

ANNUAL REPORT

2022 - 2023



ALLIANCE AIR AVIATION LIMITED

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CORPORATE INFORMATION

BOARD OF DIRECTORS (AS ON 22.09.2023)

Shri Satyendra Kumar Mishra Chairman
Shri Asangba Chuba Ao
Shri Pranjol Chandra
Shri Brajesh Kumar Srivastava

Chief Executive Officer

Shri Vineet Sood

Chief Financial Officer

Shri Ambar Kumar Mondal

Company Secretary

Smt Shilpa Bhatia

Statutory Auditors

Batliboi & Purohit
Chartered Accountants
National Insurance Building,
2nd floor, 204 D N Road, Fort, Mumbai-400001

Bankers

Punjab National Bank
IndusInd Bank
Axis Bank
Kotak Bank
Indian Overseas Bank
SBI (Sri Lanka)

Registered Office

Alliance Bhawan, Domestic Terminal-1
I.G.I. Airport, New Delhi – 110037
Tel:011-25672287, Website: www.allianceair.in
CIN:U51101DL1983GOI016518

Registrar & Share Transfer Agent

Link Intime India Private Limited
C-101, 247 Park,
L.B.S. Marg Vikhroli (West),
Mumbai – 400083



CHAIRMAN'S MESSAGE



Dear Shareholders,

It gives me immense pleasure to present to you the 40th (Fortieth) Annual Report of the Company for the Financial Year (FY) 2022-23. Alliance Air Aviation Limited (“the Company” or “AAAL”) is one of the leading regional airline in the country providing connectivity to Tier 2 & Tier 3 cities in India and operates under the brand name ‘Alliance Air’.

The Company is operating ATR type of aircraft since 2003 and has a fleet of 21 aircraft consisting of 18 ATR 72-600, 2 ATR 42-600 and one Dornier Do-228. The airline, previously functioned as a subsidiary of Air India Limited, has undergone an ownership change subsequent to the latter’s disinvestment. The ownership of the Company was transferred to AI Assets Holding Limited (AIAHL) which was established as a Special Purpose Vehicle (SPV) by the Government of India.

The Company’s fleet is deployed to operate 100(+) departures per day across network of 58 destinations which includes one international destination Jaffna in Sri Lanka.

OVERVIEW- CIVIL AVIATION INDUSTRY

With the constant rise in the population of the working group and the widening middle class demography, the Aviation Industry in India is expected to witness unprecedented demand. As per DGCA, the passengers carried by domestic airlines during January - December 2022 were 1232.45 Lakhs as against 838.14 Lakhs in the previous year thereby registering annual growth of 47.05 % and monthly growth of 13.69 %.

The Government has been instrumental in developing policies to give boost to the aviation sector. For this, UDAN-RCS scheme has been launched by the Government which aims to increase air connectivity by providing affordable, economically viable, and profitable travel on regional routes. The Government has set a target to operationalize 1,000 UDAN routes and to further develop 100 unserved and underserved airports/heliports/water aerodromes (including 68 aerodromes) by 2024.

AIR TRAVEL GROWTH

The Indian Aviation is on a path of recovery and exhibited significant recovery in terms of passenger movement. As per the report submitted by IBEF, the number of airplanes is expected to reach 1,100 planes



by 2027. In Financial Year 2022-23, airports in India pegged the domestic passenger traffic to reach 270.34 million, a 62.1 % growth annually and international passenger traffic to reach 56.9 million, a 157% growth annually as compared to Financial Year 2021-22.

INDIA TO BE THIRD LARGEST AVIATION MARKET

India has become the third-largest domestic aviation market in the world and is expected to overtake the UK to become the third-largest air passenger market by 2024.

Indian aviation is expected to undergo massive expansion and transformation in the years to come on the back of strong economic growth, favourable demographics, and infrastructure investments.

FUEL PRICES

Fuel prices account approximately for about 40% of airline's total cost of operations, while the same for ATR operations would be around 32 % of its operational cost. In the beginning of the FY 2021-22, due to COVID pandemic and economic slowdown, fuel prices went down to provide relief to the airlines, but later it has been consistently increasing.

The ATF pricing in India is fixed based on the International Import Prices and it is linked to the benchmark of Platt's publication of fees on board Arabian Gulf ATF prices. India has introduced a new pricing mechanism for ATF (jet fuel) beginning Q3 FY 2022-23. The new price mechanism which replaces the Import Parity Price based system has been benchmarked on the MOPAG or Mean of Platts Arab Gulf and could bring in more parity between global crude price and jet fuel price in India. The new pricing mechanism is "more transparent" and cushion airlines from ATF price fluctuations.

NEW CIVIL AVIATION POLICY – REGIONAL CONNECTIVITY SCHEME

The Regional Connectivity Scheme "Ude Desh ka Aam Nagrik" (UDAN) introduced by the Government, which will run for 10 years from 2017, will work to revive existing airstrips and airports. Under this scheme in 1st round of bidding, Government had awarded approximately 132 regional routes.

In the 1st (132 routes), 2nd (311 routes), 3rd (287 routes), 3.1 (44 routes), 4th (94 routes), 4.1 (174 routes), 4.2 (186 routes), 4.3 (10 routes) and 5.0 (148 routes) round of Regional Connectivity Scheme (RCS) have been awarded to airlines and helicopter operators with the aim of enhancing flight services to hilly and remote areas. Under the scheme airline operators have to offer half of their seats at discounted rates as decided by the Government. Airline also gets support from the Government on account of Viability Gap Funding (VGF) for the seats offered under discounted rate.

With the introduction of RCS, a number of new routes to unserved and underserved airports have opened up for Alliance Air and it has been awarded 17 routes, 28 routes, 40 routes, 12 routes, 14 routes, 08 routes, 02 routes & 06 routes in the 1st, 2nd, 3rd, 3.1, 4th, 4.1, 4.2 and 4.3 rounds respectively of the bidding process. Alliance Air had actively participated in the RCS-UDAN round 5.0 round of Regional Connectivity Scheme (RCS) bidding and awarded with 10 routes.

The Hon'ble Prime Minister flagged off the first UDAN flight on the Shimla-Delhi sector on 27th April, 2017 and Alliance Air has the privilege of being the launch carrier. Alliance Air had launched 101 routes as on 31st March, 2023 and also holds the credit for the first airline to complete commencement of operations on all the awarded routes in the first round of bidding. Under Wings India 2018 organized by FICCI in



association with Government of India, Alliance Air has been declared as the winner of ‘**Best Airlines and Helicopter under RCS**’. Further, Alliance Air has received an award for “**Best Airline Operator**” under RCS UDAN Scheme in Wings India 2022.

RCS UDAN completed 6 successful years on 22nd November, 2022. As operation to unserved and underserved airports has incentivized by the Government, it will stimulate traffic on regional routes connecting Tier-2 & 3 cities. Alliance Air, with its young fleet of ATR aircraft can take a position of dominance in the regional market. It, therefore, plans to participate aggressively in the subsequent rounds of RCS bidding as well.

PERFORMANCE OF THE COMPANY DURING THE YEAR

The Company registered a net loss of Rs. 565.77 Crores during the Financial Year 2022-23 as compared to a net loss of Rs. 447.39 Crores in the Financial Year 2021-22. There was an increase in a net loss of Rs. 118.38 Crores although there was an increase in the operating revenue of Rs. 1098.42 Crores in the FY 2022-23 from Rs. 717.53 Crores in the Financial Year 2021-22 which resulted the reduction in operating loss of Rs. 73.50 Crores in the Financial Year 2022-23 as against the operating loss of Rs.136.75 Crores in the Financial Year 2021-22. The yield per passenger was reduced to Rs. 6,438/- in the FY 2022-23 comparing the previous Financial Year i.e. Rs. 6,497/-. Pax Carriage was 0.165 Crores in 2022-23 as against 0.108 Crores in the FY 2021-22. Aircraft Utilisation had increased from 7.00 hours per day in the FY 2021-22 to 8.10 hours per day in the FY 2022-23.

- Revenue from Operations increased from Rs. 717.53 Crores in the FY 2021-22 to Rs. 1,098.42 Crores in the FY 2022-23, an increase of 53% over the previous year.
- Passenger Revenue increased by Rs. 225.75 Crores due to an increase in passenger carriage by 0.057 Crores, a 53% increase over the previous year.
- EBT, Charters, Code Share & misc. revenue increased by Rs. 65.51 Crores (from Rs. 2.86 Crores to Rs. 68.37 Crores).
- ATF cost increased by Rs.198.40 Crores due to an increase in operation by 40% resulting in higher consumption & 51% increase in fuel price.
- Due to increase in operations, salaries increased by Rs.25.15 Crores, Consumption of Spares increased by Rs.13.51 Crores, Airport Charges increased by Rs.13.62 Crores, Handling Charges increased by Rs.14.07 Crores and MRO billing increased by Rs.6 Crores due to the induction of 2 new ATR 42-600 aircraft.
- The total expenditure increased to Rs. 1670.73 Crores in the FY 2022-23 from Rs. 1171.50 Crores in the FY 2021-22 due to finance costs comprising of interest paid to the Holding Company and Related Parties and the impact of devaluation of INR currency affecting future leased liability payments on account of revaluation of lease liability for Right to Use Assets (Ind As 116).
- The operating loss (EBIT) for the Financial Year 2022-23 was Rs. 73.50 Crores as against Rs. 136.75 Crores in the Financial Year 2021-22. The operating loss of Rs.73.50 Crores was due to the effect of price escalation on ATF amounting to Rs. 126.48 Crores and Rs. 8.41 Crores was due to devaluation of INR.



- ASKMs had increased from Rs.76.6 Crores in the FY 2021-22 to Rs.101.4 Crores in FY 2022-23. RPKMs had increased from Rs.49.8 Crores in the FY 2021-22 to Rs.69.9 Crores in FY 2022-23.

FUTURE PLANS

Presently, the Company has a fleet of 21 aircraft consisting of 18 ATR 72-600, 2 ATR 42-600 and 1 Dornier DO-228 aircraft. The Company's fleet is deployed to operate 100 (+) departures per day across network of 58 destinations which includes one international destination Jaffna in Sri Lanka (as on 31st March, 2023). The Company has deployed made in India Dornier 228 aircraft in the month of April 2022 and has inducted two ATR 42-600 in its fleet in the month of July 2022 & September 2022. In the FY 2019-2020, the Company had started its International Operations at Jaffna in Sri Lanka, however, due to COVID restrictions on international air travel, the operations were put on hold till 11th December, 2022. Alliance Air resumed its international operations to Sri Lanka from 12th December, 2022.

Alliance Air also plans to add 14 more RCS routes PAN India in the year 2023-24. Alliance Air holds the credit for operating maximum flights in the highly challenging north-eastern region of India. In near future, Alliance Air looks forward for the new opportunities to expand its flight operations in the Domestic and International sectors.

CORPORATE GOVERNANCE

Alliance Air Aviation Limited was in compliance with the guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE), wherever applicable during the year. The quarterly returns/annual returns on Corporate Governance were filed with the authorities concerned within the stipulated time. The Company, based on self-evaluation, falls under 'Excellent' grade for the compliance of DPE Corporate Governance Guidelines for both the Financial Years 2021-22 and 2022-2023. The DPE has also awarded 'Excellent' grading to AAAL for compliance of DPE Corporate Governance Guidelines during FY 2021-22.

ACKNOWLEDGEMENT

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

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

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

Sd/-
(Satyendra Kumar Mishra)
Chairman



Vision

To be a safe and reliable airline providing the best travel experience to its guests.

Mission

Our mission is to connect people, places, and cultures. We aim to enable people to have access to safe, secure, sustainable and affordable air services in a world-class aviation environment and to make every flight special and memorable for our guests.



FLEET



**ATR 72-600 (18 aircraft)
70/72 seater**



**ATR 42-600 (2 aircraft)
48 seater**



**Dornier Do-228 (1 aircraft)
17 seater**



NETWORK





DIRECTORS' REPORT

Dear Members,

The Directors of your Company present the 40th (Fortieth) Annual Report together with Audited Financial Statements, Auditor's Report and Comments of the Comptroller and Auditor General of India for the year ended 31st March, 2023.

FINANCIAL PERFORMANCE OF THE COMPANY

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

	(Rs. in Crores)	
Particulars	2022-23	2021-22
Operating Revenue		
Schedule Revenue	654.14	428.39
Non-Schedule Revenue	375.91	286.28
Other Operating Revenue	68.37	2.86
Other Income	6.54	6.58
Total Revenue	1,104.96	724.11
Total Expenses	1,671.53	1,170.54
Tax Expense	-	1.30
Other Comprehensive Income	0.80	0.37
Net Profit/(Loss) for the year before tax	(566.57)	(446.43)
Net Profit/(Loss) for the year after tax & Comprehensive Income	(565.77)	(447.39)
Share Capital	402.25	402.25

The total revenue of the Company for the Financial Year 2022-23 was Rs.1,104.96 Crores as compared to Rs. 724.11 Crores in the Financial Year 2021-22. The total expenses for the Financial Year 2022-23 were Rs. 1,671.53 Crores as compared to the total expenses of Rs.1,170.54 Crores in the Financial Year 2021-22. The net loss before tax for the Financial Year 2022-23 was Rs. 566.57 Crores as against the net loss of Rs 446.43 Crores in the Financial Year 2021-22. The net loss after Tax & Comprehensive Income for the Financial Year 2022-23 was Rs.565.77 Crores as against the net loss of Rs.447.39 Crores in the Financial Year 2021-22.

INFORMATION ON STATE OF AFFAIRS OF THE COMPANY

Alliance Air Aviation Limited (AAAL) is a wholly-owned subsidiary of AI Assets Holding Limited (AIAHL). The Company is in the business of air transportation which includes mainly passenger and cargo services and other related services in India.



During the Financial Year, the Company has expanded its fleet by inducting two ATR 42-600 and one Dornier aircraft to its existing fleet of 18 ATR 72-600 aircraft. The total fleet now stands at 21 aircraft as on 31st March, 2023. For more detailed information on State of Affairs of the Company, please refer Management Discussion and Analysis Report forming part of the report.

SHARE CAPITAL

Authorized Share Capital

As on 31st March, 2023, the Authorized Share Capital of the Company was Rs.2,000 Crores divided into Twenty Crores Equity Shares of Rs.100 each.

Issued, Subscribed and Paid up Share Capital

As on 31st March 2023, the Issued, Subscribed and Paid-up Share Capital of the Company was Rs.402.25 Crores divided into Four Crores Two Lakhs Twenty Five Thousand Equity Shares of Rs.100 each.

The Ministry of Finance, Department of Expenditure vide its OM No.27(01)/PFC-I/2023 dated 20th April, 2023 had conveyed the approval for Financial Support of Rs. 600 Crores (in two equal installments of Rs. 300 Crores) to Alliance Air Aviation Limited in the form of equity infusion to the Holding Company, AI Assets Holding Limited for onward investment in Alliance Air Aviation Limited subject to the certain conditions as stipulated in the aforesaid OM.

Accordingly, the Board of Directors at their meeting held on 20th June, 2023 approved the issue of 3,00,00,000 Equity Shares of Rs.100/-each on the right basis. However, the same were allotted to AI Assets Holding Limited on 27th June, 2023. After an allotment of 3,00,00,000 Equity Shares, the Paid- Up Share Capital of the Company increased from Rs. 402.25 Crores to Rs.702.25 Crores.

CHANGES IN THE SHARE CAPITAL, IF ANY

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

CHANGE IN NATURE OF BUSINESS

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

DIVIDEND

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

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

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

**AMOUNTS TRANSFERRED TO RESERVES**

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

HUMAN RESOURCES

The staff strength of the Company at the end of the Financial Year was 952 (849) contractual employees excluding 6 on deputation from AIESL and 05 employees on deputation from Indian Air Force. All the employees of the Company are on the Fixed Term Employment Agreement basis. Out of the 952 contractual employees, 283 (29.73%) were female employees.

Cadre-wise, as on 31st March, 2023, there were 211 Pilots, 200 Cabin Crew and remaining 541 were other categories of employees.

Category wise, as on 31st March, 2023, there were 136 employees belonging to SC, 51 employees belonging to ST and 178 employees belonging to OBC categories.

Region wise, as on 31st March, 2023, there were 602 employees from Northern Region, 59 employees from Western Region, 134 employees from Eastern Region, 156 employees from Southern Region and 1 from International Region.

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 31st March, 2023

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
952	136	14.29	51	5.36	178	18.70

IMPLEMENTATION OF OFFICIAL LANGUAGE - USE OF HINDI

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

CONTRIBUTION TO EXCHEQUER

The Company has contributed Rs. 19.25 Crores (Rs.12.33 Crores) to Government exchequer by way of Sales Tax and other levies on Aviation Turbine Fuel.

COMPLIANCE WITH RTI ACT, 2005

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



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

During the Financial Year 2022-23, 9 Requests/Appeals were received and all RTI requests/appeals related to Alliance Air have been disposed off during the Financial Year 2022-23.

INFORMATION ABOUT SUBSIDIARY/JV/ASSOCIATE COMPANY

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

MATERIAL CHANGES AND COMMITMENTS

In terms of the provisions of Section 134(3)(I), no material changes have occurred which have affected the financial position of the Company between 31st March, 2023 and the date of Board’s Report except the following:

The Ministry of Finance, Department of Expenditure vide its OM No.27(01)/PFC-I/2023 dated 20th April, 2023 had conveyed the approval for Financial support of Rs. 600 Crores (in two equal installments of Rs. 300 Crores) to Alliance Air Aviation Limited in the form of equity infusion to the Holding Company, AI Assets Holding Limited for onward investment in Alliance Air Aviation Limited subject to the certain conditions as stipulated in the aforesaid OM.

Accordingly, the Board of Directors at their meeting held on 20th June, 2023 approved the issue of 3,00,00,000 Equity Shares of Rs.100/-each on the right basis. However, the same were allotted to AI Assets Holding Limited on 27th June, 2023. After an allotment of 3,00,00,000 Equity Shares, the Paid- Up Share Capital of the Company increased from Rs. 402.25 Crores to Rs.702.25 Crores.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

A detailed Management Discussion and Analysis Report is given separately.

MEETINGS OF THE BOARD OF DIRECTORS

During the Financial Year 2022-23, the Company held six meetings (including adjourned & re-adjourned meetings) of the Board of Directors as per Section 173 of Companies Act, 2013 which is summarized below:

Sr. No.	Date of Meeting	Board Strength	No. of Directors Present
1.	29.04.2022	4	4
2.	14.07.2022	4	3
3.	16.09.2022	4	3
4.	11.10.2022	4	3
5.	02.02.2023	4	4
6.	17.03.2023	4	4

DIRECTORS’ RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirm: -



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

AUDIT COMMITTEE

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

Due to the reconstitution of the Board by the Ministry of Civil Aviation (MoCA) vide its OM dated 18th January, 2023 and 28th February, 2023, the Audit Committee was reconstituted by the Board in its 179th and 180th meeting held on 2nd February, 2023 and 17th March, 2023 respectively. As on 31st March, 2023, the following were the members of the Audit Committee:

Name of the Director	Position held in the Committee	Category of the Director
Shri Asangba Chuba Ao	Chairman	Government Nominee Director
Shri Satyendra Kumar Mishra	Member	Chairman (Government Nominee Director)
Shri Pranjol Chandra	Member	Government Nominee Director
Shri Brajesh Kumar Srivastava	Member	Government Nominee Director

The Board has accepted the recommendations of the Audit Committee.

NOMINATION & REMUNERATION COMMITTEE

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

AUDITORS

The Comptroller & Auditor General of India (CAG) has appointed M/s S K Kapoor & Co., Chartered Accountants, Delhi as Statutory Auditors of the Company for the FY 2022-23.



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

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

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL

The Comptroller & Auditor General of India (C&AG) in its Supplementary Audit under Section 143(6) read with Section 129(4) of the Companies Act, 2013, has issued "Nil" comments on the Financial Statements for the year ended 31st March, 2023. The comments of Comptroller & Auditor General of India (C&AG) form part of this Report.

SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Board has appointed M/s Agarwal S. & Associates, Company Secretaries, New Delhi, to conduct Secretarial Audit for the Financial Year 2022-23.

The Secretarial Audit Report for the Financial Year ended 31st March 2023 is annexed to this Report.

Management's Reply on the observation contained in the Secretarial Audit Report are as under:

Auditors Observations

"Non- Compliance with section 149(1)(a) of the Companies Act, 2013 with respect to the composition of the Board of Directors of the Company- the Company do not have the woman director in the Board during the period from 18th of January 2023 to 31st of March 2023."

Management's Comments

This is a statement of fact.

As per the provisions of Article 117 of its Articles of Association of the Company, AI Assets Holding Limited in consultation with the Government of India shall control the composition of the Board of Directors of the Company. Upon cessation of Smt Usha Padhee on the Board of AAAL effective 18th January, 2023, there is no woman director appointed on the Board and the Company has taken up the matter with AI Assets Holding Limited, Holding Company.

LOANS, GUARANTEES AND INVESTMENTS

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

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

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

**(A) Conservation of energy-**

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

(B) Technology absorption-

(i) **the efforts made towards technology absorption.** Mobility solutions are being exercised so that the workforce can operate anywhere effectively and efficiently. ERP Solution from SAP India has been licensed for Financial Accounting and Human Capital Management and the same is in final stages of integration with other IT Systems for effective resource planning and control.

(ii) **the benefits derived like product improvement, cost reduction, product development or import substitution.** -Cost saving has been achieved by moving from fixed infrastructure to shared cloud infrastructure and incorporating wireless/mobility options of telco.

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year)-

(a) the details of technology imported: Aircraft Communication Addressing and Reporting System (ACARS).

