10</b>	<b>29,535.88</b>
<b>INTANGIBLE ASSETS :</b>											
	COMPUTER SOFTWARE	1.01	-	-	1.01	0.96	0.01	-	0.97	0.04	0.05
<b>TOTAL FOR INTANGIBLE ASSETS</b>		<b>1.01</b>	<b>-</b>	<b>-</b>	<b>1.01</b>	<b>0.96</b>	<b>0.01</b>	<b>-</b>	<b>0.97</b>	<b>0.04</b>	<b>0.05</b>

- i Aircraft Fleet and Engine represent 10 B 737-800 Aircrafts (previous year: 17 Aircrafts) of which Registration No's VT-AXR,AXT,AXU,AXW,AXX,AXZ,AYA,AYB,AYC and AYD were acquired on finance lease and continue to be in the name of SPV company. (Refer Note No 50 (C)).
- ii Addition to and deductions from "Aircraft Fleet and Engine" includes Exchange rate fluctuations on underlying loans in foreign currency amounting to Rs 474.93 Million (Previous year Rs 19.41 Million).
- iii Deprecation on Simulator during the year amounting to Rs 14.89 Million (Previous year Rs.14.89 Million) has been adjusted from capital reserve created for Capitalization of Simulator and not charged to Statement of Profit and Loss.
- iv The assets from "Airframes" having an aggregate written down value of Rs. 32.63 Million have been reclassified as "Assets Held for Sale" which is valued at their respective written down values or net realizable values whichever is lower i.e Rs. 1.40 Million. Accordingly, the impairment loss of Rs. 31.23 Million is charged to Statement of Profit and Loss.



### 4.3 : Right to use Assets (ROU)

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION					NET BLOCK
		As at 1 April 2019 on account of adoption of Ind AS 116 *	Reclassified on account of adoption of Ind AS 116 *	Additions during the year	Disposals during the year	Balance at the end of the year	As at 1 April 2019 on account of adoption of Ind AS 116 *	Reclassified on account of adoption of Ind AS 116 *	Depreciation for the year	Depreciation on disposals	Balance at the end of the year	Net carrying value as at 31 March 2020
1	Airframes (Refer Note below)	13,086.11	8,722.05	169.63	9.04	21,968.75	-	1,440.83	2,650.91	1.40	4,090.34	17,878.41
2	Aero Engines (Refer Note below)											
	i) Limited Life Parts (LLP)	-	1,217.80	-	-	1,217.80	-	273.41	102.91	-	376.32	841.48
	ii) Engine Hot and Core Section	-	1,830.01	350.81	127.97	2,052.85	-	573.70	319.18	67.25	825.63	1,227.22
	iii) Engine Cold Section	-	2,127.40	-	-	2,127.40	-	477.63	179.78	-	657.41	1,469.99
	iv) Frame and other Components of the engine	-	174.23	62.95	-	237.18	-	22.49	14.23	-	36.72	200.46
	<b>TOTAL</b>	<b>13,086.11</b>	<b>14,071.49</b>	<b>583.39</b>	<b>137.01</b>	<b>27,603.98</b>	<b>-</b>	<b>2,788.06</b>	<b>3,267.01</b>	<b>68.65</b>	<b>5,986.42</b>	<b>21,617.56</b>

- i \* Refer Note No. 50
- ii Aircraft Fleet and Engine represent 7 B737-800 Aircrafts (previous year: 10 Aircrafts) of which Registration No's VT-AXW,AXX,AXZ,AYA,AYB,AYC and AYD were acquired on finance lease and continue to be in the name of SPV company. (Refer Note No 50 (C)).
- iii Addition to and deductions from "Aircraft Fleet and Engine" includes Exchange rate fluctuations on underlying loans in foreign currency amounting to Rs 200.35 Million.

### NOTE "5" : NON CURRENT FINANCIAL ASSETS

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Security Deposit	262.36	160.89
Bank Deposit Margin money - with original maturity more than 12 months (under lien)	4.54	4.54
<b>Total</b>	<b>266.90</b>	<b>165.43</b>

### NOTE "6" : OTHER NON CURRENT ASSETS

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Unsecured Considered Good</b>		
Capital Advances	15.97	26.72
Balance with Government authorities	1,394.05	-
Prepaid Expenses	37.19	33.42
<b>Total</b>	<b>1,447.21</b>	<b>60.14</b>

**NOTE “7” : INVENTORIES (Refer Note 41)**

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Stores and Spare Parts	2,231.17	2,862.90
Loose Tools	12.87	9.38
	<b>2,244.04</b>	<b>2,872.28</b>
Less : Provision for Obsolescence / Inventory Reconciliation	384.85	253.70
	<b>1,859.19</b>	<b>2,618.58</b>
Food & Beverages	19.74	18.45
Fuel	0.04	9.00
<b>Total</b>	<b>1,878.97</b>	<b>2,646.03</b>

**NOTE “8” : TRADE RECEIVABLES**

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Other Receivables</b>		
Secured, Considered Good	10.76	406.74
Unsecured, Considered Good	36.17	88.50
Unsecured Consider Doubtful	-	0.24
	<b>46.93</b>	<b>495.48</b>
Less :Provision for Doubtful Debts	-	(0.24)
<b>Total</b>	<b>46.93</b>	<b>495.24</b>

**NOTE “9” : CASH AND CASH EQUIVALENTS**

(Rupees in Million)

	Particulars	As at March 31, 2020	As at March 31, 2019
a)	<b>Balances with Banks :</b>		
	-On Current Accounts #	90.61	283.80
b)	Cheques on Hand	0.20	-
c)	Cash on Hand (as certified by the Management)	1.31	1.58
	<b>Total</b>	<b>92.12</b>	<b>285.38</b>

# Current account balance with banks include Rs. 44.03 million (Previous year Rs. 283.72 million) held in foreign currency which are freely remissible to the Company.

**NOTE “10” : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS**

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Other Bank Balances</b>		
a) Deposit Accounts - with original Maturity of 3 months or less than 3 months (under lien)	<b>472.46</b>	466.92
b) Deposit Accounts - with original maturity more than 3 months but less than 12 months (Under lien)	<b>219.93</b>	214.12
<b>Total</b>	<b>692.39</b>	<b>681.04</b>

**NOTE “11” : OTHER FINANCIAL ASSETS**

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Unsecured Considered Good</b>		
Advance Recoverable in Cash or Kind	<b>7.36</b>	17.90
Less:- Provision for doubtful advance	<b>(7.36)</b>	-
	-	17.90
Insurance Claims Receivable ( Refer Note 45)	<b>82.09</b>	548.58
Loans and Advances to Employees	<b>0.02</b>	0.54
Export Incentive Receivable ( Refer Note 43)	<b>829.28</b>	631.16
Interest Accrued on Bank Deposits	<b>4.57</b>	5.89
Security Deposit	<b>61.47</b>	28.00
Others Advances	<b>7.51</b>	1.41
Others (mainly include receivable on account of sale of licences)	<b>101.30</b>	0.03
<b>Total</b>	<b>1,086.24</b>	<b>1,233.51</b>

**NOTE “12” : CURRENT TAX ASSETS (NET)**

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance Income Tax and Tax Deducted at Source	<b>13.43</b>	12.00
<b>Total</b>	<b>13.43</b>	<b>12.00</b>

**NOTE “13” : OTHER CURRENT ASSETS**

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Unsecured Considered Good</b>		
Prepaid Expenses	51.96	128.42
Advance to Suppliers	114.66	975.52
Guarantee fees paid in advance	9.98	-
Balance with Government authorities	260.48	1,767.42
<b>Total</b>	<b>437.08</b>	<b>2,871.36</b>

**NOTE “14” : EQUITY SHARE CAPITAL**

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>AUTHORISED CAPITAL</b>		
100.00 Million Equity Shares of Rs.100 each (31st March 2020 : 100.00 Million Equity Shares of Rs.100 each)	10,000.00	10,000.00
	10,000.00	10,000.00
<b>ISSUED, SUBSCRIBED AND FULLY PAID-UP CAPITAL</b>		
78.0 Million Equity Shares of Rs.100 each (31st March 2020 : 78.0 Million Equity Shares of Rs.100 each)	7,800.00	7,800.00
<b>Total</b>	<b>7,800.00</b>	<b>7,800.00</b>

## 14.1 Share holding more than 5% of Equity Share Capital and Shares held by Holding Company

Name of the Shareholders	As at March 31, 2020		As at March 31, 2019	
	No.of Shares	% of Holding	No.of Shares	% of Holding
Air India Limited (including shares held by nominee shareholders)	78.00 Million	100.00	78.00 Million	100.00

14.2 The Company has only one class of shares referred to as equity shares having the par value of Rs.100/-. Each holder of equity shares is entitled to one vote per share.