(b) the year of import: 2021-2022

(c) whether the technology been fully absorbed: the technology is partially implemented and expected to be implemented by December 2023 fully.

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and: It's as per Project Delivery timelines and some part is pending due to regulatory approvals that have been applied for.

(iv) the expenditure incurred on Research and Development. : None

(C) Foreign Exchange Earnings and Outgo

	Particulars	Current Year 2022-23	Previous Year 2021-22
		(Rs. in Crores)	(Rs. in Crores)
A.	Expenditure on Imports (CIF) during the year ended 31st March, 2023		
	- Aircraft Spares Parts & Tools	33.39	15.13
	- Capital Items-Ground Support Equipment Airframe Rotables and Aero Engg. Rotables	18.18	0.59
B.	Expenditure on Consumption during the year ended 31st March, 2023		
	- Imported Spares & Components	21.15	16.55
	- Indigenous Spares	Nil	Nil



	Particulars	Current Year 2022-23	Previous Year 2021-22
		(Rs. in Crores)	(Rs. in Crores)
C.	Earnings in Foreign Currency		
	- Interline Revenue	2.51	Nil
D.	Expenditure in Foreign Currency		
	- Aircraft Lease & Maintenance Charges	394.63	370.68
	- Purchase of Stores & Equipment	51.57	15.71
	- Technical Literature	3.10	2.25
	- Training & travelling	0.11	0.13
	- Legal Charges	0.25	0.24
	- Fuel & Landing/Parking	4.23	Nil
	- PSS related	1.37	Nil

DEPOSITS

The Company has not accepted any deposits during the year.

MSE COMPLIANCE

It always has been the endeavor of AAAL to support Micro and Small Enterprises (MSEs) and local suppliers. AAAL has taken a number of steps including implementing the Public Procurement Policy of the Government of India to procure the items specified from MSEs. The actual procurement from MSEs during the Financial Year 2022-23 was Rs.14.77 Crores.

SIGNIFICANT & MATERIAL ORDERS

During the Financial Year 2022-23, no significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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

The details of Sexual Harassment cases reported in the Company during the Financial Year 2022-2023, are as under: -

- i. Complaints of Sexual Harassment received during the relevant year -02 (case closed).
- ii. Number of cases pending for more than ninety days- Nil.
- iii. Number of workshops or awareness programmes carried out in connection with sexual harassment:

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



iv. Remedial measures taken by the Company:

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

CORPORATE GOVERNANCE

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

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

RISK MANAGEMENT

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 the 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.

ANNUAL RETURN

In compliance with Section 92(3) and Section 134(3)(a) of the Act of the Companies Act, 2013, a copy of your Annual Return for the year ended 31st March, 2023 will be hosted on the website of the Company at <https://plone.allianceair.in/allianceair/en/assets/annual-report-and-mgt9/form-mgt-7-2022-23.pdf>. Further, an Extract of Annual Return is available at **Annexure-B**.

DECLARATION OF INDEPENDENCE

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

The following changes have occurred in the constitution of Directors and KMP of the Company during the Financial Year 2022-23:-



Sr. No	Name	Designation	Date of Appointment	Date of Cessation	Mode of Cessation
1.	Shri Vikram Dev Dutt	Chairman	27 th January, 2022	28 th February, 2023	Ceased to Chairman
2.	Shri Satyendra Kumar Mishra	Chairman	01 st March, 2023	-	-
3.	Smt Usha Padhee	Director	25 th January, 2022	18 th January, 2023	Ceased to Director
4.	Shri Deepak Sajwan	Director	27 th January, 2021	18 th January, 2023	Ceased to Director
5.	Shri Asangba Chuba Ao	Director	18 th January, 2023	-	-
6.	Shri Brajesh Kumar Srivastava	Director	18 th January, 2023	-	-

PERFORMANCE EVALUATION OF BOARD, ITS COMMITTEES AND INDIVIDUALS

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

POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

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

PARTICULARS OF EMPLOYEES

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

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

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that were entered into during the Financial Year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party



transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

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

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

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

REPORTING OF FRAUDS BY AUDITORS

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

INTERNAL CONTROL SYSTEMS

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

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

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

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

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

MAINTENANCE OF COST RECORDS

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



ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board

Sd/-
(Satyendra Kumar Mishra)
Chairman

Place: New Delhi
Date: 22 September, 2023



MANAGEMENT DISCUSSION & ANALYSIS REPORT

ANALYSIS OF FINANCIAL PERFORMANCE

Revenue

- ❖ The total revenue earned during the year was Rs.1,104.96 Crores as against Rs. 724.11 Crores during 2021-22.

Expenditure

- ❖ The total expenditure incurred during the year were Rs 1,671.53 Crores compared to the previous year's figure of Rs. 1,170.54 Crores.

HUMAN RESOURCES

Staff Strength

As on 31st March, 2023, AAAL had 952 employees on Fixed Term Employment Agreement basis. In addition, there were 6 employees on deputation from AIESL and 05 employees on deputation from Indian Air Force. The Industrial Relation scene remained peaceful during the period 1st April, 2022 to 31st March, 2023.

FLEET POSITION

As on 31st March, 2023, aircraft available in AAAL fleet are as under:

Aircraft	MSN	TYPE
VT-AII	1197	ATR 72-212A
VT-AIT	1226	ATR 72-212A
VT-AIU	1246	ATR 72-212A
VT-AIV	1252	ATR 72-212A
VT-AIW	1272	ATR 72-212A
VT-AIX	1268	ATR 72-212A
VT-AIY	1273	ATR 72-212A
VT-AIZ	1279	ATR 72-212A
VT-RKC	1381	ATR 72-212A
VT-RKD	1383	ATR 72-212A
VT-RKE	1421	ATR 72-212A
VT-RKF	1423	ATR 72-212A
VT-RKG	1427	ATR 72-212A
VT-RKH	1434	ATR 72-212A
VT-RKJ	1439	ATR 72-212A
VT-RKK	1445	ATR 72-212A
VT-RKL	1456	ATR 72-212A
VT-RKM	1463	ATR 72-212A
VT-UDA	1608	ATR 42-600
VT-UDB	1609	ATR 42-600
VT-KNP	HAL-K/DO228/4130	Do-228

**ON TIME PERFORMANCE AND TECHNICAL DISPATCH RELIABILITY**

i) Aircraft on time performance during the year 2022-23 was as under:

On Time performance (OTP)	
Period	OTP
FY 2022-23	78.50

ii) Aircraft technical dispatch reliability during the year 2022-23 as compared to previous year was as under:

Aircraft Type	Period	Technical Dispatch Reliability
ATR 72-600	FY 2021-22	98.94%
ATR 72-600	FY 2022-23	99.06%
ATR 42-500		99.38%
Do-228		99.13%

AIRCRAFT UTILIZATION

Aircraft utilization during the Financial Year 2022-23 was as under:

Financial Year	Flying Hrs. Utilization	Block Hrs. Utilization
2022-23	43101:55	54805:36

MARKETING INITIATIVES

Performance during the year 2022-23 was as under:

No. of Stations: 58

Average Departures per day: 110

Revenue Performance

Month	Revenue Passengers	Passenger Revenue, EBT, Mail, Cargo	RCS + VGF (Revenue)	Charter Revenue	Other Revenue	Total Operating Revenue
AI Migrated PNR	-	47.47	-	-	15.26	62.73
April-2022	1,31,847	33.57	32.92	-	2.93	69.42
May-2022	1,35,620	43.96	32.96	0.24	3.58	80.74
June-2022	1,30,825	45.27	29.48	-	3.95	78.70
July-2022	1,22,221	44.17	30.01	0.62	3.89	78.69
August-2022	1,22,932	46.55	29.14	-	3.93	79.62
September-2022	1,25,985	55.15	28.09	0.58	4.50	88.32
October-2022	1,46,301	57.67	28.98	0.09	5.05	91.79
November-2022	1,43,881	52.90	30.96	0.73	4.54	89.13
December-2022	1,69,591	68.64	32.32	0.45	6.33	107.75
January-2023	1,46,514	51.91	32.04	-	5.03	88.97
February-2023	1,36,581	46.54	29.35	4.64	4.42	84.96



Month	Revenue Passengers	Passenger Revenue, EBT, Mail, Cargo	RCS + VGF (Revenue)	Charter Revenue	Other Revenue	Total Operating Revenue
March-2023	1,34,580	60.33	29.75	2.56	4.95	97.59
Total	16,46,878	654.14	365.99	9.91	68.37	1,098.41

Physical Statistics

Month	Estimated Seat Capacity	% Seat Factor	OTP	Total Number of Departures
April-2022	1,95,300	67.51%	74.20%	3,205
May-2022	1,86,097	72.88%	76.20%	3,279
June-2022	1,81,349	72.14%	74.90%	3,229
July-2022	1,83,329	66.67%	79.60%	3,297
August-2022	1,89,111	65.01%	81.20%	3,385
September-2022	1,94,112	64.90%	81.10%	3,261
October-2022	2,06,216	70.95%	82.80%	3,617
November-2022	2,00,822	71.65%	83.10%	3,453
December-2022	2,23,623	75.84%	75.00%	3,570
January-2023	2,18,538	67.04%	74.90%	3,783
February-2023	1,99,979	68.30%	75.90%	2,809
March-2023	2,12,392	63.36%	82.50%	3,402
FY 2022-23	23,90,866	68.90%	78.50%	40,290

New Routes introduced in the FY 2022-23

Routes	Frequency	Effective
Dibrugarh/Pasighat/Lilabari	2 times per week	12 th April, 2022
Mumbai/Keshod/Mumbai	3 times per week	16 th April, 2022
Chennai/Mysore/Chennai	Daily	12 th August, 2022
Delhi/Shimla/Delhi	Daily	26 th September, 2022
Silchar/Imphal/Silchar	Daily	25 th November, 2022
Bilaspur/Indore/Bilaspur	4 times per week	3 rd October, 2022
Jabalpur/Indore/Jabalpur	3 times weekly	4 th October, 2022
Gwalior/Indore/Gwalior	3 times weekly	4 th October, 2022
Lilabari/Tezpur/Lilabari	4 days per week	30 th October, 2022
Imphal/Aizawl/Imphal	4 days per week	30 th October, 2022
Ziro/ Lilabari/Ziro	4 days per week	30 th October, 2022
Delhi/Jaisalmer/Delhi	3 flights per week	30 th October, 2022
Shillong/ Lilabari/Shillong	3 days per week	31 st October, 2022
Hollangi/Zero/Hollangi	2 days a week	29 th November, 2022



Routes	Frequency	Effective
Hollangi/Passighat/Hollangi	2 days a week	30 th November, 2022
Shimla/Dharamshala/Shimla	3 days per week	9 th December, 2022
Shimla/Kullu/Shimla	4 days per week	9 th December, 2022
Udaipur/Ahmedabad/Udaipur	Daily	9 th December, 2022
Hyderabad/Tirupati/Hyderabad	Daily	9 th December, 2022
Bengaluru/Vidyanagar/Bengaluru	Daily	9 th December, 2022
Hyderabad/Vidyanagar/Hyderabad	Daily	9 th December, 2022
Chennai/Jaffna/Chennai	4 days a week	12 th December, 2022
Bhubaneswar/Rourkela/Bhubaneswar	Daily	7 th January, 2023
Delhi / Amritsar / Delhi	Daily	26 th March, 2023
Delhi / Dehradun / Jammu / Dehradun / Delhi	3 flights per week	26 th March, 2023
Guwahati/Dibrugarh/Guwahati	4 flights per week	26 th March, 2023
Delhi/Indore/Delhi	4 flights per week	26 th March, 2023
Indore/Goa/Indore	2 flights per week	26 th March, 2023
Prayagraj/Dehradun/Prayagraj	3 flights per week	27 th March, 2023
Dehradun/Jammu/Dehradun	3 flights per week	28 th March, 2023
Jabalpur-Hyderabad-Jabalpur	3 flights per week	28 th March, 2023
Gorakhpur/Kolkata/Gorakhpur	2 flights per week	28 th March, 2023

New routes proposed in the FY 2023-24

Routes	Flight Type	Frequency
Jorhat-Passighat-Jorhat	RCS	Daily
Delhi-Bhatinda-Delhi	RCS	Daily
Bangalore-Salem-Bangalore	RCS	Daily
Cochin-Salem-Cochin	RCS	Daily
Amritsar-Shimla-Amritsar	RCS	Daily
Amritsar-Kullu-Amritsar	RCS	Daily

NORTH EAST OPERATIONS**North East flights operated in the FY 2022-23**

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



ACHIEVEMENTS

- Alliance Air inducted the Dornier 228 on 6th April, 2022 and launched flight on 12th April, 2022 from Dibrugarh to Pasighat & Lilabari.
- Alliance Air successfully migrated to the new PSS-Paxlink (Collins Aerospace) system effective 15th April, 2022.
- Alliance Air has commenced 99 routes out of 129 routes awarded to it in RCS UDAN 4.3 rounds. All efforts are being made to commence flights on the remaining routes subject to airports being made operational for ATR 72-600/ATR 42-600 type of aircraft.
- Alliance Air also deployed flights to operate into newly opened-up airports besides expanding to other existing Airports in the Northeast Region.
- Alliance Air with the support of Arunachal Pradesh government commenced flights to Tezu, Ziro and Itanagar.
- Alliance Air recommenced its international operations to Jaffna in Sri Lanka effective 12th December, 2022.
- Competitive Charter rates were introduced.
- Alliance Air sponsored an Invitational Golf Tournament held in Shimla.
- Special focus on corporate business, network distribution, MICE and student segment.
- Har Ghar Tiranga campaign was celebrated from 13th August, 2022 to 15th August, 2022.
- Strategic push to nurture and motivate mid level agents through incentive for improved sales on Alliance Air network.
- A CSR activity all women group of NGO was conducted from Mumbai to Keshod in October 2023.
- Inaugural contents for multiple flight launches.
- Radio Advertisements were made for intra Himachal Pradesh flights and for new Rajasthan flights (Delhi-Jaisalmer-Delhi, Delhi-Udaipur-Delhi & Udaipur-Ahmedabad-Udaipur).
- To enhance sales OTAs, Tour Operators, Brick & Mortar Agents, (Both IATA & Non IATA) agents were appointed across India. A General Sales Agent (GSA) has been designated in Sri Lanka.
- Enhanced free baggage allowance for Students.
- Ancillary Services offered for Advance Seat Selection.
- Advance purchase of Excess Domestic Baggage.
- A focused SMS and email Marketing initiative was launched.
- Engaged in Digital Marketing on social media platforms through video campaigns.



- Implemented banner displays on Online Travel Agencies (OTA) to highlight new flights and promotions.
- Extensive media coverage at both national and regional levels to showcase the introduction of multiple new routes.
- Call Centre has been established in Chennai and Pune to handle customer inquiries.
- A dedicated website "www.allianceair.in" has been launched for online services.

AWARDS

- Alliance Air was felicitated by Govt. of Odisha for successfully operating 34 Charters during FIH World Cup on Bhubaneswar – Rourkela – Bhubaneswar routes.
- Alliance Air won "**Wings India 2022 Award**" for Active Participation under RCS -UDAN scheme of Government of India.

FARES DURING 2022-23

The airline offered reasonable market prices throughout the period of 2022-23, considering various factors including:

- Seasonal variations.
- VGF / RCS sectors.
- Flight frequency
- Direct / indirect routes
- Competitor fares

PROMOTIONAL SCHEMES

- Monsoon Sale, Weekend Sale, Festive Sale, Weekend Sale, November Sale, End of Month Sale, Year End Sale, Republic Day Sale, Holi Sale and Navratri Sale was floated during the year.
- Attractive Cut & pay Incentives and PLB Scheme was offered.
- Group Fares were offered in the market.

PASSENGER COMPLAINTS RESOLUTION

Proactive complaints resolution was undertaken during the Financial Year 2022-23:-

Quarter	Complaints Received	Complaints Closed
Q1	650	650
Q2	638	638
Q3	263	263
Q4	211	211
FY 2022-23	1762	1762



ENGINEERING INITIATIVES

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

- GMSA negotiations with M/s ATR and billing reduced of approx. Rs. 4 Crores of total billing.
- Now, engine PT packs removal at our facility, on the cost of P&W, approx saving of Rs.20 Lakhs on the same per set removal.
- Optimized Aircraft maintenance programme.
- NAV data package reconcile with vendor and billing reduced.
- Reduced TAT on scheduled maintenance to get more availability of the fleet.
- Streamlined the technical procurement & logistics section, to ensure right material, right place at right time.

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

Fuel tester tool procured by AAAL and same is handover to AIESL for manage fuel imbalance snag in the ATR 72-600 fleet.

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

- No of Night Halt Bases–07 (Delhi, Hyderabad, Kolkata, Mumbai, Bangalore, Guwahati, Dibrugarh).
- Rotable spares (Fire extinguishers, Oxygen bottles, Batteries, SSCVR, SSFDR, ELT, wheels assy, brakes etc.) of AAAL are being serviced at AIESL and other vendor shops across Delhi, Hyderabad, Kolkata and Mumbai.

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

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

Plan for 2023-24 with special reference to aircraft utilisation, availability of Engineers, new routes/services, utilisation of facilities etc. and also plan for fleet expansion.

- In Dornier project, another aircraft VT-KNQ induction is awaited due for caption issue.
- We are in process to expand our aircraft utilization in international sector such as further extension of our operation from Jaffna to other Sri Lanka cities.

FLIGHT SAFETY

The Company has independent Flight Safety Department which functions as per the DGCA requirements in proactive manner. Under proactive function, the Flight Safety Department does FOQA (Flight



Operational Quality Assurance) which require continuous monitoring of flight data i.e., of SSFDR & CVR and internal Safety audit of the base station as well as safety inspection of line stations, airfield inspection, spot checks and ramp inspection.

Total 70 incidents were reported in the FY 2022-23, out of which 46 cases were investigated by the Permanent Investigation Board (PIB) of the Company with DGCA. Left 23 occurrences were not considered significant for PIB by O/o DAS (NR) and 1(TA/RA) case is under investigation by DGCA.

In the Financial Year 2022-23, 'Nil' Serious Incident was reported.

Total 19 Bird hit/strike occurrences were reported in the Financial Year 2022-23 & damage was observed on ATR 72-600 aircraft VT-RKH dated 24th March, 2023. The respective aerodrome authorities as well as DGCA were informed about these occurrences for corrective measures.

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

- Internal Audit of base station (Delhi) & Safety Audit of 24 Line stations was carried out as per approved audit plan 2022-23.
- For SMS Implementation & Quality Assurance throughout the organisation SQMS (Safety & Quality Management System Software) was procured by Alliance Air & initial training has been imparted to various Departments for implementation of the Software.
- FOQA trends on quarterly basis are being shared with Training Department for Amber & Red values to emphasise during Training session.
- As per FDAP programme, crew were timely cautioned, advised and counselled for Red exceedances.
- SAG (Safety Action Group) meetings are being conducted every month & employees are encouraged to submit Voluntary report. Total 84 voluntary reports were received and closed for the year 2022-23.
- Load and trim sheet of respective fleets are being monitored on monthly basis and spot checks are being performed as per CAR.
- The recommendations of Permanent Investigation Board are circulated to the concerned departments for necessary action & implementation on monthly basis.
- In house SRM/SRBM are conducted in the month of May (2022), October (2022) & March 2023.
- Envisaging for IOSA registration of Alliance Air, Flight Safety has initiated the process of IOSA & SRM training by IATA in the month of March 2023.

INFORMATION TECHNOLOGY

Core IT infrastructure has been bifurcated from Air India post disinvestment and Alliance Air is now self-reliant with Zero Trust Network Architecture (work from anywhere securely) on cloud for Headquarters at Terminal-1 IGIA and 58 Airports with built in redundancy. All Hosted applications are available through



Internet in the network. End User Devices are upgraded, and latest software has been implemented. Cost savings has been achieved by implementing cloud-based security and remote management of 58 airports from central location. Airport infrastructure has been implemented with low-cost devices, peripherals without hiring Airport operators' infrastructure. This has resulted in savings in capex and opex.

Alliance Air now has its own independent email domain, email relay server, SMS Gateway and its own GSM based Voice network on cloud as pay per use model and has achieved savings on this front too.”

OPERATIONS

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

Measures taken for Fuel Saving by the Operations Department:

1. Computerized Flight Plan (CFP) has been successfully implemented for all Alliance Air flights for the last 02 years.

CFP optimizes the flight level to fly to destination based on the actual wind, trip distance and actual weight of the aircraft, as a result overall fuel consumption is reduced. CFP also predicts the exact fuel required to fly to destination based on the actual takeoff weight, whereby carrying extra fuel is avoided which also gives higher payload especially RTOW restricted runways.
2. Descent speed for all Alliance Air flights (ATR 72-600 aircraft) was revised, as a result there is fuel saving of approximately 77280 kg per week (approx 560 flights per week) and a cost saving of approximately Rs. 8.19 Lakhs per week. This change also helps flight crew to fly stabilized approaches.
3. Alternates are selected in such a way that they are at minimum distance from destination. Hence block fuel requirement decreases which enables higher pay load and fuel saving.
4. Concept of Fuel Tankering is being utilized and fuel tankering circular is being issued every fortnight by Operations Department. Close coordination is being done between Operations and Finance Department to ensure accurate, updated and revised fuel prices at every station depending on whether the sector is being operated as a commercial flight or RCS flight.
5. Ground cooling unit is being used at selected metro stations wherever available instead of Hotel Mode thereby reducing fuel consumption.
6. Pilots are encouraged to conduct straight in approach/ visual approach as much possible which reduce track miles travelled by the aircraft.
7. Single Engine Taxi in post landing is being followed by Alliance Air cockpit crew in adherence to ATC procedures.
8. Continuous Descent Technique from top of descent is encouraged to cockpit crew instead of level of segments which aids in fuel saving. It also helps in noise abatement regulations.