14.3 In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the share holders.

14.4 Reconciliation of number of shares outstanding at the beginning and end of the reporting period is as given below :



Particulars	(Number of Shares in Millions)		(Share Value Rupees in Millions)	
	2019-20	2018-19	2019-20	2018-19
<b>Equity Shares (face value Rs.100/- each):</b>				
At the beginning of the year	78.00	78.00	7,800.00	7,800.00
Add : Allotted during the year	-	-	-	-
At the end of the year	78.00	78.00	7,800.00	7,800.00

**NOTE “15” : OTHER EQUITY**

Particulars	(Rupees in Million)	
	As at March 31, 2020	As at March 31, 2019
<b>1. CAPITAL RESERVE</b>		
Balance as at the beginning of the year	251.05	265.93
Less : Transfer to the Statement of Profit and Loss as reduction from Depreciation (Refer Note 4.1 (iv) & 32 )	14.92	14.88
<b>Balance as at the end of the year (A)</b>	<b>236.13</b>	<b>251.05</b>
<b>2. Surplus / (Deficit) in the Statement of Profit and Loss</b>		
Balance as at the beginning of the year	(16,506.98)	(18,150.87)
Profit for the year	4,141.76	1,643.89
Less : Impact of Ind AS 116 - Leases (Refer Note 50)	270.97	-
<b>Balance as at the end of the year ( B )</b>	<b>(12,636.19)</b>	<b>(16,506.98)</b>
<b>3. Other Comprehensive Income</b>		
Balance as at the beginning of the year	(30.54)	(2.53)
Actuarial Adjustment on Defined benefit plan reclassified in Other Comprehensive Income	(14.02)	(28.01)
<b>Balance as at the end of the year (‘C)</b>	<b>(44.56)</b>	<b>(30.54)</b>
<b>Total (A+B+C)</b>	<b>(12,444.62)</b>	<b>(16,286.47)</b>

**NOTE “16” : NON CURRENT FINANCIAL LIABILITY - BORROWINGS**

Particulars	(Rupees in Million)	
	As at March 31, 2020	As at March 31, 2019
Finance Lease Obligations - Exim Bank (Refer Note 50)	-	1,778.00
<b>Total</b>	<b>-</b>	<b>1,778.00</b>

**NOTE “17” : NON CURRENT LEASE LIABILITIES**

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Lease Liabilities (Refer Note 50)	10,425.18	-
<b>Total</b>	<b>10,425.18</b>	<b>-</b>

**Lease Liabilities / Finance Lease Obligations - Exim Bank**

- A. Lease Liabilities / Finance Lease Obligations of Rs.1,945.38 Million (Previous Year Rs.3,872.72 Million) are guaranteed by the Government of India to the extent of Rs.1,945.38 Million (Previous Year Rs.3,872.72 Million). The Finance Lease obligation of Rs. 1,945.38 Million includes Current maturities of finance lease obligation of Rs.144.33 Million.
- B. Letter of Credit issued by Bank of Baroda for Exim Tranche II loan outstanding amount as on 31st March 2020 for USD 12.00 Million equivalent to Rs.907.98 Million (As at 31st March 2019 for USD 12.00 Million equivalent to Rs.829.86 Million).
- C. Letter of Credit issued by State Bank of India Tranche III Loan – Outstanding balance as on 31st March 2020 USD 9.00 Million equivalent to Rs.680.99 Million (As at 31st March 2019 USD 9.00 Million equivalent to Rs.622.40 Million).
- D. The rate of Interest and security for Aircraft acquired on finance lease details are as follow :-

Name of Loan	Rate of Interest	Security	Number of Installment Balance as on 31.03.2020
Exim Tr. II	Libor +0.50	Asset based finance structure & GOI Guarantee	5
Exim Tr. III	Libor + 0.93		7

**NOTE “18” : NON CURRENT OTHER FINANCIAL LIABILITIES**

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Security Deposits	0.42	5.20
<b>Total</b>	<b>0.42</b>	<b>5.20</b>

**NOTE “19”: NON CURRENT PROVISIONS**

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>I Provision for Employee Benefits (Refer Note 38)</b>		
Gratuity	101.66	74.43
Leave Encashment	51.94	10.90
<b>II Others</b>		
Provision for Redelivery (Refer Note 51 )	91.14	56.56
<b>Total</b>	<b>244.74</b>	<b>141.89</b>

**NOTE “20” : CURRENT LIABILITY BORROWINGS**

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Working Capital Loan ( Repayable on demand )</b>		
a) From Banks denominated in foreign currencies (Unsecured)	1,501.66	1,391.28
b) From Banks denominated in foreign currencies (Unsecured Buyer’s Credit)	3,805.64	3,455.38
c) From Banks denominated in Indian Rupees (Unsecured )	4,343.69	4,300.00
d) From Banks denominated in Indian Rupees (Overdraft )	3,949.98	3,941.52
<b>Total</b>	<b>13,600.97</b>	<b>13,088.18</b>

**NOTE “21” : CURRENT LEASE LIABILITIES**

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Lease Liabilities (Refer Note 50)	3,821.41	-
<b>Total</b>	<b>3,821.41</b>	<b>-</b>

**NOTE “22” : TRADE PAYABLES**

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
- Total outstanding dues of micro enterprises and small enterprises (Refer Note 39)	3.10	2.38
- Total outstanding dues of creditors other than micro enterprises and small enterprises		
(a) Related Parties	1,545.23	1,501.61
(b) Others	4,114.34	8,205.82
<b>Total</b>	<b>5,662.67</b>	<b>9,709.81</b>

**NOTE “23” : OTHER FINANCIAL LIABILITIES**

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Current Maturity of Long Term Borrowings</b>		
Bonds / Debentures (Unsecured)	-	950.00
950 @ 9.38% Redeemable, Non-convertible Debentures of face value of Rs.10 lakhs each		
Finance Lease Obligations (Refer Note 50)	-	2,094.72
Interest Accrued but not due on Borrowings	9.25	21.95
Interest Accrued but due on Borrowings	22.81	
Interest Accrued and due on Debenture	-	0.05
Book Overdraft (Due to Reconciliation)	0.55	-
Payable to Passengers	261.01	-
Airport Taxes Payable	652.54	658.45
Payable to Holding Company (Net)	11,346.99	11,510.41
Security Deposits	6.16	0.73
Payable to Agents	99.50	-
Provision for Expenses	664.52	715.16
Others	104.10	542.94
<b>Total</b>	<b>13,167.43</b>	<b>16,494.41</b>

**NOTE “24”: CURRENT PROVISIONS**

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Provision for Employee Benefits (Refer Note 38)</b>		
Gratuity	14.38	10.63
Leave Encashment	13.18	2.39
<b>Provison for Taxes</b>	<b>82.17</b>	<b>42.00</b>
<b>Total</b>	<b>109.73</b>	<b>55.02</b>

**NOTE “25” : OTHER LIABILITIES**

(Rupees in Million)

Particulars	As at March 31, 2020	As at March 31, 2019
Forward Sales (Net) [Passenger]	2,863.22	4,290.49
Statutory dues	104.83	89.89
Employees dues	60.52	5.69
Advance Received from Agents (Net)	242.62	148.88
<b>Total</b>	<b>3,271.19</b>	<b>4,534.95</b>

**NOTE “26” : REVENUE FROM OPERATIONS**

(Rupees in Million)

Particulars	Year ending 31st March 2020	Year ending 31st March 2019
<b>Sale of Services -(Refer Note 49 &amp; 59)</b>		
1 Passenger	49,321.62	39,645.03
2 Excess Baggage	769.17	623.95
3 Cargo	966.48	675.24
<b>Total</b>	<b>51,057.27</b>	<b>40,944.22</b>

**NOTE “27” : OTHER OPERATING REVENUE**

(Rupees in Million)

Particulars	Year ending 31st March 2020	Year ending 31st March 2019
1 Export Benefit (Refer Note 43)	829.28	552.47
2 Miscellaneous Income	307.89	218.97
<b>Total</b>	<b>1,137.17</b>	<b>771.44</b>

**NOTE “28” : OTHER INCOME**

(Rupees in Million)

Particulars	Year ending 31st March 2020	Year ending 31st March 2019
1 Interest Income on Bank Deposit	42.62	37.77
2 Interest Income on fair value of Deposit	2.92	-
3 Provision no longer required written back	65.81	260.99
4 Provision for Doubtful Debts written back	0.24	-
<b>Total</b>	<b>111.59</b>	<b>298.76</b>

**NOTE “29” : OPERATING EXPENSES**

(Rupees in Million)

Particulars	Year ending 31st March 2020	Year ending 31st March 2019
1 Insurance (Refer Note 46)	586.57	138.18
2 Material Consumed - Aircraft	2,361.40	542.74
3 Outside Repairs - Aircraft	2,343.31	323.88
4 Navigation, Landing, Housing and Parking	2,700.61	2,392.92
5 Hire of Aircraft (Refer Note 50)	1,291.47	3,397.38
6 Handling Charges	3,123.56	2,945.87
7 Passenger Amenities	816.20	724.71
8 Communication Charges		
i) Reservation System	72.87	61.06
ii) Others	67.53	53.14
9 Service Cost Paid to Air India Ltd (Holding Co)	3,500.00	3,500.00
<b>Total</b>	<b>16,863.52</b>	<b>14,079.88</b>

**NOTE “30” : EMPLOYEES BENEFIT EXPENSES**

(Rupees in Million)

Particulars	Year ending 31st March 2020	Year ending 31st March 2019
1 Salaries, Wages and Bonus	2,784.98	2,354.26
2 Crew Allowances	425.72	507.30
3 Contribution to Provident and Other Funds	56.49	40.07
4 Staff Welfare Expenses	31.90	12.91
5 Provision for Gratuity	19.22	12.11
6 Provision for Leave Encashment	53.47	4.21
<b>Total</b>	<b>3,371.78</b>	<b>2,930.86</b>

**NOTE “31” : FINANCE COST**

(Rupees in Million)

Particulars	Year ending 31st March 2020	Year ending 31st March 2019
1 Interest on :		
a) Debentures	87.65	89.11
b) Aircraft Loans	115.73	233.98
c) Other Loans	1,377.53	1,306.11
d) Fair value of Deposit	3.55	-
	<b>1,584.46</b>	<b>1,629.20</b>
2 Finance Cost on Lease Liabilities (Refer Note 50)	402.85	-
3 Other Borrowing Costs	63.59	13.59
4 Other - Related Parties	1,110.13	1,034.75
5 Delayed Payment Charges	173.86	273.81
<b>Total</b>	<b>3,334.89</b>	<b>2,951.35</b>

**NOTE “32” : DEPRECIATION AND AMORTIZATION EXPENSE**

(Rupees in Million)

Particulars	Year ending 31st March 2020	Year ending 31st March 2019
1 Depreciation of Property Plant and Equipment	1,778.09	2,622.70
2 Depreciation of Right of Use Assets	3,267.01	-
3 Amortization of Intangible Assets	0.58	0.01
(A)	<b>5,045.68</b>	<b>2,622.71</b>
Less : Recoupment from Capital Reserve (Refer Note 4.1 (iv) & 32 )	14.92	14.89
(B)	<b>14.92</b>	<b>14.89</b>
<b>Total (A - B)</b>	<b>5,030.76</b>	<b>2,607.82</b>

**NOTE “33” : OTHER EXPENSES**

(Rupees in Million)

<b>Particulars</b>	<b>Year ending 31st March 2020</b>	<b>Year ending 31st March 2019</b>
1 Travelling Expenses		
i) Crew	<b>363.98</b>	378.71
ii) Others	<b>118.91</b>	110.46
2 Rent, Rates and Taxes	<b>23.67</b>	13.53
3 Bank Charges	<b>281.72</b>	218.70
4 Repairs to :		
i) Buildings	<b>0.77</b>	1.09
ii) Others	<b>128.73</b>	53.04
5 Hire of Transport	<b>75.54</b>	81.25
6 Electricity & Heating Charges	<b>1.86</b>	1.60
7 Water Charges	<b>0.02</b>	0.02
8 Publicity and Sales Promotion	<b>22.03</b>	32.42
9 Printing and Stationery	<b>5.75</b>	5.79
10 Legal and Professional Services	<b>85.95</b>	42.80
11 Auditors' Remuneration and Expenses (Refer Note 55)	<b>1.53</b>	1.18
12 Provision for Doubtful Debts	-	0.24
13 Provision for Doubtful Advances	<b>7.36</b>	-
14 Provision for Obsolescence / Inventory Reconciliation (Refer Note 41)	<b>131.15</b>	28.10
15 Foreign Exchange Difference (Net)	<b>2,163.84</b>	700.15
16 Impairment of Asset	-	31.23
17 Property, Plant and Equipment Scraped	<b>255.93</b>	465.88
18 Loss due to Incident	<b>230.34</b>	79.06
19 CSR Expenses (Refer Note 56)	<b>11.13</b>	5.71
20 Miscellaneous Expenses	<b>641.26</b>	293.08
21 Sunday Balances written off	<b>84.71</b>	-
<b>Total</b>	<b>4,636.18</b>	<b>2,544.04</b>

**34. CONTINGENT LIABILITY**

In compliance of Ind AS 37 on “Provisions, Contingent Liabilities and Contingent Assets”, the required information is as under:

**(Rupees in Million)**

Particulars	As on 31.03.2019	Addition	Settled	As on 31.03.2020
Service Tax	880.04	274.88	27.93	1,126.99
Customs Act	9.29	36.70	-	45.99
ESI	15.37	6.26	-	21.63
<u>Claims against the Company not acknowledged as Debt</u>				
i. Vendor claims	23.58	-	23.58	-
ii. Employee claims for Gratuity	0.21	1.00	0.21	1.00
iii. Other Employee claims	Amount unascertainable			
	<b>928.49</b>	<b>318.84</b>	<b>51.72</b>	<b>1,195.61</b>

- The contingent liabilities shown above have been verified and certified by an independent firm of Chartered Accountant’s vide report dated 24th Oct 2020.
- In respect of the above contingent liabilities, interest claims may be payable as and when the outcome of the related claim is determined. Further, future cash flows in respect of the above demands are determinable only on disposal of assessments / appeals / settlement of disputes.
- There are certain disputes with the ex-employees of the Company where the Company has initiated legal process to recover dues/damages. The financial impact of the same shall be determined only upon settlement of the disputes.

**35. CAPITAL COMMITMENTS****(Rupees in Million)**

Particular	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Estimated amounts of contracts remaining to be executed on capital account & other commitments, & not provided for in the books of accounts (Net of Advance of Rs.15.97 Million (Previous Year Rs.26.72 Million).	<b>345.51</b>	243.77

**36. PRIOR PERIOD ADJUSTMENT**

During the year, the Company has adopted the threshold level for retrospective restatement of prior period items in line with the criteria followed by the Holding Company. Consequently, prior period expenses (net) of Rs.117.75 Million pertaining to FY 2018-19 and prior period expenses (net) of Rs. 83.68 Million pertaining to periods prior to FY 2018-19 are accounted for in the current year. Details are given as under



(Rupees in Million)

Sr. No.	Particular	For FY 2018-19	For Period Prior to 2018-19
1	Passenger	8.89	-
2	Excess Baggage	(2.55)	6.01
3	Cargo	(0.12)	-
4	Aircraft Fuel & Oil	5.95	-
5	Handling Charges	2.41	0.01
6	Hire of Aircraft	(67.86)	(106.69)
7	Legal and Professional Services	8.70	11.75
8	Material Consumed – Aircraft	154.54	-
9	Navigation, Landing, Housing and Parking	5.44	127.43
10	Passenger Amenities	0.28	-
11	Rent, Rates and Taxes	0.26	-
12	Travelling Expenses	1.81	15.00
13	Loss due to incident	-	30.17
	<b>Total</b>	<b>117.75</b>	<b>83.68</b>

### 37. INTERNAL CONTROL

The Company has appointed an independent firm of Chartered Accountants for conducting Internal Audit to provide suggestions, if any, for improvements required in the system. The scope of the internal auditor is reviewed by the Management from time to time so as to ensure effective internal controls at stations, regional offices and user departments and a system for uniform and timely accounting entries of transactions in SAP.

### 38. RETIREMENT BENEFITS

- (i) Contributions to the Defined Contribution Scheme of Provident Fund is charged to the Statement of Profit & Loss; details are as follows:

Provident Fund Rs.56.49 Million (Previous Year Rs. 40.07 Million)

- (ii) The Company also provides retirement benefits in the form of Gratuity and Leave Encashment on the basis of valuation, as at the Balance Sheet Date, carried out by independent Actuaries, as per Ind AS19.

- a) Leave Encashment liability as actuarially determined for the current financial year is Rs. 65.12 Million (Previous Year Rs. 14.34 Million including liability aggregating to Rs 1.05 lakhs in relation to employees who have resigned on or before 31<sup>st</sup> March 2019, which is reflected under Other Financial Liabilities pending, full and final settlement of their account).

- b) Defined Benefit Plan-Gratuity (Unfunded)

The Company provides gratuity benefits to its employees as per the Payment of Gratuity Act, 1972. Present value of gratuity obligation (Non-Funded) based on actuarial valuation done by an independent valuer using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures



each unit separately to build up the final obligation.

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at 31st March, 2020.

(iii) **Movement in net Defined Benefit Liability**

a) **Reconciliation of balances of Defined Benefit Obligation**

(Rupees in Million)

Particulars	Gratuity – Unfunded	
	2019-20	2018-19
Defined Obligation at the beginning of the year	86.28	49.15
Interest Cost	6.72	3.82
Current Service Cost	12.50	8.29
Liability transferred out/Disinvestments	-	-
Benefits Paid	(3.48)	(2.99)
<b>Actuarial (Gain) / Losses on obligation</b>		
Demographic Assumptions	7.57	-
Changes in financial Assumptions	7.15	(.07)
Experience Adjustments	(0.70)	28.08
<b>Defined Benefit Obligation at the end of the year</b>	<b>116.04</b>	<b>86.28*</b>

\* Includes obligation aggregating to Rs. 1.22 Million in relation to employees who have resigned on or before 31st March 2019, which is reflected under Other Financial Liabilities, pending full and final settlement of their account

b) **Amount recognized in Balance Sheet**

(Rupees in Million)

Particulars	Gratuity – Unfunded	
	2019-20	2018-19
Liability at the end of the year	116.04	86.28
Fair value of Plan Assets at the end of the year	-	-
Amount Recognized in the Balance Sheet	116.04	86.28

c) **Amount Recognized in Statement of Profit & Loss**

(Rupees in Million)

Particulars	Gratuity – Unfunded	
	2019-20	2018-19
Current Service Cost	12.50	8.29
Interest Cost	6.72	3.82
Expenses for the year	19.22	12.11



## d) Amount Recognized in Other Comprehensive Income

(Rupees in Million)

Particulars	Gratuity – Unfunded	
	2019-20	2018-19
<b>Actuarial (Gain) / Losses</b>		
-Demographic Assumptions	7.57	-
- Changes in financial Assumptions	7.15	(.07)
- Experience Adjustments	(0.70)	28.08
<b>Total</b>	<b>14.02</b>	<b>28.01</b>

## e) Major Actuarial Assumptions

Particulars	Gratuity – Unfunded	
	2019-20	2018-19
Discount Rate (%)	6.82%	7.79%
Salary Escalation / Inflation (%)	5.00%	5.00%
Expected Return on Plan Assets (%)	N.A.	N.A.