9. Alliance Air has received RNP approach approval from DGCA in the month of August 2023. This approval will assist AAAL to operate to Airfields with lower minima and assist pilot in reducing track-miles required to conduct and approach at destinations. This approach will also enhance safety levels of Alliance Air flights.

FUEL TANKERING

Aircraft fuel cost at each station differs due to variation of local taxes. In order to reduce expenditure on fuel, the efforts are made to uplift extra fuel from where the cost of fuel price is lower if payload permits (Under load condition) & within regulated landing weight (RLW) & regulated take-off weight (RTOW) limits. There are also other factors which lead to extra consumption of fuel such as weather & payload.

Presently, Alliance Air is doing fuel tankering on monthly basis on an average 60 sectors. Operations Department issues fuel tankering circular once a month. Based on the fuel price difference, sectors for fuel tankering are finalized.

Aircraft type-wise number of Pilots trained as Commander and Co-Pilots with training flying hours and change in training pattern, if any.

No. of Pilots trained as Commanders & Co Pilots (2022-2023)

	No. of Pilots Trained/Upgraded (ATR 72-600)					
	P1 (Including Transition Captains and PIC Upgrade)	P2	DEs	TRIs	SFIs	LTCs
Total Pilots	10	16	-	4	1	2

No. of Pilots trained as Commanders & Co Pilots (2022-2023)

	No. of Pilots Trained/Upgraded (DO-228)					
	P1 (Including Transition Captains)	P2	DEs	TRIs	SFIs	LTCs
Total Pilots	1	1	-	-	-	1

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

Type of Training	Number of P1	Number of P2
INITIAL CRM	09	23
JOINT CRM	45	65
FIRE SMOKE DOOR DRILL TRAINING	44	51
INITIAL DGR	08	21
DGR	41	20
ATRP COURSE	08	00
ATR 72-600 SPECIAL OPS MANUAL Training	02	06
ATR 72-600 Recurrent TRI Ground Training	02	00
ATR 72-600 Recurrent LTC Ground Training	02	00



Type of Training	Number of P1	Number of P2
ATR 72-600 PIC Upgrade Ground Training	00	04
ATR 72-600 Online Recurrent Ground Training	81	77
ATR 72-600 Online Extended Refresher Training	01	03
ATR 72-600 OCC OPS Manual for New Pilots	00	06
ATR 72-600 Recurrent LTC Ground Training	02	00
SEP FIRE SMOKE DOOR DRILL Training	04	02
SEP TRAINING	02	06
ATR 72-600 OCC for New Pilots	07	17
ATR 72-600 Incident Corrective Ground Training	02	00
ATR 72-600 Extended Refresher Ground Training	02	00
ATR 72-600 Corrective LTC Ground Training	01	00
LTC TO TRI UPGRADE Ground Training	04	00
ATR 42-600 Differences Ground Training	67	47
Extended Refresher Training	01	02
DO-228 CRM Training	02	00
DO-228 LTC Refresher Ground Training	01	00
DO-228 OCC OPS Manual Ground Training	02	00
DO-228 OCC With Extended Refresher Ground Training	05	00

A note on the status of Pilots’ training.

Total 11 PIC and Co-Pilot 17 has been release from 01.04.2022 to 31.03.2023.

Details of Simulator Training imparted (2022-23)

Simulator Training Details

S. No	Simulator Training Details	Consolidated details No. of hours for P1 and P2
1	April, 2022	233:45
2	May, 2022	319:00
3	June, 2022	365:15
4	July, 2022	262:30
5	August, 2022	152:00
6	September, 2022	349:15
7	October, 2022	186:00
8	November, 2022	291:15
9	December, 2022	124:00
10	January, 2023	252:45
11	February, 2023	148:00
12	March, 2023	133:30

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

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

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



- Phasing of expat pilots: Successfully phased out Expat Contracts in Alliance Air. Presently, there are 12 expat pilots of which 11 pilots are on Indian Contract (AAAL FTEA).
- Crew transport is being clubbed on all routes reducing the vehicle usages, this has considerably lowered the transport cost to the Company.
- Optimum utilization of cockpit crew across bases for smooth transition of flight operations.
- Monitoring of SOD movement for flight operations and training purposes. SOD is planned on 9I flights to the extent possible as a cost saving measures.
- Permanent posting of cockpit and cabin crew to make bases independent so as to avoid hotel and SOD.
- Meetings/counselling/briefing/interviews are being conducted through Webex/video conferences to reduce the cost incurred on SOD/Transport/Hotac/meals. This is also a time saving measure.
- Full support is extended to the Marketing/Network Planning and other related departments for charter operations at all times. Any revenue generating opportunity by the organization is encouraged.
- AVSEC trainings are conducted at respective bases to avoid crew movement, hotac and time involved in travelling.
- Airline Type Rating Programme (ATRP): Alliance Air introduced the ATRP in June 2019 and successfully trained 09 pilots @ 25 Lakhs per candidate. Revenue of approx Rs. 2.25 Crores was generated through the programme.
- Trainings are being conducted for other airline pilots and cabin crew, this is helping Alliance Air in generating additional revenue. AAAL trainers are being used for simulator training of other organizations which is generating additional revenue.
- A Bond is being taken from pilots undergoing command upgrade to ensure their continuous services to the airline post upgradation.

GOING CONCERN

The Company is a wholly-owned subsidiary of AI Assets Holding Ltd. (AIAHL) and has full support from the Government of India to make the Company fully operational after the disinvestment of Air India Ltd.

The Company has taken various measures to improve its operational efficiencies and cost control measures.

The Company during the Financial Year expanded its fleet by inducting two ATR 42-600 and one Dornier aircraft to its existing fleet of 18 ATR-72 600 aircraft. The total fleet now stands at 21 aircraft as on 31st March, 2023. All the aircraft are suitable for serving smaller / unserved / underserved airports in the country.

Alliance Air is entrusted to operate the routes allotted by the Ministry of Civil Aviation under RCS & VGF scheme especially in the remote areas for successfully implementing of UDAN scheme and always taking the challenge to fly to critical airfields, fulfilling the aspiration of Government of India to



achieve the desired goal of UDAN scheme to connect the tier 2 & tier 3 cities and to discharge the social obligation as directed by Government of India.

The Company has emerged as one of the major player in the Government of India's premier scheme UDAN and the performance of the airline under UDAN has been excellent. The total UDAN route won by the Company now stands at 127. Out of allotted routes, the Company operated 101 routes as on 31st March, 2023 (previous year 81 routes).

Further, the Ministry of Civil Aviation vide their letter DO. No. AV.17046/72/2019-AI dated 6th April, 2023 categorically stated that Alliance Air is a going concern and has assured that Government will make all endeavor to clear the dues towards ATF supply to Alliance Air.

Alliance Air has already received in principal approval from Ministry of Finance dated 20th April, 2023 towards Financial support of Rs. 600 Crores. As per approval, the first tranche of Rs. 300 Crores has been released to Alliance Air which will reduce its finance costs .

Alliance Air is on the threshold of turnaround and poised to lead the regional connectivity in India in the next decade and be a leading regional carrier in Asia. Post-Covid 19, AAAL is on the path of recovery and EBIT shows a positive trend. Alliance Air is heading its way to reversing the trend of adverse Financial parameters in this Financial Year 2023-24 and thereafter further consolidating the gains.

Since the Company expects improvement in Operational and Financial Performances and the Company has support from the Government of India to make the Company fully operational, hence the Financial Statements of the Company have been prepared on the "Going Concern" basis despite having accumulated losses and net-worth being eroded."

RISK MITIGATION STRATEGIES

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

INTERNAL CONTROL SYSTEMS

The Company had appointed M/s Thakur Vaidyanath Aiyar & Co., Chartered Accountants, New Delhi as Internal Auditors for the year 2022-23 to carry out various internal audit assignments such as tax compliance, risk assessment & mitigation, strengthening internal control process etc.



REPORT ON CORPORATE GOVERNANCE

The Report on the Corporate Governance for the Financial Year 2022-23 in compliance of provisions of the Companies Act, 2013 and DPE Guidelines issued by the Department of Public Enterprises, Government of India is given as below:

1. Company's Philosophy on Code of Corporate Governance

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

2. Board of Directors

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

Composition of Board as on 31st March, 2023:

S. No.	Name of Director	Designation
1.	Shri Satyendra Kumar Mishra Chairman & Managing Director, AI Assets Holding Limited	Chairman & Nominee Director
2.	Shri Asangba Chuba Ao Joint Secretary, DT Division, Ministry of Civil Aviation	Nominee Director
3.	Shri Pranjol Chandra Director, Ministry of Civil Aviation	Nominee Director
4.	Shri Brajesh Kumar Srivastava Deputy Secretary, Ministry of Civil Aviation	Nominee Director

- In pursuance of OM issued by the Ministry of Civil Aviation dated 18-01-2023 regarding the constitution of the Board of subsidiaries of AIAHL inter alia AAAL, Smt Usha Padhee and Shri Deepak Sajwan ceased from the Board of AAAL and Shri Asangba Chuba Ao and Shri Brajesh Kumar Srivastava appointed on the Board of AAAL w.e.f 18-01-2023. The Board placed on record its appreciation of the valuable services rendered by Smt Usha Padhee and Shri Deepak Sajwan during their tenure as Directors of the Company.
- Further, the Ministry of Civil Aviation vide its order dated 28-02-2023 had assigned the additional charge for the post of Chairman and Managing Director (CMD) of AI Assets Holding Limited (AIAHL) to Shri Satyendra Kumar Mishra, Joint Secretary, MoCA, for a period of three months



w.e.f. 01-03-2023 or till the regular appointment of CMD, AIAHL, whichever is earlier, by virtue of the appointment of Shri Vikram Dev Dutt as Director General in the Directorate General of Civil Aviation (DGCA).

In view of the above order, Shri Satyendra Kumar Mishra, Chairman & Managing Director, AIAHL had been appointed as Nominee Director and elected as Chairman, in his ex-officio capacity on the Board of Alliance Air Aviation Limited w.e.f. 01-03-2023 for the further Board and General Meetings till any further communication from MoCA/AIAHL. Further, Shri Vikram Dev Dutt, Nominee Director & Chairman ceased from the Board of AAAL w.e.f 28-02-2023. The Board placed on record its appreciation of the valuable services rendered by Shri Vikram Dev Dutt during his tenure as Chairman of the Company.

During the year, all meetings of the Board were chaired by the Chairman.

3. Board Procedure

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

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

Board Meetings:

Six Board Meetings were held during the Financial Year 2022-23 on the following dates:-

29th April, 2022 (175th Meeting)

14th July, 2022 (176th Meeting)

16th September, 2022 (177th Meeting)

11th October, 2022 (178th Meeting)

2nd February, 2023 (179th Meeting)

17th March, 2023 (180th Meeting)

**Particulars of Directors including their attendance at the Board/Shareholders' meetings during the Financial Year 2022-23:**

Name of the Director	Academic Qualifications	Attendance Particulars		
		No. of Board Meetings		Last AGM Attended
		Held	Attended	
Shri S. K. Mishra Chairman & Managing Director, AI Assets Holding Limited Chairman (Appointed w.e.f 01-03-2023)	M. Tech (Applied Geology) M.A. (Public Policy), IRS (IT:1990)	6	1	Yes
Shri Vikram Dev Dutt, Chairman & Managing Director, AI Assets Holding Limited Chairman (Appointed w.e.f 27-01-2022 and ceased w.e.f 28-02-2023)	B.Tech. & PGDM, IAS (UT:93)	6	5	Yes
Shri Pranjol Chandra Director, Ministry of Civil Aviation Director (Appointed as Director w.e.f 11-02-2022)	B.E. Mechanical	6	6	Yes
Shri Deepak Sajwan Deputy Secretary, Ministry of Civil Aviation Director (Appointed as Director w.e.f 27-01-2021 and ceased w.e.f 18-01-2023)	Post Graduate	6	1	No
Shri Brajesh Kumar Srivastava Deputy Secretary, Ministry of Civil Aviation Director (Appointed as Director w.e.f 18-01-2023)	Post Graduate	6	2	No



Name of the Director	Academic Qualifications	Attendance Particulars		
		No. of Board Meetings		Last AGM Attended
		Held	Attended	
Smt Usha Padhee Joint Secretary, DT Division, Ministry of Civil Aviation Director (Appointed as Director w.e.f 25-01-2022 and ceased w.e.f 18 -01-2023)	Bachelor of Engineering (Civil), Visvesvaraya Technological University, Karnataka, masters in Public Administration (MPA), University of Birmingham, United Kingdom	6	4	No
Shri Asangba Chuba Ao Joint Secretary, DT Division, Ministry of Civil Aviation Director (Appointed as Director w.e.f 18-01-2023)	MA (Eng Litt.) & MA (Public Administration)	6	2	No

Directorships and Memberships of Board Committees

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

Name of the Director	Details of Directorships held in other Companies excluding AAAL	Memberships held in Committees as on 31 st March 2023
Shri S. K. Mishra Chairman & Managing Director, AI Assets Holding Limited Chairman (Appointed w.e.f 01-03-2023)	<u>Chairman & Managing Director</u> AI Assets Holding Limited w.e.f 01-03-2023 <u>Chairman</u> AI Airport Services Limited w.e.f 01-03-2023 AI Engineering Services Limited w.e.f 01-03-2023 Hotel Corporation of India Limited w.e.f 01-03-2023	<u>AAAL</u> <u>Chairman</u> HR Committee w.e.f 01-03-2023 Flight Safety Committee w.e.f 01-03-2023 <u>Member</u> Audit Committee w.e.f 01-03-2023 <u>AIASL</u> <u>Chairman</u> Corporate Social Responsibility Committee



Name of the Director	Details of Directorships held in other Companies excluding AAAL	Memberships held in Committees as on 31 st March 2023
	<p><u>Director</u> AI Airport Services Limited w.e.f. 02-02-2017 AI Engineering Services Limited w.e.f. 02-02-2017 AI Assets Holding Limited w.e.f 22-01-2018</p>	<p><u>Member</u> Audit Committee</p> <p><u>AIESL</u> <u>Chairman</u> Corporate Social Responsibility Committee <u>Member</u> Audit Committee</p> <p><u>AIAHL</u> <u>Chairman</u> Nomination & Remuneration Committee <u>Member</u> Audit Committee</p>
<p>Shri Vikram Dev Dutt, Chairman & Managing Director, AI Assets Holding Limited</p> <p>Chairman (Appointed w.e.f 27-01-2022 and ceased w.e.f 28-02-2023)</p>	<p><u>Chairman and Managing Director</u> <u>Director</u> AI Assets Holding Limited till 28-02-2023</p> <p><u>Chairman</u> AI Airport Services Limited (AIASL) till 28-02-2023 AI Engineering Services Limited (AIESL) till 28-02-2023 Hotel Corporation of India Limited (HCI) till 28-02-2023</p> <p><u>Director</u> Port Blair Smart Projects Limited</p>	<p><u>AAAL</u> <u>Chairman</u> HR Committee till 28-02-2023 Flight Safety Committee till 28-02-2023 <u>Member</u> Audit Committee till 28-02-2023</p> <p><u>AIASL</u> <u>Chairman</u> Corporate Social Responsibility Committee till 28-02-2023 <u>Member</u> Audit Committee till 28-02-2023</p> <p><u>AIESL</u> <u>Chairman</u> Corporate Social Responsibility Committee till 28-02-2023 <u>Member</u> Audit Committee till 28-02-2023</p> <p><u>AIAHL</u> <u>Member</u> Audit Committee till 28-02-2023</p>



Name of the Director	Details of Directorships held in other Companies excluding AAAL	Memberships held in Committees as on 31 st March 2023
Shri Pranjol Chandra Director, Ministry of Civil Aviation Director (Appointed as Director w.e.f 11-02-2022)	<u>Director</u> Hotel Corporation of India Ltd.(HCI)	<u>AAAL</u> <u>Member</u> Audit Committee HR Committee Flight Safety Committee <u>HCI</u> <u>Member</u> Audit Committee
Shri Deepak Sajwan Deputy Secretary, Ministry of Civil Aviation Director (Appointed as Director w.e.f 27-01-2021 and ceased w.e.f 18-01-2023)	<u>Director</u> Hotel Corporation of India Limited (HCI) till 14-12-2022	<u>AAAL</u> <u>Member</u> Audit Committee till 18-01-2023 HR Committee till 18-01-2023 Flight Safety Committee till 18-01-2023 <u>HCI</u> <u>Member</u> Audit Committee till 14-12-2022
Shri Brajesh Kumar Srivastava Deputy Secretary, Ministry of Civil Aviation Director (Appointed as Director w.e.f 18-01-2023)	<u>Director</u> Hotel Corporation of India Limited (HCI) w.e.f 14-12-2022	<u>AAAL</u> <u>Member</u> Audit Committee w.e.f 18-01-2023 HR Committee w.e.f 18-01-2023 Flight Safety Committee w.e.f 18-01-2023 <u>HCI</u> <u>Member</u> Audit Committee w.e.f 14-12-2022
Smt Usha Padhee Joint Secretary, DT Division, Ministry of Civil Aviation Director (Appointed as Director w.e.f 25-01-2022 and ceased w.e.f 18-01-2023)	<u>Director</u> Rohini Heliport Limited Pawan Hans Limited	<u>AAAL</u> <u>Chairperson</u> Audit Committee till 18-01-2023 <u>Member</u> HR Committee till 18-01-2023 Flight Safety Committee till 18-01-2023 <u>Pawan Hans Ltd</u> <u>Member</u> Nomination & Remuneration Committee till 16-10-2022



Name of the Director	Details of Directorships held in other Companies excluding AAAL	Memberships held in Committees as on 31 st March 2023
<p>Shri Asangba Chuba Ao Joint Secretary, DT Division, Ministry of Civil Aviation</p> <p>Director (Appointed as Director w.e.f 18-01-2023)</p>	<p><u>Director</u> Rohini Heliport Limited Pawan Hans Limited</p>	<p><u>AAAL</u> <u>Chairman</u> Audit Committee w.e.f 18-01-2023 <u>Member</u> HR Committee w.e.f 18-01-2023 Flight Safety Committee w.e.f 18-01-2023</p> <p><u>Pawan Hans Ltd</u> <u>Member</u> Nomination & Remuneration Committee</p>

4. Code of Conduct

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

5. Audit Committee

As part of the Corporate Governance process and in compliance with the provisions of the Companies Act, 2013 and DPE Guidelines, the Audit Committee of the Board has been constituted. Due to the reconstitution of the Board of Directors by the Ministry of Civil Aviation (MOCA) vide its OM dated 18-01-2023 and 28-02-2023, the Audit Committee was reconstituted by the Board in its 179th and 180th meeting held on 02-02-2023 and 17-03-2023 respectively.

As on 31st March, 2023, the following were the members of the Audit Committee:

Shri Asangba Chuba Ao	Chairman
Shri Satyendra Kumar Mishra	Member
Shri Pranjol Chandra	Member
Shri Brajesh Kumar Srivastava	Member

The Terms of Reference of the Audit Committee are:

- To recommend for appointment, remuneration and terms of appointment of auditors of the Company;
- To review and monitor the auditor’s independence and performance and effectiveness of audit process;
- To review the Internal Audit program & ensure co-ordination between the Internal & External



Auditors as well as determine whether the Internal Audit function is commensurate with the size and nature of the Company's Business;

- To discuss with the Auditor before the audit commences the nature & scope of the audit;
- To examine the Financial Statements and the Auditors' Report thereon;
- To review the Statutory Auditor's Report, Management's response thereto and to take steps to ensure implementation of the recommendations of the Statutory Auditors;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters;
- To consider any other matter as desired by the Board.

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

29th April, 2022 (26th Meeting)

14th July, 2022 (27th Meeting)

11th October, 2022 (28th Meeting)

2nd February, 2023 (29th Meeting)

17th March, 2023 (30th Meeting)

Attendance at the Audit Committee Meetings:

Name of the Member	No. of Meetings Attended
Smt Usha Padhee	3
Shri Asangba Chuba Ao	2
Shri Vikram Dev Dutt	3
Shri Satyendra Kumar Mishra	1
Shri Pranjol Chandra	5
Shri Deepak Sajwan	1
Shri Brajesh Kumar Srivastava	2

- *Shri Asangba Chuba Ao appointed as Chairman of the Audit Committee vice Smt Usha Padhee w.e.f 18th January, 2023.*
- *Shri Satyendra Kumar Mishra appointed as Member of the Audit Committee vice Shri Vikram Dev Dutt w.e.f 1st March, 2023.*
- *Shri Brajesh Kumar Srivastava appointed as Member of the Audit Committee vice Shri Deepak Sajwan w.e.f 18th January, 2023.*

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

The details of these meetings are given below:

AGM/EGM	Date and time of the Meeting	Venue
37 th Annual General Meeting	29 th December, 2020 At 1130 Hours	Held through Video Conferencing (VC)
38 th Annual General Meeting	12 th November, 2021 At 1130 Hours	Alliance Bhawan, Domestic Terminal-I, IGI Airport, New Delhi-110037
Extra Ordinary General Meeting	27 th January, 2022 At 12 Noon	Alliance Bhawan, Domestic Terminal-I, IGI Airport, New Delhi-110037
39 th Annual General Meeting	30 th December, 2022 At 1100 Hours	Alliance Bhawan, Domestic Terminal-I, IGI Airport, New Delhi-110037

7. Disclosures and Statutory Compliances:

Adequate Disclosures pertaining to Director's interest, related party transactions, maintenance of statutory registers have been taken and placed periodically before the Board of Directors to take informed decisions, with the Board following a clear policy of specific delegation and authorization of designated officers to handle the business matters. MCA Filings with respect to disclosures, intimations, allotments and appointments have been made in a time bound manner with no pending matters. The Company, based on self-evaluation, falls under 'Excellent' grade for the compliance of DPE Corporate Governance Guidelines for both the Financial Years 2021-22 and 2022-23. The DPE has also awarded 'Excellent' grading to AAAL for compliance of DPE Corporate Governance Guidelines during the Financial Year 2021-22.