## f) Sensitivity Analysis

Sensitivity Analysis for significant actuarial assumptions, showing how the defined benefit obligation would be affected, considering increase / decrease of 1% as at 31 March 2019 and 31 March 2020 is given below:

(Rupees in Million)

Particulars	Gratuity	
	2019-20	2018-19
+1 % change in rate of Discounting	(7.36)	(6.73)
-1 % change in rate of Discounting	8.39	7.85
+1 % change in rate of Salary Increase	7.15	6.48
-1 % change in rate of Salary Increase	(6.71)	(6.05)
+1 % change in rate of Employee Turnover	0.84	1.85
-1 % change in rate of Employee Turnover	(1.01)	(2.18)

## g) Projected benefits payable in the future years from the date of reporting

(Rupees in Million)

Year	2019-20	2018-19
1st Following year	14.38	11.85
2nd Following year	9.10	3.83
3rd Following year	9.23	6.67
4th Following year	8.05	3.99
5th Following year	12.43	3.56
Year 6 to 10	55.44	41.22
Sum of year 11 and above	99.11	135.85

**39. DUES TO MICRO & SMALL ENTERPRISES AS PER MSMED ACT, 2006**

(Rupees in Million)

Sr. No.	Particulars	31st March, 2020	31st March, 2019
a.	Principal amount due and remaining unpaid	3.10	2.35
b.	Interest due on above	0.16	0.03
c.	Payment made beyond the appointed day during the year	-	-
d.	Interest paid	-	-
e.	Interest due and payable for the period of delay	0.16	0.03
f.	Interest accrued and remaining unpaid	0.16	0.03
g.	Amount of further interest remaining due and payable in succeeding years	-	-

The SAP system has a field minority indicator in Vendor Master, which is updated to identify the vendor as an MSME. Then system has been enhanced to capture more details of MSME Vendors, such as certificate number, name of the entrepreneur, type of organization, date of commencement, bank details etc. Accordingly, dues to Micro and Small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Company and relied upon by the Auditors.

40. Cargo Revenue, Flight Interruption Manifest (FIM) and Code-share Revenue have been accounted based on information received from Air India Limited (Holding Company). Similarly, the Excess Baggage collection at few stations are controlled and monitored by the Holding Company on behalf of the Company and the same has been accounted for based on information provided by the Holding Company. The Company is of the view that Flight Interruption Manifest (FIM) and Code-share Revenue are “Interline Transactions” and hence GST is not applicable on the said transactions.

**41. INVENTORY & ROTABLES**

- a. The Company also appointed a firm of Chartered Accountants to carry out physical verification of the Inventories and match the same with the RAMCO System. On account of lockdown due to COVID-19, the Company has conducted physical verification of only part of the inventory at the Mumbai location subsequent to the year end and at Trivandrum location during the year 2019-20. On the basis of their report, the Company made further adjustments to the Inventories by reducing the value thereof and adjusting the material consumption by Rs.62.66 Million (net) (Previous year Rs.15.61 Million). With respect to the balance part of inventories at Mumbai and Trivandrum location and all the inventories at other locations (including inventory lying with third parties), discrepancies, if any, which may have remained undetected & unadjusted will be adjusted in subsequent financial year.
- b. On the basis of information provided by MMD department and verified / accepted by the Company in relation to non-moving items of stores & spares inventories, the provision for inventory obsolescence as on 31st March, 2020 to Rs.91.01 Million (Previous year Rs.197.42 Million)
- c. The Inventories of aircraft spares have been valued “at cost” thereof since the cost is lower than the “Catalogue Price” or the prices to the extent available in “Public Domain”. The Other Consumables have been valued at cost, it being lower than the available comparable market values.



- d. Inventory balances lying in various intermediary / suspense heads under RAMCO system for which consumption / issue / scrapping is pending update until 31<sup>st</sup> March, 2020 aggregating to Rs.690.20 Million (Previous year Rs. 1,329.72 Million). Pending reconciliation / rectification, provision of Rs.293.84 Million (Previous Year Rs.56.28 Million) is made towards the inventory balances.

Further, Inventory issued for repairs but not consumed until the year end is valued at weighted average cost at which these were issued from the main stores based on specific identification method.

42. In the opinion of the Company, the Current Assets, Loans and Advances and Liabilities are approximately of the value stated, if realized, in the ordinary course of business. The provision for depreciation and for all known liabilities is adequate and not in excess of the amount reasonably necessary.
43. The Company has accounted for applicable credit under the “Service Export from India Scheme” (SEIS), an amount of Rs.829.28 Million at the estimated net releasable value as on 31<sup>st</sup> March 2020 (Previous Year Rs.552.47 Million). The application has not been submitted as the DGFT e-commerce portal has not yet opened for acceptance of applications for FY 2019-20.
44. The Company’s Debentures listed on Bombay Stock Exchange has been repaid on 26<sup>th</sup> March 2020. Accordingly, as per regulation 86 (6) of the Listing Obligation and Disclosure requirements (Amendment) Regulations, 2017 (LODR) the Company will be considered as a delisted entity from the date of repayment.

#### 45. INSURANCE CLAIM RECEIVABLE

The Company has adopted the stated Accounting policy during the financial year 2019-20 for accounting of claims receivable on the acceptance of claim by the insurance company.

During the previous year 2018-19, there were two incidents of accident to the Company’s aircrafts viz VT AYD and VT AXI and there was one incident of damage to the engine CFM56-ESN 894732 (engine) during the repair work on the test bench.

In respect of VT AYD, the Company has incurred an expenditure of Rs. 249.39 Million towards repair against which the amount of Rs.197.52 Million net of deductibles is recoverable from the Insurance Company. An amount of Rs.126.34 Million was received during the financial year 2019-20 and balance amount was recovered during the financial year 2020-21.

In respect of Engine, the Company has a recoverable amount of Rs. 274.46 Million as on 1.4.2019. An amount of Rs. 274.44 Million net of deductible, was recovered during the financial year 2019-20.

In respect of VT AXI, the Company has a recoverable amount of Rs. 47.93 Million as on 1.4.2019, out of which an amount of Rs. 41.62 Million was recovered after deducting Rs. 4.14 Million during the financial year 2019-20. The balance amount was recovered during the financial year 2020-2021.

In respect of VT AYB, the Company had a net recoverable amount of Rs.226.19 Million as on 1.4.2019. Out of this, the amount of Rs. 196.02 Million has been written off in current year on account of rejection of the claim by the insurance agency and balance receivable of Rs. 30.17 Million is reversed as at 31.03.2020 as the same is not yet confirmed by the insurance agency.

46. During the year, an additional charge of Rs.345.81 Million towards insurance cost has been allocated by the Holding Company on account of an increase in insurance premium for FY 2019-20 attributable



to Company's high claim ratio for the damages. The basis of allocation has been agreed upon mutually and approved by the respective companies.

47. A) Government of India (The Government), on behalf of the Company had provided guarantees as follows-
- Aggregating to USD 678.79 Million in favour of the lessors of financial lease for acquiring 18 B737-800 Aircrafts.
  - Repayment of debentures issued by the Company amounting to Rs.950.00 Million, which was due for repayment on 26<sup>th</sup> March 2020, and has accordingly been repaid on the due date.
- B) The Company has provided the guarantee fees payable to the Government at the rate of 0.5% on the amount of respective liabilities as outstanding at the end of every financial year. The said guarantee fees provided by the Company had not been paid in accordance with the terms of the Guarantees, for which the Company is liable to pay penal interest.

The Company has since paid the entire amount of guarantee fees on 31<sup>st</sup> May 2019 and has represented to the Government for waiver of the penal interest amounting to Rs.832.47 Million. Since the Company has not received any claim from the Government of India towards penal interest, no provision for the same has been made in these financial statements.

48. Reimbursement of employee claims, lost baggage claims and crew allowances, being not material are accounted as and when settled.

#### 49. SEGMENT REPORTING

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

(Rupees in Million)		
Particulars	FY-2019-2020	FY-2018-19
India	24,918.96	20,972.56
Gulf	22,832.30	17,403.62
S.E.Asia	1,973.66	1,594.09
<b>TOTAL (Refer Note 59 )</b>	<b>49,724.92</b>	<b>39,970.27</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 the geographical segment. Consequently, area-wise assets and liabilities are not disclosed.

#### 50. TRANSITION TO IND-AS 116 – Leases

##### A. For Current Year

Ind AS 116 - Leases has replaced the erstwhile leases standard, Ind AS 17 - Leases. It provides a single lessee accounting model, specifying how leases are recognised, measured, presented and disclosed. The lessee recognises right of use (ROU) assets representing its right to use the underlying asset on lease and a lease liability representing its obligation to make lease payments.



The standard is applicable from 1st April 2019. The Company has applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (i.e. 1st April, 2019). Accordingly, the Company has not restated comparative information; instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on 1 April 2019. On that date, the Company recognised the lease liabilities measured at the present value of the remaining lease payments. The right of use assets is recognised at their carrying amount, as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at 1 April 2019.

The major impact of adopting Ind AS 116 on the Statement of Profit and Loss for the year ended 31 March 2020 is as follows:

		(Rupees in Million)
Sr. No.	Impact on accounts head	FY-2019-20
a.	<b>Profit &amp; Loss for the F.Y. 2019-20</b>	
i.	Depreciation	2,205.35
ii.	Finance cost	402.85
iii.	Lease Rent	(2,544.70)
iv.	Exchange Gain/Loss due to re-instatement of lease liability	1,153.98
v.	<b>Net Impact on P &amp; L</b>	<b>1,217.48</b>
b.	<b>Impact on the Balance Sheet as on 01-04-2019</b>	
i.	Right to use Asset	13,086.11
ii.	Retained Earnings	(270.97)
iii.	Lease Liability	13,380.22

## B. For Previous Year

### a. Finance Leases

Certain Aircraft obtained by the Company were classified as finance lease under INDAS 17 till 31<sup>st</sup> March, 2019, the obligation for these Aircraft will be contractually settled in USD. The legal title of these Aircraft vests with the lessors. The lease term for Aircraft is 12 years and year of maturity ranges between March 2018 to October 2021 with quarterly payments begin from the quarter subsequent to the commencement of the lease. The total future minimum lease payment as on 31<sup>st</sup> march, 2019 are as follows: -

		(Rupees in Million)
Sl. No.	Particulars	As at March 31, 2019
		(Rs.)
A)	<b>Outstanding balance of minimum lease payments including interest there on:</b>	
	Not later than one year	2,135.35
	Later than 1 year but not later than 5 years.	1,797.34
	Later than 5 years	-
	<b>TOTAL A</b>	<b>3,932.69</b>



<b>B)</b>	<b>Present Value of (A) above</b>	
	Not later than 1 year	2,094.72
	Later than 1 year but not later than 5 years	1,778.00
	Later than 5 years.	-
	<b>TOTAL B</b>	<b>3,872.72</b>
<b>C)</b>	<b>Finance Charges (A-B)</b>	<b>59.97</b>

**b. Operating Leases**

The future minimum lease rental payables under non-cancellable leases as on 31<sup>st</sup> March 2019 are as follows: -

(Rupees in Million)

Details	FY 2018-19
Payable within 1 year	2,497.90
Payable later than 1 year but not later than 5 years	9,966.13
Later than 5 years	2,149.85
<b>TOTAL</b>	<b>14,613.88</b>

**c. Arrangement for Finance Leases**

The aircraft (B 737-800) were delivered to Air India Express Limited during the period December 2006 to December 2009 and the same were capitalized in the books accordingly. 85% of aircraft financing package provided by the financial institutions is guaranteed by US Exim which in turn is guaranteed through a Government of India guarantee in favor of US Exim. The balance 15% is arranged through commercial loans. Under the financing arrangement with US Exim the Company has to form a Special Purpose Vehicle Company (SPV Company) which would be located in a tax free jurisdiction which would own the asset. A two tier structure was therefore put in place whereby the head lessor (SPV Company) was situated in Delaware which could lease the aircraft to an Irish SPV (established in order to make the transaction tax neutral). Since the issue of settling the GOI guarantee took considerable time, the Company in the meanwhile had to take delivery of the aircraft through a temporary financing arrangement. When the US Exim guaranteed loan was in place it was decided to cover all the delivered aircraft in the fleet up to that point by transferring the assets to the SPV Company based in Delaware and lease it again through the Irish SPV. There was as such, no actual sale to the SPV Company but this had to be done to complete and comply with the formalities of putting together a financial arrangement which was guaranteed through the US Exim. All costs related to the acquisition of the aircraft including the setting up of the SPV Companies have been capitalized in the books since it pertained to the acquisition of the aircraft. The lease has been structured as a financial lease so that the ownership in the aircraft would pass on to the Company at the end of the lease period. In the meanwhile, i.e. the time from when the asset was initially acquired by the Company in its books to the date the asset was transferred to the SPV, Company certain installments in the form of principal and interest fell due, which were paid off.

- d. Under operating lease arrangements of Aircraft, the Company incurs variable payments towards maintenances of the Aircrafts which are disclose under "Hire of Aircraft"

**51. Redelivery of Leased Aircraft**

As per Ind AS, Provisions, Contingent Liabilities and Contingent Assets, Company has provided for cost of redelivery of Aircraft as discounted at present value.

The Company in its fleet has 8 Leased B 737-800 Aircraft covering the lease term of eight years. As per the terms of the lease agreements, the aircrafts have to be redelivered to the lessor at the end of the lease period as per the redelivery conditions stipulated. Such redelivery conditions would entail costs for technical inspection, maintenance checks, repainting costs and cost of ferrying the aircraft to the locations stipulated in the agreement. The Company therefore provides for such redelivery expenses, as contractually agreed, on estimated basis in proportion to the expired lease period to the total lease period.

(Rupees in Million)

Particulars	FY 2019-20	FY 2018-19
<b>Opening Balance</b>	<b>56.56</b>	<b>37.69</b>
Add: Additional Provision during the year	<b>34.58</b>	18.87
Less: Amount used during the year	-	-
Less: Amount reversed during the year	-	-
<b>Closing balance</b>	<b>91.14</b>	<b>56.56</b>

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

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

Sr. No.	Name of Company	Relationship
1	Air India Limited	Holding Company
2	Hotel Corporation of India Limited (HCI)	Fellow Subsidiary Company
3	Air India Engineering Services Limited (AIESL)	Fellow Subsidiary Company
4	Air India Air Transport Services Limited (AIATSL)	Fellow Subsidiary Company
5	Airline Allied Services Limited (AASL)	Fellow Subsidiary Company
6	Air India SATS Airport Services Private Limited	Entity in which Holding Company has substantial interest.



**(ii) Key Managerial Personnel (KMP's)**

Sr. No.	Name of Director	Designation	Remark
1.	Shri. Rajiv Bansal	Chairman	w.e.f. 14.02.2020
2.	Shri. Aswani Lohani	Chairman	Up to 14.02.2020
3.	Shri. Pranjol Chandra	Director	
4.	Smt. Kusum Lata Sharma	Director	w.e.f. 20.01.2020
5.	Shri. Angshumali Rastogi	Director	Up to 20.01.2020
6.	Shri. Vinod Shanker Hejmadi	Director	
7.	Shri. K. Shyam Sundar	Chief Executive Officer	
8.	Smt. Ranjita Kumari	Chief Financial Officer	w.e.f. 18.06.2020
9.	Shri. M. Manoharan	Chief Financial Officer	Up to 06.06.2020
10.	Smt. Aditi Khandekar	Company Secretary	

**B. Related Party Transactions**

- i. The KMP vide Sr. No. 1,2 & 6 receive Remuneration and Perquisites from the Holding Company.
- ii. Transactions such as providing airline related services in the normal course of airline business to the KMPs are not charged and hence not included below.
- iii. There were no Loans or Credit Transactions with KMPs of the Company or their relatives during the year.
- iv. In term of Ind AS 24, following are the disclosure requirements related to transactions with certain Government Related entities i.e. Significantly controlled and influenced entities by Government of India and other than government related parties

(Rupees in Million)

Sr. No.	Name of the Entities and Nature of transactions	FY. 2019-20	FY. 2018-19
1	<b>Air India Limited (AIL)</b>		
	<b><u>Revenue</u></b>		
	Passenger (Reimbursement)	<b>629.03</b>	498.45
	Cargo (Reimbursement)	<b>966.35</b>	673.02
	<b><u>Expenditure</u></b>		
	Service Cost	<b>3,500.00</b>	3,500.00
	Employees Benefit (Reimbursement)	<b>185.38</b>	517.73
	Interest & Bank Charges	<b>989.08</b>	924.27
	Corporate Guarantee	<b>42.65</b>	39.35
	Insurance (Reimbursement)	<b>559.80</b>	118.31
	Handling Charges (Security)	<b>196.54</b>	142.30
	Travelling Expenses (Reimbursement) & Others	<b>96.74</b>	0.30
	Professional Fees (Reimbursement)	-	2.73
	Technology Charges	<b>104.59</b>	-
	<b>Closing Balance</b>	<b>11,346.98</b>	<b>11,510.41</b>