8. CEO/CFO Declaration:

The Chief Executive Officer and Chief Financial Officer have certified in writing with respect to the truth and fairness of the Financial Statements, due compliances, and financial reporting which was placed before the Board & Audit Committee and forms part of this report.

For and on behalf of the Board

Sd/-
(Satyendra Kumar Mishra)
Chairman

Place: New Delhi
Date: 22 September, 2023



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 31st March, 2023.

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

Place : New Delhi
Date : 22 September, 2023



DECLARATION BY CHIEF EXECUTIVE OFFICER & CHIEF FINANCIAL OFFICER

To,
The Board of Directors,
Alliance Air Aviation Limited,

We, Vineet Sood , Chief Executive Officer and Ambar Kumar Mondal, Chief Financial Officer of Alliance Air Aviation Limited (hereinafter “the Company”), do hereby certify that:

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements give a true and fair view of the state of affairs of the Company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including Accounting Standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company’s code of conduct.
3. We accept overall responsibility for the Company’s internal control system for financial reporting. This is monitored by the internal audit function, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal audit works with all levels of management and statutory auditors, and reports significant issues to the Audit Committee of the Board of Directors.

The Auditors and Audit Committee are apprised of any corrective action taken with regard to significant deficiencies and material weaknesses.
4. We indicate to the Auditors and to the Audit Committee:
 - a) Significant changes in internal control over financial reporting during the year;
 - b) Significant changes in accounting policies during the year;
5. We further declare that all Board Members and Senior Managerial Personnel have affirmed compliance with the code of conduct during the year ended 31st March, 2023.

For Alliance Air Aviation Limited

Sd/-
Vineet Sood
Chief Executive Officer
PAN: AVYPS1251Q

Sd/-
Ambar Kumar Mondal
Chief Financial Officer
PAN: AEGPM0223D

Place: New Delhi
Date: 14 June, 2023

**Annexure B to Directors' Report for the year 2022-23****FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN****As on Financial Year ended on 31.03.2023**

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

I. REGISTRATION & OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the Company shall be stated) -

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANY:

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



IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-04-2022]				No. of Shares held at the end of the year [As on 31-03-2023]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters	-	-	-	-	-	-	-	-	-
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.*	40,225,000	0	40,225,000	100	40,225,000	0	40,225,000	100	0.00
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	40,225,000	0	40,225,000	100	40,225,000	0	40,225,000	100	0.00
B. Public Shareholding	Not Applicable								
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds/UTI	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify Foreign Banks)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-

Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-04-2022]				No. of Shares held at the end of the year [As on 31-03-2023]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions	Not Applicable								
a) Bodies Corp. (Market Maker + LLP)	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-



Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-04-2022]				No. of Shares held at the end of the year [As on 31-03-2023]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
i) Non-Resident Indians	-	-	-	-	-	-	-	-	-
ii) Non-Resident Indians - Non Repatriable	-	-	-	-	-	-	-	-	-
iii) Office Bearers	-	-	-	-	-	-	-	-	-
iv) Directors	-	-	-	-	-	-	-	-	-
v) HUF	-	-	-	-	-	-	-	-	-
vi) Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
vi) Foreign Nationals	-	-	-	-	-	-	-	-	-
vii) Clearing Members	-	-	-	-	-	-	-	-	-
viii) Trusts	-	-	-	-	-	-	-	-	-
ix) Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	40,225,000	0	40,225,000	100	40,225,000	0	40,225,000	100	- 0.00

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

B) Shareholding of Promoter-

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1.	AI Assets Holding Limited along with its Nominees	40,225,000	100	NIL	40,225,000	100	NIL	-



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

There was no change in Promoters Shareholding during the year.

S. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding at end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	At the beginning of the year				
	AI Assets Holding Ltd	40,225,000	100	40,225,000	100
	Changes during the year	NIL	NIL	NIL	NIL
	At the end of the year				
	AI Assets Holding Ltd	40,225,000	100	40,225,000	100

D) Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs): Not Applicable

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

E) Shareholding of Directors and Key Managerial Personnel: NIL

(Amount in Rs.)

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



V. INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amount in Rs.)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness (current year)	Total Indebtedness (previous year)
Indebtedness at the beginning for the Financial Year					
i) Principal Amount	-	24,31,18,30,288.20	-	24,31,18,30,288.20	20,65,72,26,817.88
ii) Interest due but not paid	-	-	-	-	-
iii) Interest accrued but not due	-	-	-	-	-
Total (i +ii+iii)	-	24,31,18,30,288.20	-	24,31,18,30,288.20	20,65,72,26,817.88
Change in Indebtedness during the Financial Year	-		-	-	-
Addition	-	2,39,94,45,293.32	-	2,39,94,45,293.32	3,66,34,66,161.32
Reduction	-	-	-	-	-
Net Change	-	2,39,94,45,293.32	-	2,39,94,45,293.32	3,66,34,66,161.32
Indebtedness at the end of the Financial Year					
i) Principal Amount	-	24,55,67,88,897.51	-	24,55,67,88,897.51	22,48,34,91,016.97
ii) Interest due but not paid	-	2,15,44,86,684.00	-	2,15,44,86,684.00	1,83,72,01,962.22
iii) Interest accrued but not due	-	-	-	-	-
Total (i +ii+iii)	-	26,71,12,75,581.51	-	26,71,12,75,581.51	24,32,06,92,979.19

* Indebtedness for the current year includes provisions for an amount of Rs. 2,15,29,98,527.00

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rs.)

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



S. No	Particulars of Remuneration	Name of MD/WTD/ Manager					Total Amount
4	Commission as % of profit others, specify.	-	-	-	-	-	-
5	Others : (PF, DCS, House Perks tax etc)	-	-	-	-	-	-
	Total (A)	-	-	-	-	-	-
	Ceiling as per the Act	-	-	-	-	-	-

* There are no Managing, Whole Time Directors in the Company during the year 2022-23 except CEO. The details of CEO have been provided under KMP.

B Remuneration to other directors-Not applicable

Sr No.	Particulars of Remuneration	Name of Directors					Total Amount
1	Independent Directors	-	-	-	-	-	-
	Fee for attending Board Committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify (Fees for attending Board Sub Committee Meetings)	-	-	-	-	-	-
	Total(1)	-	-	-	-	-	-
2	Other Non-Executive Directors	-	-	-	-	-	-
	Fee for attending Board Committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-
	Total (B)=(1+2)	-	-	-	-	-	-
	Total Managerial Remuneration	-	-	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-	-	-
		-	-	-	-	-	-

C. Remuneration To Key Managerial Personnel other than MD/Manager/WTD:

(Amount in Rs.)

S. No.	Particulars of Remuneration	CEO	CS	CFO	Total
		Shri Vineet Sood	Smt. Shilpa Bhatia	Shri Ambar Kumar Mondal	
1	Gross Salary	40,13,750	7,94,851	17,91,250	65,99,851
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-



S. No.	Particulars of Remuneration	CEO	CS	CFO	Total
		Shri Vineet Sood	Smt. Shilpa Bhatia	Shri Ambar Kumar Mondal	
	Others, specify.	-	-	-	-
5	Others: (PF, DCS, House Perks tax etc.)	-	-	-	-
	Total	40,13,750	7,94,851	17,91,250	65,99,851

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY		NIL			
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS		NIL			
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT		NIL			
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board

Sd/-
(Satyendra Kumar Mishra)
Chairman

Place: New Delhi

Date: 22 September, 2023

**Annexure C to Directors' Report for the year 2022-23**

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

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

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

There were no contracts or arrangements or transactions entered during the year ended 31st March, 2023, which were not at arm's length basis.

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

All contracts /arrangements/transactions entered by the Company with related parties under Section 188(1) of the Act during the Financial Year 2022-23 were on an arm's length basis, in the ordinary course of business which were duly approved in the 176th Board Meeting held on 14th July, 2022. The details of contacts or arrangements or transactions at arm's length basis are as follows:

Name of Related Party and Nature of Relation	Nature of transaction	Duration of transaction	Salient terms of transaction	(Amount in Rs. Crores)
AI Assets Holding Limited (AIAHL) (Holding Company)	Expenditure	1 st April 2022-31 st March 2023	Expenditure	
	1. Space Charges			0.20
	2. Interest			215.44
	Total			215.64
AI Engineering Services Ltd (AIESL) (Subsidiary of AI Assets Holding Limited)	Expenditure	1 st April 2022-31 st March 2023	Expenditure	
	1. Repair Other			55.95
	2. Manpower			2.68
	3. Training			0.02
	4. Interest			17.28
	Total			75.93
AI Airport Services Ltd. (AIASL) (Subsidiary of AI Assets Holding Limited)	Expenditure	1 st April 2022-31 st March 2023	Expenditure	
	1. Handling Charges			28.20
	2. Interest			9.45
	Total		37.65	
	Income		Income	
	SOD, Logo & Penalty raised by AAAL			0.42
	Total			0.42



Hotel Corporation of India Limited (Subsidiary of AI Assets Holding Limited)	Expenditure	1 st April 2022- 31 st March 2023	Expenditure	
	Hotel Accommodation			0.16
	Total			0.16
	Income		Income	
	Logo Usage			0.14
	Total			0.14

For and on behalf of the Board

Sd/-
(Satyendra Kumar Mishra)
Chairman

Place: New Delhi
Date: 22 September, 2023



**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2023**

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

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

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

Based on our verification of the Company’s books, papers, Minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and Compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31st March, 2023 according to the provisions of:

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



- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.
- (vi) Compliances/processes/systems under other specific applicable Laws (as applicable to the industry), as listed below, are not being verified by us.
- (a) Aircraft Act, 1934 and the Rules made thereunder
 - (b) Carriage by Act 1972 and the Rules made thereunder
 - (c) Airport Authority of India Act, 1994
 - (d) The Aircraft (Carriage of Dangerous Goods) Rules, 2003 and the Rules made thereunder
 - (e) The Civil Aviation Requirements issued by Directorate General of Civil Aviation
 - (f) The Aircraft(Security) Rules, 2011
 - (g) International Conventions
 - (h) Acts prescribed under Environmental Protection.
 - (i) Tokyo Convention Act, 1975
 - (j) Anti-Hijacking Act 1982/1994
 - (k) Suppression of Unlawful acts against Safety of Civil Aviation Act, 1982/1994
 - (l) Airports Economic Regulatory Authority of India Act, 2008
 - (m) The Consumer Protection Act, 2019
 - (n) The Gratuity Act and Rules, 1972
 - (o) The Contract Labour (Regulations & Abolition) Act, 1970
 - (p) The Bonus Act, 1965
 - (q) Payment of Wages Act, 1936
 - (r) Employment Exchange Act
 - (s) The Employees Provident Funds and Miscellaneous Provisions Act, 1952
 - (t) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

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

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



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

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

“Non- Compliance with section 149(1)(a) of the Companies Act, 2013 with respect to the composition of the Board of Directors of the Company- the Company do not have the woman director in the Board during the period from 18th of January 2023 to 31st of March 2023.”

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

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

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

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

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

For Agarwal S. & Associates,
Company Secretaries,
ICSI Unique Code: P2003DE049100
Peer Review Cert. No.: 2725/2022

Sd/-
CS Anjali
Partner
ACS No.: 65330
CP No.: 26496

Place: New Delhi

Date: 22 September, 2023

UDIN: A065330E001056155

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



To,
The Members,
Alliance Air Aviation Limited

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

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

For Agarwal S. & Associates,
Company Secretaries,
ICSI Unique Code: P2003DE049100
Peer Review Cert. No.: 2725/2022

Sd/-
CS Anjali
Partner
ACS No.: 65330
CP No.: 26496

Place: New Delhi
Date: 22 September, 2023



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF ALLIANCE AIR AVIATION LIMITED FOR THE YEAR ENDED 31ST MARCH, 2023

The preparation of Financial Statements of **ALLIANCE AIR AVIATION LIMITED** for the year ended 31st March, 2023 in accordance with the Financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the Company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the Financial Statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 14th June, 2023.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the Financial Statements of **ALLIANCE AIR AVIATION LIMITED** for the year ended 31st March, 2023 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the Statutory Auditor and Company personnel and a selective examination of some of the accounting records.

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

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

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

Place: New Delhi
Date: 29 August, 2023



INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying Financial Statements of **Alliance Air Aviation Limited** (hereinafter referred to as "the Company"), which comprise the Balance Sheet as at 31st March, 2023, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Financial Statements, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read 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 March 31, 2023, its loss, total comprehensive income, its cash flows and the Changes in Equity for the year ended on that date.

Basis for Opinion

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

Responsibilities of Management for the Ind AS Financial Statements

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



that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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



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

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

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

Emphasis of Matter

Attention is drawn to following notes:

Notes No. 40 which states that the Financial Statements of the Company have been prepared on going concern basis for the reasons stated therein in spite of continuous accumulated losses and net worth of the Company fully eroded.

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

Information other than the Ind AS Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Ind AS Financial Statements and our auditor's report thereon.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure "A"**, statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. We are enclosing our report in terms of Section 143(5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in the **Annexure "B"**, on the directions and sub-directions issued by the Comptroller and Auditor General of India.



3. (A) As required by Section 143(3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Company does not have any branch offices which maintains any books of accounts hence this para is not applicable.
 - (d) The Balance Sheet, the Statement of Profit and Loss (including the Statement of Other Comprehensive Income) the Statement of Cash Flows and Statement of Changes in Equity dealt with by this report are in agreement with the books of accounts.
 - (e) In our opinion, the aforesaid Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
 - (f) We have not come across any observation on the financial transactions or matters which have any adverse impact on the functioning of the Company.
 - (g) On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (h) We have not across any qualification, reservation or adverse remarks relating to maintenance of accounts and other matters connected therewith hence we are not making any comment under this para.
 - (i) With respect to the adequacy of the Internal Financial Controls with reference to these Ind AS Financial Statements of the Company and operating effectiveness of such controls, refer to separate report in **Annexure "C"** to this report.
 - (j) The provisions of Section 197 read with Schedule V of Companies Act 2013 relating to Managerial Remuneration are not applicable to the Company, being a Government Company in terms of MCA Notification no. G.S.R. 463(E) dated 5th June, 2015.
- (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- a. The Company has disclosed the impact of pending litigations as at 31st March, 2023 on its financial position in its Financial Statements – Refer Note 29 to the Financial Statements.
 - b. The Company did not have any long-term contract including derivative contracts for which there were any material forceable losses hence the Company has not made any provision for the same.
 - c. There were no amounts which were required to be transferred to the Investors Education and Protection Fund by the Company.



- d. i. The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Company or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- ii. The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall:
- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Funding Party or
 - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and
- iii. Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under subclause (d) (i) and (d) (ii) contain any material mis-statement.
- e. The Company has not declared any dividend during the year; hence, this para is not applicable.
- f. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the Financial Year ended 31 March, 2023.

For **S.K. Kapoor & Co.**
Chartered Accountants
FRN - 000745C

Sd/-
(V.B. Singh)
Partner
Membership Number – 073124
UDIN – 23073124BGYRAD2978

Place: New Delhi
Date: 14 June, 2023



Annexure “A” to the Independent Auditor’s Report

Referred to in Paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date to the members of Alliance Air Aviation Limited on the accounts of the Company for the year ended 31st March, 2023

Report on the Companies (Auditor’s Report) Order, 2020 (CARO) under Section 143(11) of Companies Act, 2013 (“Companies Act”)

- (i) a. A. The Company has maintained proper records showing full particulars, including quantitative details and situations of Property, Plant and Equipment and ROU assets accounted as per Ind AS 116.
- B. The Company has maintained proper records showing full particulars of intangible assets.
- b. According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company conducts physical verification of the Property, Plant and Equipment on biennial basis. Physical verification of property plant and equipment was conducted during the previous year in Delhi, Kolkata and Hyderabad stations as per policy of the Company and the discrepancies observed were adjusted in books of accounts of the Company in the previous year.
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not hold any immovable property, hence, the provisions of clause 3(i)(c) of the order is not applicable to the Company.
- d. According to the information and explanations given to us and on the basis of our examination of the records of the Company, no revaluation of Property Plant and Equipment (including Right of Use Assets) or Intangible assets or both has been done by the Company during the year. Accordingly, the provisions of clause 3(i)(d) of the order is not applicable to the Company.
- e. According to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988). Accordingly, the provisions of clause 3(i)(e) of the order is not applicable to the Company.
- (ii) (a) As per the information and explanation given to us, the exercise of physical verification of inventories is done on biennial basis. During the previous year, physical verification of inventories at Delhi, Kolkata and Hyderabad was conducted by the Company in which shortage of Rs 52.22 million and excess of Rs 5.22 million were observed. Pending approval from the Competent Authority, a net provision amounting to Rs. 31.13 million, over and above the existing provision of Rs. 15.86 million was created during the previous year for the shortages.



There is no progress in assessment of actual loss by the Company incurred on account of shortages observed during previous year. Hence the provision for expected losses on account of shortages reported in physical verification is still existing in the Financial Statements in absence of approval of actual loss from the competent authority. (Refer note no. 30 (b) forming part of Financial Statements.)

- (b) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits, from any banks or financial institutions on the basis of security of current assets. Accordingly, the provisions of clause 3(ii)(b) of the order is not applicable to the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, the provisions of clause 3 (iii) (a) to (f) are not applicable to the Company.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans to director and any other party and the Company has not made any investments, given any guarantee and security. Accordingly, the provisions of clause 3(iv) of the order is not applicable to the Company.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposit from the public within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposit) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) order are not applicable to the Company.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013, for the services rendered by the Company. Accordingly, the provisions of clause 3(vi) of the order is not applicable to the Company.
- (vii) a. On the basis of our examination of the books of accounts, and records of the Company, we have observed that the Company was regular in depositing undisputed statutory dues including Goods and Services Tax, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues with appropriate authorities except TDS.

Tax deducted at source has not been deposited regularly. An amount of Rs. 136.39 million for the months July to September 2022 in respect of Tax Deducted at source under different sections is outstanding for more than 6 months as on 31st March, 2023.

- b. According to the information and explanations given to us, there are no statutory dues which are pending on account of dispute except as mentioned below:



Name of statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount (Rs. millions)
Income Tax Act, 1961	Income Tax	ITAT, New Delhi	A.Y. 2000-2001	22.57
Income Tax Act, 1961	Income Tax	ITAT, New Delhi	A.Y. 2004-2005	28.04

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) a. In the books of Company, an amount of Rs 23738.78 million is appearing as short-term borrowing from Holding Company (M/s AI Assets Holding Ltd) as on 31 March, 2023. As per the decision of the Board of the Holding Company, the interest is being charged @ 9% p.a., calculated on average outstanding balance.

Another amount of Rs. 562.5 million is also appearing as short-term borrowing. This amount has been received from AIAHL during 2021-22 on which interest is being provided @ 1% p.a. as per the board approval of AIAHL. Another amount of Rs 257 million has been received from AIAHL during the year 2022-23 at which interest@9% has been charged by AIAHL. Pending terms and conditions of repayment, this advance has been accounted as short-term borrowing.

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

b. According to the information and explanation given to us and on the basis of our examination of the books of accounts, and records of the Company, the Company has not been declared wilful defaulter by any bank or financial institution or other lender.

c. According to the information and explanation given to us and on the basis of our examination of the books of accounts, and records of the Company, no term loans have been taken by the Company. Therefore, the provisions of clause 3(ix)(c) of the order is not applicable to the Company.

d. According to the information and explanation given to us and on the basis of our examination of the books of accounts, and records of the Company, no funds on short term basis have been raised by the Company. Therefore, the provisions of clause 3(ix) (d) of the order is not applicable to the Company.

e. According to the information and explanation given to us and on the basis of our examination of the books of accounts, and records of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. Therefore, the provisions of clause 3(ix) (e) of the order is not applicable to the Company.



- f. According to the information and explanation given to us and on the basis of our examination of the books of accounts, and records of the Company, Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Therefore, the provisions of clause 3(ix)(f) of the order is not applicable to the Company.
- (x)** a. No moneys have been raised by way of initial public offer or further public offer (including debt instruments) during the year by the Company. Accordingly, the provisions of clause 3 (x)(a) of the order is not applicable to the Company.
- b. The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, the provisions of clause 3 (x)(b) of the order is not applicable to the Company.
- (xi)** a. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company has been noticed or reported during the year. Accordingly, the provisions of clause 3 (xi)(a) of the order are not applicable to the Company.
- b. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the year. Accordingly, the provisions of clause 3 (xi)(b) of the order are not applicable to the Company.
- c. As per the information and explanation given to us by the Company no whistle blower complaints were received by the Company during the year. Accordingly, the provisions of clause 3 (xi)(c) of the order are not applicable to the Company.
- (xii)** According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii)** In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the Financial Statements as required by the applicable Indian Accounting Standards.
- (xiv)** a. Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- b. We have considered the internal audit reports of the Company issued till date for the period under audit.



- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) a. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- b. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- c. The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- d. According to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Accordingly, the requirements of clause 3(xvi) (d) are not applicable.
- (xvii) The Company has incurred cash losses in the current Financial Year as well as in the immediately preceding Financial Year which are specified as below:

Particulars	Current Year	Previous Year
Net Profit after Tax and before Other Comprehensive Income	(5665.73)	(4477.63)
Add: Non-cash expenses		
Depreciation and ammortization	2617.77	2410.11
Unrealized gain/ loss on foreign exchange	(285.88)	(174.36)
Cash Loss during the year	(3333.84)	(2241.88)

- (xvii) There has been no resignation of the Statutory Auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of Financial liabilities, other information accompanying the Financial Statements, our knowledge of the Board of Directors and management plans supported by the Government of India and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the Balance Sheet date, will get discharged by the Company as and when they fall due.



- (xx) a. In view of continuous losses incurred by the Company, the provisions of Section 135 are not applicable to the Company, accordingly the provisions of clause 3 (xx)(a) of the order are also not applicable to the Company.
- b. In view of continuous losses incurred by the Company the provisions of Section 135 are not applicable to the Company, accordingly the provisions of clause 3 (xx)(b) of the order are not applicable to the Company.
- (xxi) The Company is not required to prepare consolidated Financial Statements. Accordingly, the provisions of clause 3 (xxi) of the order are not applicable to the Company.

For **S.K. Kapoor & Co.**
Chartered Accountants
ICAI Firm Registration Number – 000745C

Sd/-
(V.B. Singh)
Partner
Membership Number – 073124
UDIN – 23073124BGYRAD2978

Place: New Delhi
Date: 14 June, 2023

**Annexure “B” to the Independent Auditor’s Report**

Referred to in paragraph 2 under “Report on other legal and Regulatory requirement section of our report of even date to the members of Alliance Air Aviation Ltd on the Financial Statements for the year ended 31st March 2023

S. No.	Direction u/s 143(5) of the Companies Act 2013	Auditor’s Reply on Action taken on the directions	Impact on Financials
1)	Whether the Company has system in place to process all the accounting transactions through IT System? If yes, the implications of processing of accounting transactions outside IT System on the integrating of the accounts along with the financial implication if may be stated.	The Company has system in place to process all accounting transactions through IT System i.e., SAP (Systems Applications and Products in data processing). Alliance Air has operationalised the new PSS system since 15 th April, 2022 and the daily transaction report being generated through PSS system is being verified with the flown PNR data. However, the Company is availing the services of an outside agency for the processing of data relating to passengers, cargo, baggage and other revenue through PSS system, which is outside the Company’s IT System. As per the records and information available as per industry practice parent Company is complying all necessary norms to ascertain the integrity, authenticity and accuracy of the data processed by the outsourced agency.	NIL
2)	Whether there is any restructuring of an Existing loan or case of waiver / write off of Debts / Loans/ Interest etc. made by a lender to the Company due to the Company’s inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case lender is a Government Company, then this direction is also applicable for statutory auditor of lender Company)	Not Applicable. The Company is not availing any loan from any bank, financial institutions or any other lender except the financial support from the Parent Company.	NIL



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

For **S.K. Kapoor & Co.**
Chartered Accountants
FRN – 000745C

Sd/-
(V.B. Singh)
Partner
Membership Number – 073124
UDIN – 23073124BGYRAD2978

Place: New Delhi
Date: 14 June, 2023



Compliance Certificate

We have conducted the audit of accounts of **Alliance Air Aviation Limited** (Formerly Known as Airline Allied Services Limited) for the year ended 31st March, 2023 in accordance with the directions / sub-directions issued by the Comptroller & Auditor General of India under section 143 (5) of the Companies Act, 2013 and certify that we have complied with all the Directions / Sub Directions issued to us.

For **S.K. Kapoor & Co.**
Chartered Accountants
FRN:000745C

Sd/-
(V.B. Singh)
Partner
M No.073124
UDIN – 23073124BGYRAD2978

Place: New Delhi
Date :14 June, 2023



Annexure – “C” to the Independent Auditor’s Report

Referred in paragraph 3(f) under the heading “Report on other Legal and Regulatory Requirements” of our report on the Financial Statements of Alliance Air Aviation Limited

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

Opinion

We have audited the internal financial controls over financial reporting of **Alliance Air Aviation Limited** (“the Company”) as of 31st March, 2023 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2023, based on the internal financial controls over financial reporting criteria established by the Company considering the components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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



adequate internal financial controls over financial reporting with reference to Financial Statements was established and maintained and if such controls operated effectively in all material respects.

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

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

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

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

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

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

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these Financial Statements to future periods are subject to the risk that the internal financial controls over financial



reporting with reference to these Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **S.K. Kapoor & Co.**
Chartered Accountants
ICAI FRN – 000745C

Sd/-
(V.B. Singh)
Partner
Membership Number – 073124
UDIN : 23073124BGYRAD2978

Place: New Delhi
Date: 14 June, 2023



**MANAGEMENT'S REPLIES TO THE INDEPENDENT AUDITORS' REPORT ON THE
FINANCIAL STATEMENTS OF THE ALLIANCE AIR AVIATION LIMITED FOR THE
FINANCIAL YEAR 2022-23**

<u>Audit Observations</u>	<u>Management Replies</u>
<p>Opinion</p> <p>We have audited the accompanying Financial Statements of Alliance Air Aviation Limited (hereinafter referred to as "the Company"), which comprise the Balance sheet as at 31st March 2023, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Financial Statements, and a summary of significant accounting policies and other explanatory information.</p> <p>In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read 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 March 31, 2023, its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.</p>	
<p>Basis for Opinion</p> <p>We conducted our audit of the Financial Statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Financial Statements.</p>	



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



<u>Audit Observations</u>	<u>Management Replies</u>
<p>As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:</p> <ul style="list-style-type: none">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.	
<ul style="list-style-type: none">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.	
<ul style="list-style-type: none">Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.	
<ul style="list-style-type: none">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.	
<ul style="list-style-type: none">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.	



<u>Audit Observations</u>	<u>Management Replies</u>
<p>We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.</p> <p>We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.</p>	
<p>Emphasis of Matter</p> <p>Attention is drawn to following notes:</p> <p>Notes No. 40 which states that the Financial Statements of the Company have been prepared on going concern basis for the reasons stated therein in spite of continuous accumulated losses and net worth of the Company fully eroded.</p> <p>Our opinion is not modified in respect of the above matter.</p>	
<p>Information Other than the Ind AS Financial Statements and Auditor's Report thereon</p> <p>The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Ind AS Financial Statements and our auditor's report thereon.</p> <p>Our opinion on the Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.</p> <p>In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>When we read the 'Other reports', if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions, if required.</p>	



<u>Audit Observations</u>	<u>Management Replies</u>
Report on Other Legal and Regulatory Requirements	
1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure "A" , statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.	
2. We are enclosing our report in terms of Section 143(5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in the Annexure "B" , on the directions and sub-directions issued by the Comptroller and Auditor General of India.	
3. (A) As required by Section 143(3) of the Act, we report that:	
(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.	
(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.	
(c) The Company does not have any branch offices which maintains any books of accounts hence this para is not applicable.	
(d) The Balance Sheet, the Statement of Profit and Loss (including the Statement of Other Comprehensive Income) the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of accounts.	
(e) In our opinion, the aforesaid Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.	
(f) We have not come across any observation on the financial transactions or matters which have any adverse impact on the functioning of the Company.	
(g) On the basis of the written representations received from the directors as on 31 st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.	



<u>Audit Observations</u>	<u>Management Replies</u>
(h) We have not across any qualification, reservation or adverse remarks relating to maintenance of accounts and other matters connected therewith hence we are not making any comment under this para.	
(i) With respect to the adequacy of the Internal Financial Controls with reference to these Ind AS Financial Statements of the Company and operating effectiveness of such controls, refer to separate report in Annexure “C” to this report.	
(j) The provisions of Section 197 read with schedule V of Companies Act, 2013 relating to Managerial Remuneration are not applicable to the Company, being a Government Company in terms of MCA Notification no. G.S.R. 463(E) dated 5 th June, 2015.	
(B) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us: a. The Company has disclosed the impact of pending litigations as at 31 st March, 2023 on its financial position in its Financial Statements – Refer Note 29 to the Financial Statements.	
b. The Company did not have any long-term contract including derivative contracts for which there were any material forceable losses hence the Company has not made any provision for the same.	
c. There were no amounts which were required to be transferred to the Investors education and protection fund by the Company.	
d. i. The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall: • directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Company or	
• provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.	



<u>Audit Observations</u>	<u>Management Replies</u>
<p>i. The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall:</p> <ul style="list-style-type: none">• directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Funding Party or• provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and	
<p>ii. Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under subclause (d) (i) and (d) (ii) contain any material mis-statement.</p>	
<p>e. The Company has not declared any dividend during the year; hence, this para is not applicable.</p>	
<p>f. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the Financial Year ended 31st March, 2023.</p>	

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

Referred to in Paragraph 1 under 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Alliance Air Aviation Limited on the accounts of the company for the year ended 31st March, 2023

Report on the Companies (Auditor's Report) Order, 2020 (CARO) under Section 143(11) of Companies Act, 2013 ("Companies Act")

<u>Audit Observations</u>	<u>Management Replies</u>
<p>(i) a. A. The Company has maintained proper records showing full particulars, including quantitative details and situations of Property, Plant and Equipment and ROU assets accounted as per Ind AS 116.</p> <p>B. The Company has maintained proper records showing full particulars of intangible assets.</p>	<p>This is statement of fact.</p> <p>This is statement of fact.</p>
<p>b. According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company conducts physical verification of the Property, Plant and Equipment on biennial basis. Physical verification of property plant and equipment was conducted during the previous year in Delhi, Kolkata and Hyderabad stations as per policy of the Company and the discrepancies observed were adjusted in books of accounts of the Company in the previous year.</p>	<p>Suitable disclosure has been made in Note no. 30(a).</p>
<p>c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not hold any immovable property, hence the provisions of clause 3(i)(c) of the order is not applicable to the Company.</p>	<p>This is statement of fact.</p>
<p>d. According to the information and explanations given to us and on the basis of our examination of the records of the Company, no revaluation of Property Plant and Equipment (including Right of Use Assets) or Intangible assets or both has been done by the Company during the year. Accordingly, the provisions of clause 3(i)(d) of the order is not applicable to the Company.</p>	<p>This is statement of fact.</p>
<p>e. According to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988). Accordingly, the provisions of clause 3(i)(e) of the order is not applicable to the Company.</p>	<p>This is statement of fact.</p>



Audit Observations	Management Replies
<p>(ii) (a) As per the information and explanation given to us, the exercise of physical verification of inventories is done on biennial basis. During the previous year, physical verification of inventories at Delhi, Kolkata and Hyderabad was conducted by the Company in which shortage of Rs. 52.22 million and excess of Rs. 5.22 million were observed. Pending approval from the Competent Authority, a net provision amounting to Rs. 31.13 million, over and above the existing provision of Rs. 15.86 million was created during the previous year for the shortages.</p> <p><i>There is no progress in assessment of actual loss by the Company incurred on account of shortages observed during previous year. Hence the provision for expected losses on account of shortages reported in physical verification is still existing in the Financial Statements in absence of approval of actual loss from the competent authority. (Refer note no. 30 (b) forming part of Financial Statements.)</i></p>	This is statement of fact.
<p>(b) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits, from any banks or financial institutions on the basis of security of current assets. Accordingly, the provisions of clause 3(ii)(b) of the order is not applicable to the Company.</p>	This is statement of fact.
<p>(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, the provisions of clause 3 (iii) (a) to (f) are not applicable to the Company.</p>	This is statement of fact.
<p>(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans to director and any other party and the Company has not made any investments, given any guarantee and security. Accordingly, the provisions of clause 3(iv) of the order is not applicable to the Company.</p>	This is statement of fact.
<p>(v) The Company has not accepted any deposits or amounts which are deemed to be deposit from the public within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposit) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) order are not applicable to the Company.</p>	This is statement of fact.



Audit Observations					Management Replies
(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013, for the services rendered by the Company. Accordingly, the provisions of clause 3(vi) of the order is not applicable to the Company.					This is statement of fact.
(vii) a. On the basis of our examination of the books of accounts, and records of the Company, we have observed that the Company was regular in depositing undisputed statutory dues including Goods and Services Tax, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues with appropriate authorities except TDS. Tax deducted at source has not been deposited regularly. An amount of Rs. 136.39 million for the months July to September 2022 in respect of Tax Deducted at Source under different sections is outstanding for more than 6 months as on 31 st March, 2023.					This is statement of fact.
b. According to the information and explanations given to us, there are no statutory dues which are pending on account of dispute except as mentioned below:					This is statement of fact.
Name of statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount (in Rs. millions)	
Income Tax Act, 1961	Income Tax	ITAT, New Delhi	A.Y. 2000-2001	22.57	
Income Tax Act, 1961	Income Tax	ITAT, New Delhi	A.Y. 2004-2005	28.04	
(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.					This is statement of fact.
(ix) a. In the books of Company, an amount of Rs. 23738.78 million is appearing as short-term borrowing from holding Company (M/s AI Assets Holding Ltd) as on 31 st March, 2023. As per the decision of the Board of the holding Company, the interest is being charged @ 9% p.a., calculated on average outstanding balance. Another amount of Rs. 562.5 million is also appearing as short-term borrowing. This amount has been received from AIAHL during FY 2021-22 on which interest is being provided @ 1% p.a. as per the Board approval of AIAHL.					This is statement of fact.



Audit Observations	Management Replies
<p>Another amount of Rs 257 million has been received from AIAHL during the year 2022-23 at which interest @9% has been charged by AIAHL. Pending terms and conditions of repayment, this advance has been accounted as short-term borrowing.</p> <p>Since, no schedule for repayment has been fixed for both the loans, therefore we cannot comment upon this clause in the matter of default in repayment of loan and interest thereon.</p>	
b. According to the information and explanation given to us and on the basis of our examination of the books of accounts, and records of the Company, the Company has not been declared wilful defaulter by any bank or financial institution or other lender.	This is statement of fact.
c. According to the information and explanation given to us and on the basis of our examination of the books of accounts, and records of the Company, no term loans have been taken by the Company. Therefore, the provisions of clause 3(ix)(c) of the order is not applicable to the Company.	This is statement of fact.
d. According to the information and explanation given to us and on the basis of our examination of the books of accounts, and records of the Company, no funds on short term basis have been raised by the Company. Therefore, the provisions of clause 3(ix)(d) of the order is not applicable to the Company.	This is statement of fact.
e. According to the information and explanation given to us and on the basis of our examination of the books of accounts, and records of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. Therefore, the provisions of clause 3(ix)(e) of the order is not applicable to the Company.	This is statement of fact.
f. According to the information and explanation given to us and on the basis of our examination of the books of accounts, and records of the Company, Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Therefore, the provisions of clause 3(ix)(f) of the order is not applicable to the Company.	This is statement of fact.
(x) a. No moneys have been raised by way of initial public offer or further public offer (including debt instruments) during the year by the Company. Accordingly, the provisions of clause 3 (x)(a) of the order is not applicable to the Company.	This is statement of fact.



<u>Audit Observations</u>	<u>Management Replies</u>
(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, the provisions of clause 3 (x)(b) of the order is not applicable to the Company.	This is statement of fact.
(xi) a. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company has been noticed or reported during the year. Accordingly, the provisions of clause 3 (xi)(a) of the order are not applicable to the Company.	This is statement of fact.
b. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the year. Accordingly, the provisions of clause 3 (xi)(b) of the order are not applicable to the Company.	This is statement of fact.
c. As per the information and explanation given to us by the Company no whistle blower complaints were received by the Company during the year. Accordingly, the provisions of clause 3 (xi)(c) of the order are not applicable to the Company.	This is statement of fact.
(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.	This is statement of fact.
(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the Financial Statements as required by the applicable Indian Accounting Standards.	This is statement of fact. Suitable disclosure has been made in Note No. 35.
(xiv) a. Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.	This is statement of fact.
b. We have considered the internal audit reports of the Company issued till date for the period under audit.	This is statement of fact.



Audit Observations	Management Replies																		
(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.	This is statement of fact.																		
(xvi) a. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.	This is statement of fact.																		
b. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.	This is statement of fact.																		
c. The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.	This is statement of fact.																		
d. According to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Accordingly, the requirements of clause 3(xvi) (d) are not applicable.	This is statement of fact.																		
(xvii) The Company has incurred cash losses in the current financial year as well as in the immediately preceding financial year which are specified as below:	This is statement of fact.																		
<table border="1"> <thead> <tr> <th>Particulars</th> <th>Current Year</th> <th>Previous Year</th> </tr> </thead> <tbody> <tr> <td>Net Profit after Tax and before Other Comprehensive Income</td> <td>(5665.73)</td> <td>(4477.63)</td> </tr> <tr> <td>Add: Non-cash expenses</td> <td></td> <td></td> </tr> <tr> <td>Depreciation and ammortization</td> <td>2617.77</td> <td>2410.11</td> </tr> <tr> <td>Unrealized gain/ loss on foreign exchange</td> <td>(285.88)</td> <td>(174.36)</td> </tr> <tr> <td>Cash Loss during the year</td> <td>(3333.84)</td> <td>(2241.88)</td> </tr> </tbody> </table>	Particulars	Current Year	Previous Year	Net Profit after Tax and before Other Comprehensive Income	(5665.73)	(4477.63)	Add: Non-cash expenses			Depreciation and ammortization	2617.77	2410.11	Unrealized gain/ loss on foreign exchange	(285.88)	(174.36)	Cash Loss during the year	(3333.84)	(2241.88)	
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Unrealized gain/ loss on foreign exchange	(285.88)	(174.36)																	
Cash Loss during the year	(3333.84)	(2241.88)																	
(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.	This is statement of fact.																		
(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the Financial Statements, our knowledge of the Board of Directors and management plans supported by the Government of India and based on our examination of																			



<u>Audit Observations</u>	<u>Management Replies</u>
the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due..	This is statement of fact. The Company being a wholly owned subsidiary of AI Assets Holding Ltd. (AIAHL) has full support from Government of India to make the Company fully operational, for which Ministry of Finance has already given in principal approval for financial support of Rs. 600 crores to Alliance Air.
(xx) a. In view of continuous losses incurred by the Company, the provisions of Section 135 are not applicable to the Company, accordingly the provisions of clause 3 (xx)(a) of the order are also not applicable to the Company.	This is statement of fact.
b. In view of continuous losses incurred by the Company the provisions of Section 135 are not applicable to the Company, accordingly the provisions of clause 3 (xx)(b) of the order are not applicable to the Company.	This is statement of fact.
(xxi) The Company is not required to prepare consolidated Financial Statements. Accordingly, the provisions of clause 3 (xxi) of the order are not applicable to the Company.	This is statement of fact.

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

Referred to in paragraph 2 under "Report on other Legal and Regulatory Requirements section of our report of even date to the members of Alliance Air Aviation Ltd on the Financial Statements for the year ended 31st March, 2023

S. No.	Direction u/s 143(5) of the Companies Act, 2013	Auditor's Reply on action taken on the directions	Impact on financials	Management Replies
1)	Whether the Company has system in place to process all the accounting transactions through IT System? If yes, the implications of processing of accounting transactions outside IT System on the integrating of the accounts along with the financial implication if may be stated.	The Company has system in place to process all accounting transactions through IT System i.e., SAP (Systems Applications and Products in data processing). Alliance Air has operationalised the new PSS system since 15 th April, 2022 and the daily transaction report being generated through PSS system is being verified with the flown PNR data. However, the Company is availing the services of an outside agency for the processing of data relating to passengers, cargo, baggage and other revenue through PSS system, which is outside the Company's IT System. As per the records and information available as per industry practice parent Company is complying all necessary norms to ascertain the integrity, authenticity and accuracy of the data processed by the outsourced agency.	NIL	This is a statement of fact.
2)	Whether there is any restructuring of an Existing loan or case of waiver / write off of Debts / Loans/ Interest etc. made by a lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case lender is a Government Company, then this direction is also applicable for statutory auditor of lender Company)	Not Applicable. The Company is not availing any loan from any bank, financial institutions or any other lender except the financial support from the parent Company.	NIL	This is a statement of fact.



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



ANNEXURE – “C” TO THE INDEPENDENT AUDITOR’S REPORT

**Referred in paragraph 3(f) under the heading “Report on other Legal and Regulatory Requirements” of our report on the Financial Statements of Alliance Air Aviation Limited
Report on Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of The Companies Act, 2013 (“The Act”)**

<u>Audit Observations</u>	<u>Management Replies</u>
<p>Opinion</p> <p>We have audited the internal financial controls over financial reporting of Alliance Air Aviation Limited (“the Company”) as of March 31, 2023 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.</p> <p>In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2023, based on the internal financial controls over financial reporting criteria established by the Company considering the components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.</p>	
<p>Management’s Responsibility for Internal Financial Controls</p> <p>The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on the audit of internal financial control over financial reporting (the Guidance Note) issued by The Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.</p>	<p>This is a statement of fact.</p>
<p>Auditor’s Responsibility</p> <p>Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting with reference to these Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on</p>	



<u>Audit Observations</u>	<u>Management Replies</u>
<p>Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to Financial Statements was established and maintained and if such controls operated effectively in all material respects.</p> <p>Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.</p> <p>We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting with reference to Financial Statements.</p>	
<p>Meaning of Internal Financial Controls over financial reporting with reference to these Financial Statements</p> <p>A Company’s internal financial controls over financial reporting with reference to these Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting with reference to these Financial Statements includes those policies and procedures that:</p> <ol style="list-style-type: none"> 1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; 	<p>This is a statement of fact.</p>
<ol style="list-style-type: none"> 2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and 	<p>This is a statement of fact.</p>



<u>Audit Observations</u>	<u>Management Replies</u>
3. Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial Statements.	This is a statement of fact.
Inherent Limitations of Internal Financial Controls over financial reporting with reference to Financial Statements Because of the inherent limitations of internal financial controls over financial reporting with reference to these Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these Financial Statements to future periods are subject to the risk that the internal financial controls over financial reporting with reference to these Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.	