Sr. No.	Name of the Entities and Nature of transactions	FY. 2019-20	FY. 2018-19
	<b>Airline Allied Services Limited (AASL)</b>		
	<b><u>Revenue</u></b>		
	Sale of Goods	0.01	0.67
	<b><u>Expenditure</u></b>		
	Purchases of Goods	0.39	0.16
	<b>Closing Balance</b>	<b>0.59</b>	<b>0.14</b>
3	<b>Air India Engineering Services Limited (AIESL)</b>		
	<b><u>Expenditure</u></b>		
	Repair to Others (Engineering cost)	1,192.91	801.87
	Handling Charges	-	35.78
	Interest	107.11	96.03
	<b><u>Others</u></b>		
	Purchase of Goods	-	7.91
	<b><u>Reimbursement of Expenses</u></b>		
	Expenditure incurred by the Company on behalf of AIESL	66.46	39.90
	Loan Taken	-	1,177.56
	Loan Repaid	-	1,117.85
	<b>Closing Balance</b>	<b>1,342.51</b>	<b>1,144.89</b>
4	<b>Air India Air Transport Services Limited (AIATSL)</b>		
	<b><u>Expenditure</u></b>		
	Handling Charges	413.79	332.05
	Interest	18.73	14.44
	<b>Closing Balance</b>	<b>156.2</b>	<b>278.67</b>
5	<b>Air India SATS Airport Services Private Limited (AISATS)</b>		
	<b><u>Expenditure</u></b>		
	Handling Charges	172.57	176.87
	<b>Closing Balance</b>	<b>47.54</b>	<b>76.96</b>
6	<b>Hotel Corporation of India Limited (HCI)</b>		
	<b><u>Expenditure</u></b>		
	Hotel Expenses	3.61	0.91
	<b>Closing Balance</b>	<b>2.36</b>	<b>1.23</b>
7	<b>Shri. K. Shyam Sundar (KMP - Chief Executive Officer) Remuneration</b>	<b>3.00</b>	3.11
8	<b>Shri. M. Manoharan (KMP- Chief Financial Officer)</b>	<b>1.81</b>	-
9.	<b>Smt. Aditi Khandekar (KMP- Company Secretary)</b>	<b>2.28</b>	-

Related party information is identified by the Company and relied upon by the Auditors. The above stated related party transactions are at Arm's Length Price as confirmed by the Board of Directors vide meeting dated 27<sup>th</sup> Oct 2020.

**53. TAXATION:**

Since there is no taxable income in view of unabsorbed depreciation and brought forward losses for earlier years, no provision for tax has been made.

The Company has decided to opt for concessional income tax rate of 22 percent as per section 115 BAA of the Income Tax Act, 1961 effective from Assessment Year 2020 – 21.

The Company has re-computed Deferred Tax Assets/ Liabilities in consonance with the decision to opt for concessional tax regime, which has resulted in net reduction in Deferred Tax Assets and Liabilities by Rs 3,227.04 million and Rs. 2,443.39 million respectively.

**(i) Reconciliation of effective tax rate**

Reconciliation of tax expense and the accounting profit / (loss) multiplied by India's domestic tax rate for the year ended 31 March 2020 and 31st March 2019:

**(Rupees in Million)**

<b>Particular</b>	<b>For the year ended 31st March 2020</b>	<b>For the year ended 31st March 2019</b>
Profit Before Tax	<b>4,181.93</b>	1,685.89
Effective Tax Rate	<b>25.17%</b>	21.55%
Amount of Tax using Standard rate of Tax in India	<b>1,049.07</b>	363.09
<b>Effect of :</b>		
Set-off of Brought Forward Losses and Unabsorbed Depreciation	<b>(984.60)</b>	(310.30)
Non- deductible expenses for tax purpose	<b>(64.47)</b>	(14.70)
<b>Tax Expenses for the year (As per Minimum Alternate Tax)</b>	-	38.08

**(ii) Deferred Tax Asset / Liabilities****(Rupees in Million)**

<b>Particular</b>	<b>As at 31st March 2020</b>	<b>As at 31st March 2019</b>
<b>Deferred Tax Liability</b>		
Property, Plant & Equipment (Depreciation)	<b>(6,292.99)</b>	(9,147.86)
<b>Total</b>	<b>(6,292.99)</b>	<b>(9,147.86)</b>
<b>Deferred Tax Assets</b>		
Unabsorbed Tax losses & Unabsorbed Depreciation	<b>7,838.95</b>	15,550.06
Other Disallowances (Net)	<b>468.96</b>	198.92
<b>Total</b>	<b>8,307.91</b>	<b>15,748.98</b>

**(iii) Deferred Tax Asset / Liabilities recognized in the books****(Rupees in Million)**

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred Tax liability	<b>(6,292.99)</b>	(9,147.86)
Deferred Tax asset	<b>6,292.99</b>	9,147.86
<b>Net Deferred Tax Assets/Liability</b>	<b>NIL</b>	<b>NIL</b>

**Note:** The Company has recognized Deferred Tax Assets arising on account of carried forward unabsorbed depreciation to the extent of the Deferred Tax Liability arising on account of the temporary timing difference on net book value of Property, Plant & Equipment of Rs 6,292.99 Million as at March 31, 2020 (Rs. 9,147.86 Million as at March 31, 2019).

**(iv) Statement of Unabsorbed Depreciation and Business Loss****(Rupees in Million)**

Particulars	Unabsorbed Business Losses#		Unabsorbed Depreciation	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<4 year	-	884.12	-	3,157.98
< 5 year	-	1,528.11	-	3,267.36
< 6 year	-	385.64	<b>3,193.09</b>	2,049.10
< 7 year	-	-	<b>3,267.36</b>	5,485.05
< 8 year	-	-	<b>24,686.05</b>	27,742.27
<b>Total</b>	-	<b>2,797.87</b>	<b>31,146.50</b>	<b>41,701.76</b>

# Unabsorbed depreciation does not have any limitation period under the Income Tax Act, 1961.

**Note:**

- i) The above amounts are after setting off against current year profit
- ii) The unabsorbed tax losses and unabsorbed depreciation considered above are based on the tax returns filed / tax assessment order of the Company for respective years.

**54. EARNINGS PER SHARE**

Details	As at March 31, 2020	As at March 31, 2019
Profit after tax (Rs. in Millions)	<b>4,141.76</b>	1,643.89
Weighted Average no. of equity shares of Rs. 100 Each (In Millions)	<b>78.00</b>	78.00
EPS Basic & Diluted (In Rs.)	<b>53.10</b>	<b>21.08</b>

**55. REMUNERATION TO STATUTORY AUDITORS**

The details of the audit fees and out of pocket expenses are as under:

(Rupees in Million)

Particulars	FY 2019-20	FY 2018-19
Audit Fees for the year	1.40*	1.00
Out of Pocket Expenses	0.13	0.18#
<b>Total</b>	<b>1.53</b>	<b>1.18</b>

\* Includes arrears of previous year Rs.0.1 Million

# Includes arrears of previous year Rs.0.08 Million

**56. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

In F.Y. 2016-17 and 17-18, the Company had incurred expenditure towards “Corporate Social Responsibility” (CSR) at the rate of 2% of its “average net profits” computed in accordance with Section 198 of the Companies Act, 2013. In FY 2018-19, the said provisions of Section 198 have been amended effective from 19-09-2018, whereby while computing the average net profits, the “excess of expenditure over income” incurred before 01-04-2014 as against such reduction post 1.4.2014 pre amendment, has to be reduced. Consequently, the losses incurred prior to 01-04-2014 are deductible in computing the “net profits”, which in the case of the Company has resulted into negative net profits for the year computed under the said Section 198 of the Companies Act, 2013. Accordingly, the Company is not required to incur the expenditure towards Corporate Social Responsibility u/s. 135 of the Companies Act, 2013.

However, the following amount pertaining to earlier years remains to be spent by the Company towards Corporate Social Responsibility:

(Rupees in Million)

Sr. No.	Particulars	Amount spent	Balance Amount to be spent
I	Construction/acquisition of any asset	-	-
ii	On purposes other than (i) above	8.58*	22.43

\* Excluding amount of Rs.2.55 million being expenditure incurred but not paid as on 31<sup>st</sup> Mar 2020

**57.** The Company did not file Form 3CEB in respect of Specified Domestic Transactions as required under section 92E of the Income Tax Act, 1961 from F.Y. 2012-13 to F.Y. 2015-16 (both inclusive) as the said matter was pending confirmation by the Holding Company. The Company is unable to ascertain the liability if any due to non-filing of Form 3CEB at this juncture and hence, no provision has been made therefor.

**58. IMPAIRMENT**

The management has carried out impairment test internally by evaluating the condition of utilisation of its Property Plant and Equipment and its ability to generate operating profits. On the basis of such evaluation, the management is of the opinion that there is no impairment of assets at the end of the year.



## 59. REVENUE FROM OPERATIONS

The Company's gross and net revenue for F.Y. 2019-20 and 2018-19 are as under.

(Rupees in Million)

Sr. No.	Particulars	Year ending 31st March 2020	Year ending 31st March 2019
1	Passenger Service Income – Gross	51,929.30	43,916.18
	Less:-		
	Cancellation/Refund	2,204.38	3,945.91
	Net Passenger Service	49,724.92	39,970.27
	Less:-		
	Booking Agency Commission	403.30	325.24
	Net Income form Passenger Service (A)	49,321.62	39,645.03
2	Excess Baggage (B)	769.17	623.95
3	Cargo (C)	966.48	675.24
	<b>Net Revenue from Operation (A+B+C)</b>	<b>51,057.27</b>	<b>40,944.22</b>

60. The Company is in the process of ascertaining the reason for unreconciled Airport Tax Payable of Rs. 176.88 Million and the same will be adjusted in the year in which the said process is completed.

## 61. GOING CONCERN

The Financial Statement for the year has been prepared on a Going Concern basis, though the Net worth of the Company is negative, due to following factors / reasons;

- The Company has recorded a net profit of Rs. 4,127.74 Million during the FY 2019-20. The Company had achieved a net profit of Rs. 1,615.88 Million during the previous year FY 2018-19.
- With the finalization of Accounts for FY 2019-20, the Company has recorded Cash profit of Rs. 9,212.69 Million and Operating profit of Rs. 7,405.23 Million during the year. The Company has consistently earned profit for 5 years in a row through continuous improvement in efficiency and productivity of manpower and resources
- As a result of the much improved financial performance over the past five years, the Company's Net worth is fast approaching to positive figure. The Company should have achieved 'positive net worth' by the close FY21, but for the dramatic down turn in the air travel industry attributable to the COVID 19 pandemic. As the recovery of operations / traffic is expected to take about 12-18 months at the least, it is now projected that the Company would become net worth positive by the end of FY 2023-24.
- The Company has initiated several cost-cutting measures to cope with the drastically reduced opportunities to operate scheduled services on account of travel bans implemented by most countries especially those in which the Airline has significant on-line presence.
- Commencing from 7th May 20, the Airline has progressively increased the operation of repatriation flights aimed at bringing distressed Indian nationals back to their homes under the Vande Bharat Mission (VBM).



- The Company has been constrained to temporarily place on hold the Medium to Long term fleet and network plan that had been developed on account of the pandemic situation and the on-going disinvestment exercise.
- The Company has also surpassed the Operating Revenue by 25.12% compared to the previous year. The Company has achieved Pan-India footprint by launching operations on many new routes in FY 2019-20 from Kannur & Surat. The results achieved on these routes have been promising.
- The Company had also successfully renewed the IOSA Registration which serves as measure of the Airline's adherence to Assurances and Quality of Services.
- The Company has paid the dues towards the Aircraft loan for 3 aircrafts during the fiscal 19-20 and out of the balance 7 aircrafts, 2 aircrafts have been cleared of debt during the financial year 2020-21. It is projected that all the 16 Aircrafts would be free from debt in FY 2021-22.
- As fuel rates have declined sharply, the Company is examining the opportunity to recommence services to Malaysia and Sri Lanka as and when scheduled international operations become feasible.
- Air India Express was awarded the following awards:
  1. "Management Excellence Award" for the Turnaround Performance 2019 at 12th International Civil Aviation Conference organized by ASSOCHAM in New Delhi.
  2. "CSR Impact Award" for successful implementation of the CSR project at Edakkad village of Kozhikode in association with Mathrubhumi at India CSR Summit 2019, New Delhi
  3. "Top Cargo Handling Airline of Cochin International Airport for the year 2019"

## 62. CAPITAL MANAGEMENT

The Company is a wholly owned subsidiary of Air India, which in turn is wholly owned by Government of India (GOI). In view of this, the Company though having accumulated losses, is able to raise funds through debt which is secured by Sovereign guarantee of GOI. Further, there is a constant endeavor by the management to maximize the shareholders' value by increasing the efficiency of operations.

## 63. FAIR VALUE MEASUREMENT AND FINANCIAL INSTRUMENTS

### a. Financial instruments – by category and fair value hierarchy

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

#### (i) As on 31 March 2020

Particulars	Note	Carrying Value				Fair value measurement using		
		FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
<b>Financial Assets</b>								
<b>Non-Current</b>								



Particulars	Note	Carrying Value				Fair value measurement using		
		FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Security Deposit / Bank Deposit Margin money				266.90	266.90			266.90
<b>Current</b>								
Trade Receivable*				46.93	46.93			
Cash & Cash Equivalents*				92.12	92.12			
Bank Balances other than cash and cash equivalents*				692.39	692.39			
<b>Others</b>								
Insurance Claims Recoverable				82.09	82.09			
Loans and Advances to Employees				0.02	0.02			
Advance Recoverable in Cash or Kind				-	-			
Export Incentive Receivable				829.28	829.28			
Interest Accrued on Bank Deposits				4.57	4.57			
Security Deposit				61.47	61.47			
Other Advance				7.51	7.51			
Others				101.30	101.30			
<b>Total</b>				<b>2,184.58</b>	<b>2,184.58</b>			<b>266.90</b>
<b>Financial liabilities</b>								
<b>Non-Current</b>								
Lease Liability				10,425.18	10,425.18			
Security Deposits				0.42	0.42			0.42
<b>Current</b>								-
Borrowing#				13,600.97	13,600.97			13,600.97
Lease Liability				3,821.41	3,821.41			
Trade Payables*				5,662.67	5,662.67			
<b>Other Financial Liabilities</b>								
Interest Accrued but not due on Borrowings				9.25	9.25			
Book Overdraft				0.55	0.55			
Interest Accrued but due on Borrowings				22.81	22.81			
Payable to Passengers				261.01	261.01			
Airport Taxes Payable				652.54	652.54			



Particulars	Note	Carrying Value				Fair value measurement using		
		FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Payable to Holding Company				11,346.99	11,346.99			
Security Deposits				6.16	6.16			
Payable to Agents				99.50	99.50			
Provision for Expenses				664.52	664.52			
Others				104.10	104.10			
<b>Total</b>				<b>46,678.08</b>	<b>46,678.08</b>			<b>13,601.39</b>

(ii) As on 31 March 2019

Particulars	Note	Carrying Value				Fair value measurement using		
		FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
<b>Financial Assets</b>								
<b>Non-Current</b>								
Security Deposit / Bank Deposit Margin money				165.43	165.43			165.43
<b>Current</b>								
Trade Receivable*				495.24	495.24			
Cash & Cash Equivalents*				285.38	285.38			
Bank Balances other than cash and cash equivalents*				681.04	681.04			
Others								
Insurance Claims Recoverable				548.58	548.58			
Loans and Advances to Employees				0.54	0.54			
Advance Recoverable in Cash or Kind				17.90	17.90			
Export Incentive Receivable				631.16	631.16			
Interest Accrued on Bank Deposits				5.89	5.89			
Security Deposit				28.00	28.00			
Other Advance				1.41	1.41			
Others				0.03	0.03			
<b>Total</b>				<b>2,860.60</b>	<b>2,860.60</b>			<b>165.43</b>
<b>Financial liabilities</b>								
<b>Non-Current</b>								



Particulars	Note	Carrying Value				Fair value measurement using		
		FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Borrowings#				1,778.00	1,778.00			1,778.00
Lease Liability				-	-			
Security Deposits				5.20	5.20			5.20
<b>Current</b>								
Borrowing#				13,088.18	13,088.18			13,088.18
Lease Liability				-				
Trade Payables*				9,709.81	9,709.81			
<b>Other Financial Liabilities</b>								
Debenture				950.00	950.00			
Finance Lease Obligations				2,094.72	2,094.72			
Interest Accrued but not due on Borrowings				21.95	21.95			
Interest Accrued but not due on debenture				0.05	0.05			
Airport Taxes Payable				658.45	658.45			
Payable to Holding Company (Net)				11,510.41	11,510.41			
Security Deposits				0.73	0.73			
Provision for Expenses				715.16	715.16			
Others				542.94	542.94			
<b>Total</b>				<b>41,075.60</b>	<b>41,075.60</b>			<b>14,871.38</b>

# The Company's borrowings have been contracted at floating rates of interest, which resets at short intervals. Accordingly, the carrying value of such borrowings (including interest accrued but not due) approximates fair value.

\* The carrying amounts of trade receivables, trade payables, cash and cash equivalents, bank balances other than cash and cash equivalents, maintenance advance and other current financial assets, approximates the fair values, due to their short-term nature. The other non-current financial assets represent bank deposits (due for maturity after twelve months from the reporting date) and interest accrued but not due on bank deposits, the carrying value of which approximates the fair values as on the reporting date.

Valuation technique used to determine fair value using discounted cash flow method.

### Fair Value Hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:



Level 1:	Inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities.
Level 2:	Inputs are other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. prices) or indirectly (i.e. derived from prices).
Level 3:	Inputs are based on unobservable market data. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

## 64. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

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

- i. Credit Risk
- ii. Liquidity Risk
- iii. Market Risk –
  - a. Foreign Currency, and
  - b. Interest Rate

The Company's principal financial liabilities comprise of loan and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance receivable, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a treasury team. The treasury team provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objective. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below:

### (i) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation.

The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The maximum exposure to the credit at the reporting date is primarily from trade receivables consisting of Deposits from Agents and GSA top-up. As per the business model, the trade receivables are typically secured, derived from revenue earned from customers/agents. As regards, the sales generated through the GSA at respective foreign stations, the same is covered through the Bank Guarantee. Trade receivable also includes receivables from credit card companies which are realizable within a period of 2 working days. The Company monitors the economic environment in which it operates. The Company has adequate security measures for all credit card/web sales through Fraud Prevention Tool, Decision Manager through Cyber Source etc. and thus is fully protected.



The Company sells majority of its passenger service against deposits made by agents (customers) and through online channels.