BALANCE SHEET AS AT 31ST MARCH, 2023

Particulars	Note No.	As at	As at
		31 st March, 2023 (In Rs. Million)	31 st March, 2022 (In Rs. Million)
ASSETS :			
1 Non-Current Assets			
(a) Property, Plant & Equipment	2(a)	365.86	207.80
(b) Right-of-Use Assets	2(b)	20,171.06	19,673.86
(c) Other Intangible Assets	2(c)	82.00	25.80
(d) Financial Assets:			
i) Trade Receivables		-	-
ii) Other Financial Assets	3	1,038.80	847.65
(e) Income Tax Assets (Net)	4	612.79	387.72
(f) Deferred Tax Assets (Net)		-	-
(g) Other Non-Current Assets	5	6,105.19	4,434.94
2 Current Assets			
(a) Inventories	6	341.43	284.68
(b) Financial Assets:			
i) Trade Receivables	7	1,007.45	805.13
ii) Cash and Cash equivalents	8	149.54	145.04
iii) Bank balances other than (ii) above	9	801.31	867.90
vi) Other Financial Assets	10	76.32	108.90
(c) Other Current Assets	11	506.28	260.93
TOTAL ASSETS		31,258.02	28,050.35
EQUITY AND LIABILITIES :			
1 Equity			
(a) Equity Share Capital	12	4,022.50	4,022.50
(b) Other Equity	13	(40,665.74)	(35,008.02)
2 Liabilities			
(i) Non-Current Liabilities			
(a) Financial Liabilities			
i) Borrowings			
ia) Lease Liabilities	14	21,383.58	19,856.31
ii) Trade Payable			
(A) total outstanding dues of micro enterprises and small enterprises; and		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.		-	-
(iii) Other Financial Liabilities			
(b) Provisions	15	793.90	677.33
(c) Deferred Tax Liabilities (Net)		-	-
(d) Other Non-Current Liabilities		-	-
(ii) Current Liabilities			
(a) Financial Liabilities			
i) Borrowings	16	24,558.28	23,907.78
ia) Lease Liabilities	17	3,252.68	2,608.93
ii) Trade Payables	18	-	-
(A) total outstanding dues of micro enterprises and small enterprises; and		-	2.41
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		16,445.69	11,100.56
(iii) Other Financial Liabilities	19	415.11	545.83
(b) Provisions	20	5.21	4.34
(c) Other Current Liabilities	21	1,046.81	332.38
TOTAL EQUITY & LIABILITIES		31,258.02	28,050.35

As per our Separate report of even date

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

Sd/-
V.B. Singh
(Partner)
ICAI Membership Number.: 073124
UDIN: 23073124BGYRAD2978

Place: New Delhi
Date: 14 June, 2023

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

Sd/-
Satyendra Kumar Mishra
Chairman
DIN: 07728790

Sd/-
Vineet Sood
Chief Executive Officer

Sd/-
Brajesh Kumar Srivastava
Director
DIN: 09835338

Sd/-
Ambar Kumar Mondal
Chief Financial Officer

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



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2023

	Particulars	Note No	Amount for the period	Amount for the period
			Apr' 22 to March'23 (In Rs. Million)	Apr' 21 to March'22 (In Rs. Million)
I	Revenue			
1	From Operations	22		
	i) Scheduled Traffic Services		6,541.43	4,283.90
	ii) Non Schedule Traffic Services		3,759.07	2,862.82
	iii) Other Operating Revenue		683.68	28.57
2	Other Income	23	65.41	65.81
II	Total Revenue (1+2)		11,049.59	7,241.10
III	Expenses			
	Aircraft Fuel & Oil	24	3,681.34	1,697.29
	Other Operating Expense		3,742.54	3,037.01
	Purchase of Stock-in-Trade		-	-
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		-	-
	Employee benefit expenses	25	1,525.39	1,262.41
	Finance Costs	26	4,988.07	3,172.19
	Depreciation and Amortization expenses	2 (a to c)	2,617.77	2,410.11
	Other Expenses	27	160.21	126.42
IV	Total Expenses		16,715.32	11,705.43
V	Profit/(Loss) before exceptional items and tax (II - IV)		(5,665.73)	(4,464.33)
VI	Exceptional Items		-	-
VII	Profit/(Loss) before tax (V - VI)		(5,665.73)	(4,464.33)
VIII	Tax expense:			
1	Current Tax		-	-
2	Income Tax for Earlier Years		-	13.30
3	Deferred Tax		-	-
IX	Profit/(Loss) for the year after tax (VII-VIII)		(5,665.73)	(4,477.63)
X	Other Comprehensive Income			
	A Items that will not be reclassified to Statement of profit and loss			
	- Remeasurements of defined Benefit Plans		8.01	3.71
	- Income tax relating to items that will not be reclassified to profit or loss		-	-
XI	Total Comprehensive Income for the period (Comprising Profit/(Loss) and Other Comprehensive Income for the period)		(5,657.72)	(4,473.92)
XII	Earnings per equity share (In Rupees)	28		
	(1) Basic		(140.85)	(111.31)
	(2) Diluted		(140.85)	(111.31)

As per our Separate report of even date

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

Sd/-
V.B. Singh
(Partner)
ICAI Membership Number.: 073124
UDIN: 23073124BGYRAD2978

Place: New Delhi
Date: 14 June, 2023

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

Sd/-
Satyendra Kumar Mishra
Chairman
DIN: 07728790

Sd/-
Vineet Sood
Chief Executive Officer

Sd/-
Brajesh Kumar Srivastava
Director
DIN: 09835338

Sd/-
Ambar Kumar Mondal
Chief Financial Officer

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

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2023****A. Equity Share Capital (Amount in Rs. Million)**

Balance as an 01.04.2023	Changes in Equity Share Capital due to prior period errors Share	Restated balance as on 01.04.2023	Changes in equity share capital during the current year	Balance as on 31.03.2023
4,022.50	-	4,022.50	-	4,022.50

Balance as an 01.04.2022	Changes in Equity Share Capital due to prior period errors Share	Restated balance as on 01.04.2022	Changes in equity share capital during the current year	Balance as on 31.03.2022
4,022.50	-	4,022.50	-	4,022.50

B.(1.) Other Equity (Current Year) (Amount in Rs. Million)

PARTICULARS	Retained Earnings	Other Comprehensive Income	Total
Balances as at 1.04.2022	(35,016.89)	8.88	(35,008.02)
Profit/ (Loss) for the year	(5,665.73)	-	(5,665.73)
Other Comprehensive Income for the year	-	8.01	8.01
Total Comprehensive Income	(40,682.62)	16.89	(40,665.74)
Balance as at 31.03.2023	(40,682.64)	16.88	(40,665.74)

B.(2.) Other Equity (Previous Year) (Amount in Rs. Million)

PARTICULARS	Retained Earnings	Other Comprehensive Income	Total
Balance as at 1.04.2021	(30,539.27)	5.16	(30,534.10)
Profit/ (Loss) for the year	(4,477.63)	-	(4,477.63)
Other Comprehensive Income for the year	-	3.71	3.71
Total Comprehensive Income	(35,016.89)	8.87	(35,008.02)
Balance as at 31.03.2022	(35,016.89)	8.88	(35,008.02)

As per our Separate report of even date

For and on behalf of the Board of Directors of Alliance Air Aviation Limited**For S.K. Kapoor & Co.**

Chartered Accountants

Firm Registration Number: 000745C

Sd/-

Satyendra Kumar Mishra

Chairman

DIN: 07728790

Sd/-

Brajesh Kumar Srivastava

Director

DIN: 09835338

Sd/-

V.B. Singh

(Partner)

ICAI Membership Number.: 073124

UDIN: 23073124BGYRAD2978

Sd/-

Vineet Sood

Chief Executive Officer

Sd/-

Ambar Kumar Mondal

Chief Financial Officer

Sd/-

Shilpa Bhatia

Company Secretary

Membership No. ACS 49386

Place: New Delhi

Date: 14 June, 2023



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2023

Particulars	(Amount in Rs. Million)	
	2022-2023	2021-2022
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit or Loss before Tax as per Statement of Profit & Loss A/c	(5,665.73)	(4,464.33)
Add/(Less)- Adjustments for Non-Operating Expenses/Income and Non-Cash Items		
Depreciation and amortisation expenses	2,617.77	2,410.11
Provisions / Un-claimed Liabilities Written Back	(20.19)	(0.16)
Interest, Finance Cost and Exchange difference on Leases as per Ind-AS 116	2,173.46	820.48
Interest and Finance Costs	12.92	21.52
Interest Income on Deposits	(45.22)	(42.04)
Prov. for Income Tax	-	-
Unrealised Foreign Exchange Gain and Loss	(285.88)	(174.36)
Bad Debt Recovered	-	(1.19)
Loss/ Gain on Disposal of Assets	-	0.01
Interest on Income Tax Refund	-	(23.61)
Provision for obsolescence of spares	66.47	34.83
	4,519.33	3,045.59
Operating Profit/(Loss) before working capital changes	(1,146.40)	(1,418.74)
Adjustments for (increase) / decrease in operating assets:		
Other Bank Balances	66.59	46.14
Other non-current assets	(1,670.25)	(851.08)
Inventories	(123.22)	(27.97)
Trade Receivables	(202.32)	(167.33)
Other Financial Asset	32.58	7.87
Other Financial Assets-Non Current	(191.15)	(688.10)
Other Current Assets	(245.34)	6.26
	(2,333.11)	(1,674.21)
Adjustments for increase / (decrease) in operating liabilities:		
Trade Payables	5,648.79	2,135.32
Other Current Liabilities	714.44	144.81
Short-Term Borrowing	650.50	3,251.61
Short-Term Provisions	0.87	0.52
Other Financial Liabilities	(130.72)	84.26
Long-Term Provisions	14.90	12.16
	6,898.78	5,628.68
Cash generated from operations	3,419.27	2,535.74
Less : Income Taxes Paid / (Refunded) Including TDS	(225.07)	120.63
Net Cash from Operating Activities (A)	3,194.20	2,656.37
(B) CASH FLOW FROM INVESTING ACTIVITIES		
A) Purchase of Fixed Assets	(260.64)	(35.59)
B) Interest Income on Deposits	45.22	42.04
C) Sale of Fixed Asset	-	0.19
Net Cash from/(used) in investing activities (B)	(215.42)	6.64
(C) CASH FLOW FROM FINANCING ACTIVITIES		
a) Conversion of Current Liability into Equity		
b) Lease Payment	(2,961.35)	(2,533.31)
c) Interest Paid	(12.92)	(21.52)
Net Cash from/(used) in financing activities (C)	-	(2,554.83)
(D) NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	4.51	108.17
(E) CASH & CASH EQUIVALENTS AT BEGINNING OF THE YEAR	145.04	36.87
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR (D+E)	149.55	145.04



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

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

Particulars	(Amount in Rs. Million)	(Amount in Rs. Million)
	2022-23	2021-22
Cash and Cash Equivalent comprises:		
Balance with Banks		
In Current Accounts	149.53	145.04
Cash in Hand	0.02	-
Closing Balance	149.55	145.04

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

As per our Separate report of even date

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

For S.K. Kapoor & Co.

Chartered Accountants
Firm Registration Number: 000745C

Sd/-
Satyendra Kumar Mishra
Chairman
DIN: 07728790

Sd/-
Brajesh Kumar Srivastava
Director
DIN: 09835338

Sd/-
V.B. Singh
(Partner)
ICAI Membership Number.: 073124
UDIN: 23073124BGYRAD2978

Sd/-
Vineet Sood
Chief Executive Officer

Sd/-
Ambar Kumar Mondal
Chief Financial Officer

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

Place: New Delhi
Date: 14 June, 2023

**Notes forming part of the IND AS Financial Statements of Alliance Air Aviation Limited for the year ended 31st March, 2023****Note No.1: Summary of Significant Accounting Policies**

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

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

Alliance Air Aviation Limited (formerly known as Airline Allied Services Limited), a wholly-owned subsidiary of AI Assets Holding Limited, a Government of India Company, incorporated in India, registered under the Companies Act, 2013 (erstwhile Companies Act, 1956). The Company is in the business of air transportation which includes mainly passenger and cargo services and other related services in India. The Company mainly operates between Tier-2 and Tier-3 cities in India. As at year end, the Company has a fleet of Twenty One aircraft – comprising of Eighteen ATR 72-600 aircraft, Two ATR-42 aircraft and One Dornier aircraft.

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

The Board of Directors approved the Financial Statements for the year ended March 31, 2023 and authorized for issue on 14-06-2023.

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

The Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with section 133 of the Companies Act, 2013 and presentation requirements of Division II of Schedule III to the Companies Act, 2013 (as amended from time to time), relevant provisions of the Act and other accounting principles generally accepted in India. The Financial Statements are prepared on going concern basis following accrual system of accounting.

The Financial Statements were authorized for issue by the Board of Directors of the Company on 14-06-2023.

(ii) Basis of Measurement:

The Financial Statements have been prepared under the historical cost convention except, for the following assets and liabilities which have been measured at fair value:

- certain financial assets and liabilities measured at fair value (Refer accounting policy regarding financial instruments);
- employee benefit obligations (Refer Note 36 for accounting policy)

Historical cost is the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition or the amount of proceeds received in exchange for the obligation, or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.



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.

(iii) Recent Pronouncements:

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2015, applicable from April 1, 2023 as below:

- Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose Financial Statements. The Company does not expect this amendment to have any significant impact in its Financial Statements.

- Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its Financial Statements.

- Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in Financial Statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in Financial Statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its Financial Statements.

(iv) Critical accounting estimates / judgments:

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

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

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

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



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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

Current - Non-Current classification

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

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

Operating cycle

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

II. Property, Plant and Equipment

A. Initial Recognition and measurement

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

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

- (i) Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;



- (ii) Incidental costs incurred pertaining to the acquisition and bringing the asset to the location and condition necessary for it to be capable of operating in a manner intended by management and interest on loans borrowed where ever applicable, up to the date of putting the concerned asset to its working condition for its intended use.
- c.) If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate component of property, plant and equipment.

B. Subsequent Recognition and Measurement

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

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

C. Depreciation /Amortization

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

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

Depreciation on Ground Support Equipment specific to leased ATR aircraft is provided based on the completed aircraft lease months over the total aircraft lease months from the date of use.
- c) Major scheduled overhaul costs relating to engine and airframe are identified as separate components are depreciated over the expected lives between major overhauls.
- d) Cost incurred on major modifications/refurbishment on modernization/ conversion carried to be depreciated over the useful life.
- e) Depreciation is calculated on a pro-rata basis for assets purchased/sold during the period.



Depreciation has been charged based on the following useful lives:

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

D. Derecognition:

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

E. Physical Verification of Assets:

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

III. Non- Current Assets held for Sale

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

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

IV. Intangible Assets

A. Initial Recognition and measurement:

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

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



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

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

B. Subsequent recognition and measurement

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

C. Amortization

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

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

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

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

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

D. Derecognition

An Intangible Asset shall be derecognized:

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

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

V. Leases

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

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



A. As lessee:

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

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

1) Right of Use Assets:

a) Initial Recognition and Measurement:

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

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

b) Subsequent Measurement:

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

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

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

2) Lease Liabilities:

a) Initial Recognition and Measurement:

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

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



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

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

b) Subsequent Measurement:

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

3) Lease Term:

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

4) Depreciation:

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

5) Other Leases:

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

6) Provision for Re-delivery

The Company has in its fleet, aircraft on lease. As contractually agreed under the lease contracts, the aircraft have to be redelivered to the lessors at the end of the lease term under stipulated contractual return conditions. At inception of the lease, the redelivery obligations are determined by management based on historical trends and data, and are capitalized to the Right of Use Asset at the present value of expected outflow, where effect of the time value of money is material and credited to Provision for Re-delivery under liabilities.

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

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



Cash incentives:

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

Non-Cash Incentives:

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

VI. Inventories:

A. Inventory

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

B. Valuation of Inventories

- 1) Inventories primarily include stores, spares and loose tools. The same are valued at lower of cost and Net Realizable Value ('NRV').
- 2) Cost of inventories comprise all costs of purchase after deducting non-refundable rebates and discounts and all other costs incurred in bringing the inventories to their present location and condition and is determined on weighted average basis.
- 3) At the year end, Freight Duty & Insurance is expensed off on the basis of the ratio of closing inventory to Consumption of Inventory during the year. Unallocated custom duty paid on aircraft spares is shown under Inventory.

C. Diminution in value of inventories

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



- 2.) Full Obsolescence Provision for non-aircraft stores and spares is made for non-moving inventory exceeding a period of five years.
- 3.) Spares retrieved from the cannibalization of the scrapped aircraft are accounted for at Rupee One.

VII. Impairment of Non-Financial Assets:

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

Impairment Testing:

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

The recoverable amount of an asset or CGU is higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Recognition of Impairment Loss:

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

Reversal of Impairment Loss:

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

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

VIII. Government Grants

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

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

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

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



IX. Revenue Recognition

A. Revenue from Operation:

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

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

B. Revenue from different sources is recognized as under:

a) Passenger, Cargo and Mail Revenue

Passenger, Cargo and Mail Revenue are recognized at initial stage when transportation service is provided on flown basis net of discounts given to the passengers, amount collected on behalf of third parties, applicable taxes and airport levies such as passenger service fee, user development fee, etc., if any.

b) Blocked Space arrangements/Code share

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

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

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

d) Other Operating Revenue

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

e) Other Revenue:

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

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



X. Borrowing Cost:

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

XI. Functional Currency and Presentation Currency:

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

XII. Foreign Currency Transactions and Translations:

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

XIII. Employee Benefits:

A. Short-term employee benefits

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



B. Post-employment benefit plans

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

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

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

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

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

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

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

XIV. Income tax

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

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



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

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

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

XV. Provisions, Contingent Liabilities & Contingent Assets:

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

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

Changes in Provision:

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

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



XVI. Cash and Cash Equivalents:

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

XVII. Earnings per Share:

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

XVIII. Fair Value Measurement:

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

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

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

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

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

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

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

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



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

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

XIX. Financial Instruments:

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

A. Financial Assets

(i) Classification

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

(ii) Initial recognition and measurement

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

(iii) Subsequent measurement

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

a. Financial assets carried at amortized cost

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

b. Financial assets at fair value through other comprehensive income

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



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

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

(iv) De-recognition

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

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

(v) Impairment of other financial assets

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

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

(vi) Write-off

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

C. Financial Liabilities

(i) Initial recognition and measurement

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

(ii) Classification

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



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

(iii) Subsequent measurement

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

a.) Financial liabilities at amortized cost

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

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

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

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

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

(iv) Derecognition

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

(v) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right



to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

XX. Materiality Threshold Limits:

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

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

As per our Separate report of even date

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

For S.K. Kapoor & Co.

Chartered Accountants
Firm Registration Number: 000745C

Sd/-
Satyendra Kumar Mishra
Chairman
DIN: 07728790

Sd/-
Brajesh Kumar Srivastava
Director
DIN: 09835338

Sd/-
V.B. Singh
(Partner)
ICAI Membership Number.: 073124
UDIN: 23073124BGYRAD2978

Sd/-
Vineet Sood
Chief Executive Officer

Sd/-
Ambar Kumar Mondal
Chief Financial Officer

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

Place: New Delhi
Date: 14 June, 2023



NOTE 2(a) : PLANT, PROPERTY & EQUIPMENT FY 2022-23

(Amount in Rs. Million)

Particulars of Assets	Useful life as per schedule II	Gross block as on 31.03.2022	Additions during 2022-23	Sold/ discarded during 2022-23	Gross block as on 31.03.2023	Accumulated Dep. up to 01.04.2022	Depreciation for the year 2022-23	Adjustment made during the year	Cumulative Depreciation as on 31.03.2023	Net block as on 31.03.2023	Net block as on 31.03.2022
		A	B	C	D	E	F	G	H	I	J
PLANT & EQUIPMENT	5 Years	11.58	1.33	0.00	12.91	7.78	1.98	0.00	9.76	3.15	3.80
FURNITURE & FIXTURES	10 years	7.95	2.89	0.00	10.84	3.73	0.84	0.00	4.57	6.27	4.22
VEHICLE	8 Years	2.57	1.14	0.00	3.71	1.54	0.63	0.00	2.18	1.53	1.03
DATA PROCESSING EQUIPMENT	3 Years	23.77	9.43	0.00	33.20	19.69	3.72	0.00	23.40	9.80	4.08
GROUND SUPPORT EQUIPMENT(ATR)	(as per policy)	5.36	0.00	0.00	5.36	5.36	0.00	0.00	5.36	0.00	0.01
AIRFRAME ROTABLES	Based on Lease Period	184.04	94.24	0.00	278.28	124.66	12.76	0.00	137.42	140.86	59.38
AERO ENGINE ROTABLES	Based on Lease Period	148.25	87.53	0.00	235.78	12.96	18.57	0.00	31.52	204.26	135.30
Total as on 31.03.2023		383.52	196.56	0.00	580.08	175.72	38.50	0.00	214.22	365.86	207.80

(Amount in Rs. Million)

	Gross block as on 31.03.2021	Additions during 2021-22	Sold/ discarded during 2021-22	Gross block as on 31.03.2022	Accumulated dep. up to 01.04.2021	Depreciation for the year 2021-22	Adjustment made during the year*	Cumulative depreciation as on 31.03.2022	Net block as on 31.03.2022	Net block as on 31.03.2021
	A	B	C	D	E	F	G	H	I	J
Total as on 31.03.2022	377.24	10.04	3.76	383.52	151.30	27.98	3.58	175.70	207.80	225.94

NOTE NO 2(b) : Right of use Asset

(Amount in Rs. Million)

Particulars of Assets	Useful Life as per Schedule II	As at 01.04.2022	Additions during 2022-23	Sold/ discarded during 2022-23	Adjustments during 2022-23	Gross block as on 31.03.2023	Accumulated dep. as at 01.04.2022 on account of adoption of ind as 116	Depreciation for the year 2022-23	Cumulative depreciation as on 31.03.2023	Net carrying value as on 31.03.2023
		a	B	C	D	E	F	G	H	I
ROU ASSET	Based on Lease Period	26704.20	3068.60	0.00	0.00	29772.80	7030.35	2571.39	9601.74	20171.06
Total as on 31.03.2023		26704.20	3068.60	0.00	0.00	29772.80	7030.35	2571.39	9601.74	20171.06

(Amount in Rs. Million)

	As at 01.04.2021	Additions during 2021-22	Sold/ discarded during 2021-22	Gross block as on 31.03.2022	Accumulated dep. as at 01.04.2021	Depreciation for the year 2021-22	Adjustment made during the year*	Cumulative depreciation as on 31.03.2022	Net carrying value as on 31.03.2022
	A	B	C	D	E	F	G	H	I
Total as on 31.03.2022	26704.20	0.00	0.00	26704.20	4648.50	2381.84	-	7030.35	19673.85

NOTE NO 2(c) : Intangible Assets

(Amount in Rs. Million)

Particulars of Assets	Useful life as per schedule II	Gross block as on 31.03.2022	Additions during 2022-23	Sold/ discarded during 2022-23	Gross block as on 31.03.2023	Accumulated dep. up to 01.04.2022	Depreciation for the year 2022-23	Adjustment made during the year*	Cumulative depreciation as on 31.03.2023	Net block as on 31.03.2023	Net block as on 31.03.2022
		a	B	C	D	E	F	G	H	I	J
INTANGIBLE ASSETS - TRADEMARK	Infinite	2.54	0.00	0.00	2.54	0.00	0.00	0.00	0.00	2.54	2.54
INTANGIBLE ASSETS - COMPUTER SOFTWARE	As per Contract	23.55	64.08	0.00	87.63	0.29	7.88	0.00	8.17	79.46	23.26
Total as on 31.03.2023		26.09	64.08	0.00	90.17	0.29	7.88	0.00	8.17	82.00	25.80

Amount in Rs. Million

	Gross block as on 31.03.2021	Additions during 2021-22	Sold/ discarded during 2021-22	Gross block as on 31.03.2022	Accumulated dep. up to 01.04.2021	Depreciation for the year 2021-22	Adjustment made during the year*	Cumulative depreciation as on 31.03.2022	Net block as on 31.03.2022	Net block as on 31.03.2021
	A	B	C	D	E	F	G	H	I	J
Total as on 31.03.2022	0.00	26.09	0.00	26.09	0.00	0.29	0.00	0.29	25.80	0.00



NOTE NO.- 3

OTHER FINANCIAL ASSETS	As at	As at
	31 st March, 2023	31 st March, 2022
	(In Rs. Million)	(In Rs. Million)
Unsecured Considered Good		
Security Deposits (Maturity more than 12 months)	1,038.80	847.65
Unsecured Considered Doubtful		
Advance to Suppliers	9.06	29.30
Less: Impairment Allowances to Doubtful Debts	(9.06)	(29.30)
Total	1,038.80	847.65

NOTE NO.- 4

INCOME TAX ASSETS (NET)	As at	As at
	31 st March, 2023	31 st March, 2022
	(In Rs. Million)	(In Rs. Million)
Advance Payment of Income Tax including TDS	612.79	387.72
Less: Provision for Taxation	-	-
Total	612.79	387.72

NOTE NO.- 5

OTHER NON CURRENT ASSETS	As at	As at
	31 st March, 2023	31 st March, 2022
	(In Rs. Million)	(In Rs. Million)
Advances other than Capital Advances		
Security Deposits (Maintenance Reserve Pot)	4,883.25	3,401.42
GST Input Tax Recoverable	1,221.94	1,033.52
Total	6,105.19	4,434.94

NOTE NO.- 6

INVENTORIES	As at	As at
	31 st March, 2023	31 st March, 2022
	(In Rs. Million)	(In Rs. Million)
Stores and Spare Parts *	608.52	491.37
Loose Tools *	14.07	8.01
Goods in Transit	-	-
Less: Provision for Obsolescence & Shortages	(281.17)	(214.70)
Total	341.43	284.68

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

NOTE NO.- 7

TRADE RECEIVABLES	As at	As at
	31 st March, 2023	31 st March, 2022
	(In Rs. Million)	(In Rs. Million)
Secured Trade Receivables	-	-
Unsecured Trade Receivables		
Trade Receivables Considered good	1,007.45	805.13
Trade Receivable which have significant increase in Credit Risk	-	-
Trade Receivable- Credit Impaired	25.27	25.27
Less: Impairment Allowance for doubtful receivables	(25.27)	(25.27)
Total	1,007.45	805.13



(In Rs. Million)

Trade Receivables ageing schedule					Current Year	
Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	TOTAL
(i) Undisputed Trade receivables – considered good	557.89	65.14	59.95	27.43	297.04	1,007.45
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	0.02	-	-	25.25	25.27
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

(In Rs. Million)

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

NOTE NO.- 8

CASH AND CASH EQUIVALENTS	As at 31 st March, 2023	As at 31 st March, 2022
	(In Rs. Million)	(In Rs. Million)
Balance with Banks		
In Current Accounts	149.53	145.04
In Bank Deposits (Maturity less than 3 Months)	-	-
Cash in hand	0.02	-
Total	149.55	145.04



NOTE NO.- 9

BANK BALANCES OTHER THAN CASH & CASH EQUIVALENTS	As at	As at
	31 st March, 2023	31 st March, 2022
	(In Rs. Million)	(In Rs. Million)
Balance with Banks		
Bank balance in Current Account*	12.00	12.00
In Margin Money Deposits (3 < Maturity < 12)**	789.31	855.90
Total	801.31	867.90

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

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

NOTE NO.- 10

Other Financial Assets	As at	As at
	31 st March, 2023	31 st March, 2022
	(In Rs. Million)	(In Rs. Million)
Unsecured Considered Good		
Advances to Suppliers	76.09	108.80
Advances to Staff	0.23	0.10
Unsecured Considered Doubtful		
Advances to Staff	5.45	5.45
Less: Allowance for Doubtful Staff Advances	(5.45)	(5.45)
Total	76.32	108.90

NOTE NO.- 11

Other Current Assets	As at	As at
	31 st March, 2023	31 st March, 2022
	(In Rs. Million)	(In Rs. Million)
Advance other than Capital advances		
(a) Security Deposits		
Deposit with Authorities	0.11	0.11
Deposits with High Court	222.38	222.38
Less: Provision for Doubtful Deposit	(222.38)	(222.38)
(b) Advances to Related Parties		
Receivable from Related Parties	4.21	3.33
(c) Other Advances		
Prepaid Expenses	160.53	130.51
Receivable from Others	341.42	126.98
Total	506.27	260.93

NOTE NO.- 12

EQUITY SHARE CAPITAL	As at	As at
	31 st March, 2023	31 st March, 2022
	(In Rs. Million)	(In Rs. Million)
Authorised Share Capital		
200,000,000 Equity Shares of Rs.100/- each	20,000	20,000
(Previous Year 200,000,000 Equity Shares of Rs. 100/- each)		
Total	20,000	20,000



EQUITY SHARE CAPITAL	As at	As at
	31 st March, 2023	31 st March, 2022
	(In Rs. Million)	(In Rs. Million)
Issued, Subscribed & fully Paid up Share Capital	-	-
402,25,000 Equity Shares of Rs.100/- each, fully paid-up (Previous Year 402,25,000 Equity Shares of Rs. 100/- each)	4,022.50	4,022.50
	-	-
	4,022.50	4,022.50

12 (a) Reconciliation of no. of shares	As at	As at
	31 st March, 2023	31 st March, 2022
	No. of Shares	No. of Shares
No. of equity shares at the beginning of year	40,225,000	40,225,000
Add: No. of equity shares issued	-	-
Less: No. of equity shares redeemed	-	-
No. of equity shares at the closing of the year	40,225,000	40,225,000

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

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

12 (c) Equity Shares held by its Holding Company

402,25,000 Equity Shares (Previous Year 4,02,25,000 equity shares) are held by AI Assets Holding Limited, the Holding Company.

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

Name of Shareholder	As at	As at
	31 st March, 2023	31 st March, 2022
	(In Rs. Million)	(In Rs. Million)
AI Assets Holding Limited (Holding Company)		
Equity Shares	40,225,000	40,225,000
Total No. of shares	40,225,000	40,225,000
Percentage of Holding	100%	100%

12 (e) Shares held by promoters

Nil share are being held by promoters - -

NOTE NO.-13

OTHER EQUITY	As at	As at
	31 st March, 2023	31 st March, 2022
	(In Rs. Million)	(In Rs. Million)
1. Surplus /(Deficit) in statement of profit & loss		
Opening balance	(35,016.89)	(30,539.26)
Add: Profit / (Loss) for the year	(5,665.73)	(4,477.63)
Closing balance	(40,682.63)	(35,016.89)



OTHER EQUITY	As at	As at
	31 st March, 2023	31 st March, 2022
	(In Rs. Million)	(In Rs. Million)
2. Other Comprehensive Income		
Opening Balance	8.88	5.16
Add: For the year	8.01	3.71
Closing Balance	16.89	8.87
Total	(40,665.74)	(35,008.02)

NOTE NO.- 14

LEASE LIABILITIES	As at	As at
	31 st March, 2023	31 st March, 2022
	(In Rs. Million)	(In Rs. Million)
Lease Liabilities	24,636.26	22,465.24
Less: Current Portion of lease liability (Disclosed as Current Liability in Note 17)	(3,252.68)	(2,608.93)
Non current lease liabilities	21,383.58	19,856.31
TOTAL	21,383.58	19,856.31

NOTE NO.- 15

PROVISIONS	As at	As at
	31 st March, 2023	31 st March, 2022
	(In Rs. Million)	(In Rs. Million)
Provisions for Employee Benefits		
Provision for Gratuity	80.62	74.67
Less : Current Portion of Gratuity (Disclosed under Note No. 20)	(3.44)	(2.77)
Provision for Leave Encashment	37.16	35.35
Less : Current Portion of Leave Encashment (Disclosed under Note No. 20)	(1.77)	(1.57)
Other Provisions		
Provision for Re-delivery of Aircraft	681.33	571.65
TOTAL	793.90	677.33

NOTE NO.-16

CURRENT BORROWINGS	As at	As at
	31 st March, 2023	31 st March, 2022
	(In Rs. Million)	(In Rs. Million)
Loans From Related Parties (Unsecured)		
Due to AI Assets Holding Limited (Holding Company from 25.01.2022) (Interest @ 9 % has been charged on the Avg. Balance outstanding by AIAHL.)	23,995.78	23,345.28
Due to AI Assets Holding Limited (The amount of Rs. 562.50 million has been received for renewal of SBLCs in the year 2021-22, on which interest is being provided @1% p.a as per the Board approval of AIAHL. Pending terms and condition of repayment, this advance has been accounted as short term borrowing)	562.50	562.50
TOTAL	24,558.28	23,907.78



NOTE NO.-17

LEASE LIABILITIES	As at	As at
	31 st March, 2023	31 st March, 2022
	(In Rs. Million)	(In Rs. Million)
Current Portion of lease liability (Refer Note No. 14)	3,252.68	2,608.93
TOTAL	3,252.68	2,608.93

NOTE NO.-18

TRADE PAYABLES	As at	As at
	31 st March, 2023	31 st March, 2022
	(In Rs. Million)	(In Rs. Million)
a.) Total outstanding dues of Micro Enterprises and Small Enterprises	-	2.41
b.) Total outstanding dues of Creditor other than Micro Enterprises and Small Enterprises		
- Provision for Expenses	3,131.58	1,276.03
- Vendors in India	9,010.03	6,469.02
- Vendors Outside India	942.68	794.32
- Payable to Related Parties	3,169.96	2,236.42
- Supplier-RAMCO*	111.77	324.77
- Airport Taxes	79.67	-
TOTAL	16,445.69	11,102.97

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

(In Rs. Million)

Particulars	Current Year				
	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	2227.39	6784.07	2715.73	4718.5	16445.69
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
TOTAL	2227.39	6784.07	2715.73	4718.50	16445.69

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	2.41	-	-	-	2.41
(ii) Others	5786.52	797.42	2400.87	2115.75	11100.56
(iii) Disputed dues — MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
TOTAL	5788.93	797.42	2400.87	2115.75	11102.97



NOTE NO.- 19

OTHER CURRENT FINANCIAL LIABILITIES	As at	As at
	31 st March, 2023	31 st March, 2022
	(In Rs. Million)	(In Rs. Million)
Earnest Money Deposit	2.01	2.02
Security Deposits	311.44	310.05
Others	101.66	233.76
TOTAL	415.11	545.83

NOTE NO.- 20

CURRENT PROVISIONS	As at	As at
	31 st March, 2023	31 st March, 2022
	(In Rs. Million)	(In Rs. Million)
Provision for Gratuity Liability Current Portion of Gratuity (Disclosed under Note No. 15 above)	3.44	2.77
Provision for Leave Encashment Current Portion of Leave Encashment (Disclosed under Note No. 15)	1.77	1.57
TOTAL	5.21	4.34

NOTE NO.- 21

OTHER CURRENT LIABILITIES	As at	As at
	31 st March, 2023	31 st March, 2022
	(In Rs. Million)	(In Rs. Million)
Advance from Agents & Customer	204.04	2.43
Forward Sales	253.38	-
Statutory dues Payable		
- TDS on GST payable	0.95	1.64
- TDS payable as per Income Tax	533.85	258.85
- GST Payable	19.27	33.79
- Provident Fund Payable	4.11	4.30
- Service Tax Payable*	31.13	31.13
- Others-Pro. Tax	0.08	0.24
TOTAL	1,046.81	332.38

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

NOTE NO.- 22

Revenue From Operations	2022-2023	2021-2022
	In Rs. Million	In Rs. Million
1. Operational Revenue		
From Sale of Services		
i) Scheduled Traffic Services		
a) Passenger	6,517.90	4,193.48
b) Excess Baggage	9.99	67.80
c) Mail	0.99	3.72
d) Cargo	12.55	18.90
	6,541.43	4,283.90
ii) Non-Schedule Traffic Services		
a) Charter	99.14	20.72
b) Subsidy for Operation from Government	3,659.93	2,842.10
	3,759.07	2,862.82
iii) Other Operating Revenue		
Handling Servicing and Incidental Revenue	683.68	28.57
	683.68	28.57
TOTAL	10,984.18	7,175.29



NOTE NO. - 23

Other Income	2022-2023	2021-2022
	(In Rs. Million)	(In Rs. Million)
1. Interest on Fixed Deposit	45.22	42.04
2. Interest on Income Tax Refund	-	23.61
3. <u>Others</u>	20.19	
- Provisions No Longer Required Written Back	-	0.16
TOTAL	65.41	65.81

NOTE NO- 24

Other Operating Expenses	2022-2023	2021-2022
	In Rs. Million	In Rs. Million
i) <u>Aircraft Lease, Handling & Maintenance Charges</u>		
Lease of Aircraft Engine	-	3.45
Handling	519.70	349.08
Maintenance	1,961.17	1,790.95
	2,480.87	2,143.48
ii) <u>Navigation, Landing, Housing & Parking</u>		
Landing Fees - Scheduled & Other Ops	28.11	16.76
Housing & Parking Fees	17.22	13.17
Flight Comm & Navigation Charges	291.27	170.50
	336.59	200.43
iii) <u>Other Communication Charges</u>		
Expenses on Reservation System	80.47	268.53
Postage Telegram & Courier Charges	0.06	0.09
Telephone & Trunk Call Charges	1.93	1.20
	82.46	269.82
iv) <u>Passenger Amenities</u>		
Pax Amenities - Catering On Ground	1.34	2.40
Pax Amenities - Catering On Board	97.11	53.63
Pax Amenities - Hotel Expenses	0.41	1.17
Pax. Call Center Charges	6.88	19.16
Pax Amenities - News Paper & Magazines	-	0.02
	105.74	76.38
v) <u>Insurance</u>		
Insurance - Aircraft	146.71	101.87
Insurance General	0.09	0.01
	146.80	101.88
vi) <u>Inventory Consumption</u>		
Material Consumed-Aircraft	273.08	165.46
Provision for Obsolescence (Net)	66.47	34.83
	339.55	200.29
vii) <u>Booking Agency Commission (Net)</u>		
Commission on Ticket sale	250.52	44.73
	250.52	44.73
TOTAL	3,742.54	3,037.01



NOTE NO.- 25

EMPLOYEE BENEFIT EXPENSES	2022-2023	2021-2022
	(In Rs. Million)	(In Rs. Million)
<u>1. Salary, Wages and Bonus</u>		
Salaries - Staff In India	1,352.55	898.86
Bonus Expense	7.38	7.22
	1,359.93	906.08
<u>2. Crew Allowances</u>		
Foreign Contract Pilots Fees & Claims	21.05	231.47
	21.05	231.47
<u>3. Contribution to Provident and Other Funds</u>		
CC Provident Fund-Staff in India	20.73	17.18
	20.73	17.18
<u>4. Staff Welfare Expenses</u>		
Other Staff Welfare Expenses	23.69	16.92
Staff Training Expenses	82.29	74.98
	105.98	91.90
<u>5. Gratuity</u>	15.89	14.43
<u>6. Leave Encashment</u>	1.80	1.35
TOTAL	1,525.39	1,262.41

NOTE NO.-26

FINANCE COST	2022-2023	2021-2022
	(In Rs. Million)	(In Rs. Million)
(i) Interest on Loans:		
- Interest Charged by Holding Company*	2,154.49	1,837.20
(ii) Interest expense on lease liabilities	221.48	207.85
(iii) Impact of Forex on Lease Liability	1,951.97	612.63
(iv) Bank Charges	12.92	21.52
(v) Delayed Payment Charges to Fuel Companies	378.74	255.23
(vi) Interest charged by related parties	268.47	237.76
TOTAL	4,988.07	3,172.19

* Interest @ 9 % has been charged on the Avg. outstanding balance by AIAHL. Interest @ 1% has been charged on Rs. 562.50 Millions credited by AIAHL in 2021-22.

NOTE NO.- 27

OTHER EXPENSES	2022-2023	2021-2022
	(In Rs. Million)	(In Rs. Million)
Travelling Expenses	63.17	25.04
Rent	89.14	29.12
Repair Charges	0.41	1.37
Hire of Transport	57.12	33.83
Electricity / Heating & Fuel Charges	8.81	6.48
Water Charges	0.01	-
Printing and Stationary	10.48	5.01
Publicity and Sales Promotion	3.19	0.15
Covid Exp.	0.67	8.22
Legal Charges	2.51	2.38
Payment to Auditors	1.21	1.21



OTHER EXPENSES	2022-2023	2021-2022
	(In Rs. Million)	(In Rs. Million)
Professional / Consultation Fees & Expenses	45.24	31.63
Provision for Bad & Doubtful Advances	-	-
Input Reversal	29.84	11.83
Exchange Variation (Net)	(253.53)	(125.53)
Fees to DGCA	5.20	1.13
Office Cleaning Expenses	0.15	-
Entertainment Expenses - General	0.29	0.12
Books & Periodicals - Jeppesen / Technical	31.04	22.45
Surplus/Loss on Assets sold or scrapped	-	0.01
Other Misc. Expenses	19.27	4.62
Interest on delayed payment of TDS	46.00	35.65
Interest on delayed payment of Service Tax/GST	0.02	0.57
Provision for Inventory Shortage	-	31.13
TOTAL	160.21	126.42

NOTE NO.- 28

DISCLOSURE OF EARNING PER SHARE AS PER IND-AS 33	As at	As at
	31 st March, 2023	31 st March, 2022
	(In Rs. Million)	(In Rs. Million)
a) Weighted average number of equity shares		
Opening	40,225,000	40,225,000
Issued	-	-
Weighted Average Number of Equity Share (Used as Denominator)	40,225,000	40,225,000
b) Net profit after tax available for equity shareholders (Used as Numerator)	(5,665.73)	(4,477.63)
c) Basic and Diluted Earning Per Share	(140.85)	(111.31)
d) Par Value of Share (In Rupees)	100.00	100.00

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

A. Disclosure of Contingent Liabilities

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

(Amount in Rs. Million)

Description	Opening Balance As on 01.04.2022	Addition During the Year	Amount charged against the provision	Unused Amount reversed during the year	Effect of Change in Discounting rate	Balance As on 31 st March 2023
Income Tax Demand Notices Received by Company which are under appeal	17.28	0.99	9.89	Nil	N/A	8.38
* Other claims on account of other contingent liabilities	16.96	8.28	Nil	Nil	N/A	25.24
Grand Total	34.24	9.27	9.89	Nil	N/A	33.62

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

Miscellaneous claim **Rs. 25.24 million** (Previous Year - Rs. 16.96 million) includes:

- The above figure of Rs. 8.38 millions represents the excess of Interest on TDS as calculated by Traces compared to our calculations. Rs 0.99 millions represents the current year figure whereas Rupees 7.39 millions pertains to previous years.
- Unsettled legal claims of Rs.25.24 million (Previous Year- Rs. 16.96 million) in respect of ongoing legal cases.