## (ii) Liquidity Risk

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

The Company's approach to manage Liquidity is to have sufficient liquidity to meet its liabilities when they are due, both under normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company believes that its liquidity position, including total cash (including bank deposit lien and excluding interest accrued but not due) of Rs. 784.51 Million as at 31<sup>st</sup> March 2020 (Previous Year Rs. 966.42 Million) anticipated future internally generated funds from operations, and its full availability, will enable it to meet its future known obligations in the ordinary course of business. However, if a liquidity need were to arise, the Company believes that it has access to financing arrangement, value of unencumbered assets, which should enable it to meet its ongoing capital, operating, and liquidity requirement. The Company will continue to consider various borrowing or leasing options to maximize liquidity and supplement cash requirement as necessary.

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

- Day to day funding, managed by monitoring future cash flows to ensure that requirement can be met.
- Maintaining rolling forecast of the Company's liquidity position on the basis of expected cash flows.
- Maintaining diversified credit lines.

### Exposure to Liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The contractual cash flow amount is gross and undiscounted, and includes interest accrued but not due.

(Rupees in Million)

As at 31st March 2020	Carrying amount	Contractual Cash Flows				
		Up to 1 year	1-3 Year	3-5 Year	More than 5 years	Total
Term Loan	13,600.97	13,600.97				13,600.97
Lease Liability	14,246.59	3,821.41	8,138.50	1,936.92	349.77	14,246.60
Payable to Parent Company	11,346.99	11,346.99				11,346.99
Trade Payables to related parties	1,545.23	1,545.23				1,545.23
Trade Payables	4,117.44	4,117.44				4,117.44



Finance Lease Obligations	-	-				-
Interest Accrued but not due on Borrowings	9.25	9.25				9.25
Interest Accrued but due on Borrowings	22.81	22.81				
Interest Accrued but not due on Debenture	-	-				-
Book Overdraft	0.55	0.55				0.55
Payable to Passengers	261.01	261.01				
Airport Taxes Payable	652.54	652.54				652.54
Security Deposits	6.16	6.16				6.16
Payable to Agents	99.50	99.50				
Provision for Expenses	664.52	664.52				
Others	104.16	104.16				104.16
<b>Totals</b>	<b>46,677.72</b>	<b>36,252.54</b>	<b>8,138.50</b>	<b>1,936.92</b>	<b>349.77</b>	<b>45,629.89</b>

(Rupees in Million)

As at 31st March 2019	Carrying amount	Contractual Cash Flows				
		Up to 1 year	1-3 Year	3-5 Year	More than 5 years	Total
Non-Convertible Debentures	950.00	950.00	-			950.00
Term Loan	13,088.18	13,088.18				13,088.18
Finance Lease Obligation	1,778.00		1,778.01	-		1,778.01
Payable to Parent Company	11,510.41	11,510.41				11,510.41
Trade Payables to related parties	1,501.61	1,501.61				1,501.61
Trade Payables	8,208.20	8,208.20				8,208.20
Finance Lease Obligations	2,094.72	2,094.72				2,094.72
Interest Accrued but not due on Borrowings	21.95	21.95				21.95
Interest Accrued but not due on Debenture	0.05	0.05				0.05
Airport Taxes Payable	658.45	658.45				658.45
Security Deposits	0.73	0.73				0.73
Provision for Expenses	715.16	715.16				
Others	542.94	542.94				542.94
<b>Totals</b>	<b>41,070.40</b>	<b>39,292.40</b>	<b>1,778.01</b>	<b>-</b>	<b>-</b>	<b>40,355.25</b>

(iii) **Market risk**

Market risk is the fluctuation of fair value and future cash flows of financial instruments due to



changes in market prices. Market risk comprises two types of risks namely: currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

#### A. Currency risk

Currency risk is the risk that the future cash flows of a financial instrument/commodity (ATF) will fluctuate because of changes in foreign exchange/ATF rates. The Company is exposed to the effects of fluctuation in the prevailing foreign currency/ATF rates on its financial position and cash flows. Exposure arises primarily due to exchange rate fluctuation between the functional currency and other currencies from the Company's operating, investing and financing activities, as well as fluctuation in the ATF prices on account of supply and demand position in crude market.

#### B. Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings with floating interest rates.

The Company's interest rate risk arises majorly from the foreign currency term loan and finance lease carrying floating rate of interest. These obligations expose the Company to cash flow interest rate risk. The exposure of the Company's borrowings to interest rate changes as reported to the management at the end of the reporting period are as follows:

(Rupees in Million)

Variable-rate instruments	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Finance lease obligation (including current maturities)	1,945.38	3,872.72
Bank Loan	13,600.98	13,088.18
Payable to AI	11,346.99	11,510.41
<b>Total</b>	<b>26,893.35</b>	<b>28,471.31</b>

#### Interest rate sensitivity analysis

A reasonably possible change of 0.50 % in interest rates at the reporting date would have affected the profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Increase by 0.50 %	Decrease by 0.50 %
For the year ended 31 March 2020	(134.47)	134.47
For the year ended 31 March 2019	(142.36)	142.36

#### 65. COVID – 19

COVID- 19 has been declared as a global pandemic. The Indian Government has declared a complete lockdown since March 24, 2020. Measures taken to contain the spread of the virus have significantly impacted global economic activity including suspension of operations of international airlines across the Globe and travel restrictions imposed by various countries, including India. The Airline had to curtail its operations significantly from the beginning of the 2nd week of March 2020, to destinations in the Gulf



region due to travel restrictions imposed by regulatory authorities in the Gulf countries. The Airline had to cease all its international operations from 22nd March 2020, as per directions issued by the DGCA suspending all scheduled international operations effective that date. This was followed by another Order from the DGCA suspending all scheduled domestic operations effective 25th March 2020.

The reduced operations starting from February 2020, shut down of air traffic from March 20 and obligation to pay committed expenditure had a significant impact on the Airline's performance in the last Quarter of FY 2019-20.

Operation on International sectors commenced from 7th May 2020 in the form of non-scheduled flights under the Vande Bharat Mission. DGCA issued an Order for calibrated resumption of domestic services with effect from 25th May 2020.

To mitigate the impact of COVID 19 outbreak, the Management has taken various steps like operating Cargo flights, availing Working Capital loans under the Emergency Funding Scheme announced by Reserve Bank of India, moratorium on payment of interest on Working Capital loans and aircraft loans, moratorium on payment of aircraft lease rentals, reduction in salary and allowances of employees, allowing employees to work from home, control of payment to various station vendors from the Head Office, operating flights under VBM and air bubble transport agreement, etc. These steps have helped the Company sail through the unprecedented environment created by the Pandemic.

The Company has also assessed the potential impact of Covid-19 on the carrying value of Property, Plant & Equipment, Intangible assets, Inventories, Trade Receivables and other assets appearing in the financial statements of the Company. In developing the assumptions and estimates relating to the future uncertainties in the economic conditions because of this pandemic, the Company as at the date of approval of these financial statements has used internal and external sources of information. Based on current estimates, the Company expects to recover the carrying amounts of all the assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

#### **66. Events occurring after the Balance Sheet date.**

A ground incident involving a Boeing 737-800 Aircraft, VT-AXW occurred on 6th June 2020 at the NEC hanger, Mumbai. The incident occurred due to high wind leading to Aircraft movement to the right hitting a Ground Power Unit parked near the Aircraft. The structure repair was carried out by Air India Engineering Service Ltd.(AIESL) as per the recommendation of M/s Boeing. AIESL our AMO (Aircraft Maintenance Organisation) is accountable / responsible for the maintenance and safety of Aircraft as per the MOU/SLA between AIESL and Air India Express. The repair work was completed on 24 July 2020. The Aircraft was subsequently operated on Repatriation flight on 27 July 2020. Expenditure incurred on repairs to the aircraft will be charged to AIESL.

During the year 2020- 2021 Air India Express VT-AXH from Dubai to Calicut was involved in an accident on 7 August 2020. The aircraft skidded off the end of the table top runway and fell down the slope, killing 19 passengers and both the pilots. The four cabin crew members and 165 passengers were injured in the accident. The Company has settled the interim compensation in respect of all the deceased / injured passengers including the crew. As the entire third-party legal liability claims arising from the accident are fully covered under the insurance policy, no provision is required to be made in the books on this account. The Company has received the claim from insurance company towards the loss of the aircraft.



67. The Financial Statements are approved for issue by the Board of Director as its meeting held on 27<sup>th</sup> Oct 2020
68. Previous year's figures have been regrouped / re-classified wherever necessary to correspond with the current year's classification / disclosures.

**For M. A. Parikh & Co.**  
Chartered Accountants  
Firm Registration No. 107556W

**Sd/-  
Mukul Patel**  
Partner  
Membership No: 032489

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

**Sd/-  
Rajiv Bansal**  
Chairman  
(DIN :- 00245460)

**Sd/-  
K.Shyam Sundar**  
Chief Executive Officer

**Sd/-  
Kusum Lata Sharma**  
Director  
(DIN :- 08678975)

**Sd/-  
Ranjita Kumari**  
Chief Financial Officer

**Sd/-  
Vinod Hejmadi**  
Director  
(DIN :- 07346490)

**Sd/-  
Aditi Khandekar**  
Company Secretary

Place : Mumbai  
Date : 28 October 2020

Place : New Delhi  
Date : 27 October 2020