C.) Capital & Other Commitments:

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

(Amount in Rs. Million)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
-	NIL	NIL

D.) Provision for Redelivery

Movements in the provisions for redelivery are disclosed hereunder:

(Amount in Rs. Million)

PARTICULARS	For the year ended 31 st March, 2023	For the year ended 31 st March, 2022
Balance as at beginning of the year	571.65	542.33
Provisions created during the year	53.30	-
Interest accretion on provisions during the year	6.09	5.34
Amounts utilized/adjusted during the year	-	-
Impact of exchange loss on restatement of opening provision	-	-
Impact of exchange Gain/Loss on restatement of closing provision	50.29	23.98
Balance as at end of the year	681.33	571.65
Balance as at end of the year - non-current	681.33	571.65
Balance as at end of the year - current	-	-

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

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

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

The last physical verification and reconciliation of Property, Plant and Equipment was done as on 31.03.2022 for locations at Delhi, Kolkata & Hyderabad.



b) Physical Verification of Aircraft Inventory

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

The last Physical Verification of Inventory was carried out in FY 2021-22. The physical verification of the Aircraft Inventory was conducted by Internal Auditors at Kolkata, Delhi, & Hyderabad.

c) Confirmations/Reconciliations

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

Details of unconfirmed balances are tabulated as under:

(Amount in Rs. Million)

Head of Account	Balance as per Books	Balance which is unconfirmed	% of amount unconfirmed
Trade Payable	16445.69	422.75	2.57%
Trade Receivable	1007.45	31.93	3.17%

- 2) Balance confirmation certificates as on 31st March 2023 have been sent to all vendors and customers. Confirmations have been obtained from 97.43% (previous year: 99.65%) of the total amount in case of vendors and in case of the customers all the parties are Govt Dept/ Ministry and 96.83% (previous year: 96.34%) of the total dues as on 31st March 2023 is confirmed.
- 3) An amount of Rs. 111.77 million is outstanding in books of accounts on account Suppliers Suspense Ledgers. The reconciliation and matching of Supplier – Ramco, Suspense Ledgers by relating GRN and PO has been carried out and necessary accounting action has been taken during 2022-23.
- 4) Management is of opinion that the adjustments after reconciliation will have no material impact in statement of Profit & Loss A/c.

31. Internal Control

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

Due to disinvestment of AI, Alliance Air has already implemented new SAP effective from 1st April, 2023. All the transaction during 2023-24 is being accounted in the New SAP. The financials for the year 2022-23 was made in the existing AI SAP. The closing balance of all General ledger as on 31st March, 2023 will be freezed and the same will be migrated as opening balance as on 2023-24.



All the transaction since beginning to 31st March, 2023 will be maintained in the cloud server for reference purpose.

32. Inventories

1. The inventory consists mainly of aircraft spares & consumables and tools of ATR & Do 228 aircraft. The spares for exclusive use in ATR & Do 228 aircraft are being procured through the Engineering department and recorded with the help of Inventory Management module called Laminaar system. Inventory management of the entire AAAL network has been controlled by the various transactions such as Purchase order, GRN, issuance, stock check in the LIMS (Logistics and inventory management system) module of Laminaar system.
2. The Interface between LAMINAR and SAP is yet to be implemented. After the implementation this interface, all the transactions which will take place in LAMINAR will be directly posted in SAP through the interface.

33. Status of Reconciliation with Airport Operators

1. Reconciliation with the Airport Authority of India has been carried out and has been reconciled till 31.03.2023.
2. The accounts with BIAL, DIAL, HIAL and MIAL have been reconciled up to 31.03.2023.

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

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

(Amount in Rs. Million)

Particulars	FY-2022-23	FY-2021-22
India	10,959.06	7,175.29
Outside India	25.12	0.00
TOTAL	10,984.18	7,175.29

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

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

Disclosure of the names and designations of the Related Parties as required by Indian Accounting Standard (Ind AS 24) during the year 2022-23.

1. Key Management Personnel & Relatives:

Transactions with Key Managerial Personnel

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



A. The Board of Directors of Alliance Air Aviation Ltd. (AAAL) (Formerly known as Airline Allied Services Ltd.) (During FY 2022-23 and till date):

S. No.	Name	Designation	Date of Appointment	Date of Cessation
1.	Shri Vikram Dev Dutt Chairman & Managing Director, AI Assets Holding Limited (AIAHL)	Chairman	27/01/2022	28/02/2023
2.	Shri Satyendra Kumar Mishra Chairman & Managing Director, AI Assets Holding Limited (AIAHL)	Chairman	01/03/2023	Till date
3.	Smt Usha Padhee Joint Secretary, DT Division, Ministry of Civil Aviation	Director	25/01/2022	18/01/2023
4.	Shri Asangba Chuba Ao Joint Secretary, DT Division, Ministry of Civil Aviation	Director	18/01/2023	Till date
5.	Shri Pranjol Chandra Director, Ministry of Civil Aviation	Director	11/02/2022	Till date
6.	Shri Deepak Sajwan Deputy Secretary, Ministry of Civil Aviation	Director	27/01/2021	18/01/2023
7.	Shri Brajesh Kumar Srivastava Deputy Secretary, Ministry of Civil Aviation	Director	18/01/2023	Till date

B. Key Managerial Personnel & Relatives

S. No.	Name	Designation	Date of Appointment	Date of Cessation
1.	Mr. Vineet Sood	Chief Executive Officer	31/07/2021	Till date
2.	Mr. Ambar Kumar Mondal	Chief Financial Officer	26/07/2019	Till date
3.	Ms. Shilpa Bhatia	Company Secretary	14/01/2022	Till Date

C. Related parties:

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

Name	Nature of Relationship	Control/Influence
AI Assets Holding Ltd. (AIAHL)	Holding Company	Entity having control over the Company
AI Engineering Services Ltd.	Sister Concern (Subsidiary co. of AIAHL)	Entity having no significant influence/control on the Company
AI Airport Services Ltd	Sister Concern (Subsidiary co. of AIAHL)	Entity having no significant influence/control on the Company
Hotel Corporation of India Ltd.	Sister Concern (Subsidiary co. of AIAHL)	Entity having no significant influence/control on the Company



D. Related Party Transactions

- i. There are no transactions with Key Managerial Personnel except remuneration and perquisites paid to the Chief Executive Officer amounting to Rs.4.01 million (previous year: 3.81 million), to the Chief Financial Officer amounting to Rs. 1.79 million (previous year: 1.71 million) and to the Company Secretary amounting to Rs. 0.80 million (previous year: 0.37 million) for the year 2022-23.
- ii. Transactions such as providing airline-related services in the normal course of airline business are not included above.
- iii. No Loans or Credit Transactions were outstanding with Directors or Officers of the Company or their relatives at the end of the year.
- iv. In terms of Ind AS 24, the following are the disclosure requirements related to transactions with certain Government Related entities i.e., Significantly controlled and influenced entities (Government of India) and non-Govt. related parties.

E. Transaction details - Related Parties

1. Parent Company AI Assets Holding Ltd. (AIAHL) and other subsidiaries of AIAHL.

Name of the Entities and Nature of transactions	2022-23 (Amount in Rs Million)	21.01.2022 to 31.03.2022 (Amount in Rs Million)
a) AI Assets Holding Co. (AIAHL)		
<u>Expenditure</u>		
Space charges	2.03	-
Interest	2,154.49	404.05
Closing Balance (Cr.) *	26,711.28	24,320.69
Corporate Guarantee given by AIAHL on behalf of AAAL	0.00	2,012.29

Name of the Entities and Nature of transactions	2022-23 (Amount in Rs Million)	2021-22 (Amount in Rs Million)
b) Hotel Corporation of India Ltd.		
<u>Expenditure</u>		
Hotel Accommodation	1.67	0.43
Income	(1.42)	-
Closing Balance (Cr.) *	(1.03)	0.52

Name of the Entities and Nature of transactions	2022-23 (Amount in Rs Million)	2021-22 (Amount in Rs Million)
c) AI Engineering Services Ltd. (AIESL) earlier known as Air India Engineering Services Ltd.		
<u>Expenditure</u>		
Repair Other	559.58	499.22
Manpower	26.84	50.81
Training	0.28	-
SOD Billing by AAAL	-	-
Interest	172.81	134.59
Closing Balance (Cr.) *	2,302.60	1,710.52



Name of the Entities and Nature of transactions	2022-23 (Amount in Rs Million)	2021-22 (Amount in Rs Million)
d) AI Airport Services Ltd. (AIASL) earlier known as Air India Air Transport Services Ltd.		
Expenditure		
Handling Charges	282.06	191.29
Credit Received		
Income	(4.27)	(0.95)
Interest	94.53	70.18
Closing Balance (Cr.) *	1,284.03	911.11

* The closing balance includes provisions made during the year.

2. Transactions with Provident Fund Trusts

(Amount in Rs. Million)

Particulars	2022-23		2021-22	
	PF Contribution during the Year	Payable as on 31.03.2023	PF Contribution during the Year	Payable as on 31.3.2022
AASL PF Trust	20.73	4.11	17.18	3.60

3. Major Transactions with Government-Related Entities

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

(Amount in Rs. Million)

Sr. No	Name of Entity	2022-23	2021-22
	Expenditure		
i)	Airport Authority of India <i>(including space)</i>	297.54	190.29
ii)	<i>Oil Companies</i>		
	Indian Oil Co Ltd	2,390.74	1,082.39
	Hindustan Petroleum Co Ltd	666.19	414.81
	Bharat Petroleum Co Ltd	594.29	324.44
	Revenue		
i)	Subsidy for Operation from Govt.		
	Govt of India	3,659.93	2,842.10
ii)	Charter Revenue - Others		
	Govt of India	4.16	20.72

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

36. Employee Benefits

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

- Privilege Leave Encashment is payable to all eligible employees at the time of retirement up to a maximum of 300 days. Leave Encashment liability for the current Financial Year is Rs. 1.80 million (Previous Year Rs. 1.35 million).



b. Defined Benefit Plan –

1) Provident Fund (Funded)

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

As per the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Company has no right to the benefits either in the form of a refund from the plan or lower future contribution to the plan towards the net surplus of Rs. 30 million determined through actuarial valuation. Accordingly, Company has not recognized the surplus as an asset, and the actuarial gains in 'Other Comprehensive Income', as these pertain to the Provident Fund Trust and not to the Company.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the provident fund plan as at the Balance Sheet date

	Assets / Liability	31/03/2023	31/03/2022
a	Present value of obligation	471,608,047	42,04,71,990
b	Fair value of plan assets	502,326,287	42,06,98,749
c	Net assets / (liability) recognized in Balance Sheet as provision	30,718,240	2,26,759

Change in Present Benefit Obligation

		31/03/2023	31/03/2022
a)	Present value of obligation as at the beginning of the period	420,471,990	37,51,95,284
b)	Interest Cost	29,102,281	3,09,45,799
c)	Current Service Cost	20,726,677	1,71,82,965
d)	Contributions by plan participants / employees	26,650,434	2,20,41,466
e)	Benefits Paid	(23,421,138)	(2,39,61,574)
f)	Total Actuarial (Gain)/Loss on Obligation	(1,922,197)	(9,31,950)
g)	Settlements/Transfer In	0	--
f)	Present value of obligation as at the end of the period	471,608,047	42,04,71,990

Change in plan assets:

		31/03/2023	31/03/2022
a)	Fair value of plan assets at the beginning of the period	420,698,749	37,65,26,190
b)	Actual return on plan assets	57,671,565	2,89,09,702
c)	Employer contribution	20,726,677	1,71,82,965
d)	Plan Participants / Employee Contribution	26,650,434	2,20,41,466
e)	Benefits paid	(23,421,138)	(2,39,61,574)
f)	Settlements / Transfer In	--	--
g)	Fair value of plan assets at the end of the period	502,326,287	42,06,98,749

2) Gratuity (Unfunded)

The Company has a defined benefit gratuity plan which is unfunded and is treated as Other Long-Term Employee Benefits. The present value of the obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of



service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Gratuity is paid by the Company as and when it becomes due and is paid as per the Gratuity Scheme of the Company. During the year, there were no plan amendments, curtailments or settlements.

Movement in net Defined Benefit (Asset) / Liability

a) Reconciliation of balances of Defined Benefit Obligation

2.1 (a): Table Showing Changes in Present Value of Obligations:

Period	From: 01-04-2022 To: 31-03-2023	From: 01-04-2021 To: 31-03-2022
Present value of the obligation at the beginning of the period	7,46,69,924	6,69,88,047
Interest cost	54,13,570	48,56,633
Current service cost	1,04,76,509	95,69,809
Past Service Cost	0	0
Benefits paid (if any)	(19,28,078)	(30,30,159)
Actuarial (gain)/loss	(80,14,019)	(37,14,406)
Present value of the obligation at the end of the period	8,06,17,906	7,46,69,924

2.1 (b): Bifurcation of total Actuarial (gain) / loss on liabilities

Period	From: 01-04-2022 To: 31-03-2023	From: 01-04-2021 To: 31-03-2022
Actuarial gain/losses from changes in Demographics assumptions (mortality)	Not Applicable	Not Applicable
Actuarial (gain)/ losses from changes in financial assumptions	(20,13,526)	(21,22,388)
Experience Adjustment (gain)/ loss for Plan liabilities	(60,00,493)	(15,92,018)
Total amount recognized in other comprehensive Income	(80,14,019)	(37,14,406)

2.2: Key results (The amount to be recognized in the Balance Sheet):

Period	As on 31-03-2023	As on 31-03-2022
Present value of the obligation at the end of the period	8,06,17,906	7,46,69,924
Fair value of plan assets at end of the period	0	0
Net liability/(asset) recognized in Balance Sheet and related analysis	8,06,17,906	7,46,69,924
Funded Status - Surplus/ (Deficit)	(8,06,17,906)	(7,46,69,924)

2.3 (a): Expense recognized in the statement of Profit and Loss:

Period	From: 01-04-2022 To: 31-03-2023	From: 01-04-2021 To: 31-03-2022
Interest cost	54,13,570	48,56,633
Current service cost	1,04,76,509	95,69,809
Past Service Cost	0	0
Expected return on plan asset	(0)	(0)
Expenses to be recognized in P&L	1,58,90,079	1,44,26,442



2.3 (b): Other comprehensive (income) / expenses (Remeasurement)

Period	From: 01-04-2022 To: 31-03-2023	From: 01-04-2021 To: 31-03-2022
Cumulative unrecognized actuarial (gain)/loss opening. B/F	(1,86,49,238)	(1,49,34,832)
Actuarial (gain)/loss - obligation	(80,14,019)	(37,14,406)
Actuarial (gain)/loss - plan assets	0	0
Total Actuarial (gain)/loss	(80,14,019)	(37,14,406)
Cumulative total actuarial (gain)/loss. C/F	(2,66,63,257)	(1,86,49,238)

2.3 (c): Net Interest Cost

Period	From: 01-04-2022 To: 31-03-2023	From: 01-04-2021 To: 31-03-2022
Interest cost on defined benefit obligation	54,13,570	48,56,633
Interest income on plan assets	0	0
Net interest cost (Income)	54,13,570	48,56,633

2.4: Experience adjustment:

Period	From: 01-04-2022 To: 31-03-2023	From: 01-04-2021 To: 31-03-2022
Experience Adjustment (Gain) / loss for Plan liabilities	(60,00,493)	(15,92,018)
Experience Adjustment Gain / (loss) for Plan assets	0	0

3.1: Summary of membership data at the date of valuation and statistics based thereon:

Period	As on 31-03-2023	As on 31-03-2022
Number of employees	909	835
Total monthly salary	1,89,90,869	1,74,66,564
Average Past Service (Years)	6.6	6.9
Average Future Service (yrs.)	22.2	22.3
Average Age (Years)	37.8	37.7
Weighted average duration (based on discounted cash flows) in years	15	16
Average monthly salary	20,892	20,918
Expected Future Service taking into account Decrements (Years)	16	16

3.2: Actuarial assumptions provided by the Company and employed for the calculations are tabulated:

Discount rate	7.50 % per annum	7.25 % per annum
Salary Growth Rate	8.00 % per annum	8.00 % per annum
Mortality	IALM 2012-14	IALM 2012-14
Withdrawal rate (Per Annum)	5.00% p.a.(18 to 30 Years)	5.00% p.a.(18 to 30 Years)
Withdrawal rate (Per Annum)	3.00% p.a. (30 to 44 Years)	3.00% p.a. (30 to 44 Years)
Withdrawal rate (Per Annum)	2.00% p.a. (44 to 60 Years)	2.00% p.a. (44 to 60 Years)



3.3: Benefits valued:

Normal Retirement Age	60 Years	60 Years
Salary	Last drawn qualifying salary	Last drawn qualifying salary
Vesting Period	5 Years of service	5 years of service
Benefits on Normal Retirement	15/26 * Salary * Past Service (yr).	15/26 * Salary * Past Service (yr.).
Benefit on early exit due to death and disability	As above except that no vesting conditions apply	As above except that, no vesting conditions apply
Limit	2000000.00	2000000.00

3.4: Current Liability (*Expected payout in next year as per schedule III of the Companies Act, 2013):

Period	As on 31-03-2023	As on 31-03-2022
Current Liability (Short Term) *	34,39,871	27,77,804
Non-Current Liability (Long Term)	7,71,78,035	7,18,92,120
Total Liability	8,06,17,906	7,46,69,924

3.5: Effect of plan on entity’s future cash flows

3.5 (a): Funding arrangements and funding policy

Not Applicable

3.5 (b): Expected contribution during the next annual reporting period

The Company’s best estimate of Contribution during the next year	1,14,16,844	1,08,54,815
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3.5 (c): Maturity profile of defined benefit obligation: Weighted Average

Weighted average duration (based on discounted cash flows) in years	15	16
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3.5 (d): Maturity Profile of Defined Benefit Obligation: Maturity analysis of benefit obligations.

01 Apr 2022 to 31 Mar 2024	34,39,871
01 Apr 2023 to 31 Mar 2025	18,43,707
01 Apr 2024 to 31 Mar 2026	19,90,068
01 Apr 2025 to 31 Mar 2027	14,38,977
01 Apr 2026 to 31 Mar 2028	10,78,339
01 Apr 2028 Onwards	7,08,26,944

3.6: Projection for next period:

Best estimate for contribution during next period	1,14,16,844
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3.7: Sensitivity Analysis: Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. Please note that the sensitivity analysis presented



below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation from one another as some of the assumptions may be correlated. The results of the sensitivity analysis are given below:

Period	As on 31-03-2023
Defined Benefit Obligation (Base)	8,06,17,906 @ Salary Increase Rate : 8%, and discount rate :7.5%
Liability with x% increase in Discount Rate	7,20,75,699; x=1.00% [Change (11)%]
Liability with x% decrease in Discount Rate	9,07,59,731; x=1.00% [Change 13%]
Liability with x% increase in Salary Growth Rate	9,06,07,299; x=1.00% [Change 12%]
Liability with x% decrease in Salary Growth Rate	7,20,38,690; x=1.00% [Change (11)%]
Liability with x% increase in Withdrawal Rate	8,00,43,509; x=1.00% [Change (1)%]
Liability with x% decrease in Withdrawal Rate	8,12,49,180; x=1.00% [Change 1%]

3.8: Reconciliation of liability in balance sheet

Period	From: 01-04-2022 To: 31-03-2023	From: 01-04-2021 To: 31-03-2022
Opening gross defined benefit liability/ (asset)	7,46,69,924	6,69,88,047
Expenses to be recognized in P&L	1,58,90,079	1,44,26,442
OCI- Actuarial (gain)/ loss-Total current period	(80,14,019)	(37,14,406)
Benefits paid (if any)	(19,28,078)	(30,30,159)
Closing gross defined benefit liability/ (asset)	8,06,17,906	7,46,69,924

3) Leave Encashment (Unfunded) –

The Company has defined benefit leave encashment plan in India (Unfunded) which is treated as Other Long-Term Employee Benefits. The Company’s net obligation in respect of Leave Encashment is the amount of benefit to be settled in the future, that employees have earned in return for their service in the current and previous years. The benefit is discounted to determine its present value. The obligation is measured on the basis of an actuarial valuation using the projected unit credit method.

3.1 (a): Table Showing Changes in Present Value of Obligations:

Period	From: 01-04-2022 To: 31-03-2023	From: 01-04-2021 To: 31-03-2022
Present value of the obligation at the beginning of the period	3,53,53,415	3,40,69,349
Interest cost	25,63,123	24,70,028
Current service cost	58,61,124	52,81,085
Benefits paid (if any)	0	(70,875)
Actuarial (gain)/loss	(66,20,828)	(63,96,172)
Present value of the obligation at the end of the period	3,71,56,834	3,53,53,415

**2.1 (b): Bifurcation of total Actuarial (gain) / loss on liabilities**

Period	From: 01-04-2022 To: 31-03-2023	From: 01-04-2021 To: 31-03-2022
Actuarial gain/losses from changes in Demographics assumptions (mortality)	Not Applicable	Not Applicable
Actuarial (gain)/ losses from changes in financial assumptions	(9,59,206)	(10,25,378)
Experience Adjustment (gain)/ loss for Plan liabilities	(56,61,622)	(53,70,794)
Total amount recognized in other comprehensive Income	(66,20,828)	(63,96,172)

2.2: Key results (The amount to be recognized in the Balance Sheet):

Period	As on 31-03-2023	As on 31-03-2022
Present value of the obligation at the end of the period	3,71,56,834	3,53,53,415
Fair value of plan assets at end of the period	0	0
Net liability/(asset) recognized in Balance Sheet and related analysis	3,71,56,834	3,53,53,415
Funded Status - Surplus/ (Deficit)	(3,71,56,834)	(3,53,53,415)

2.3 (a): Expense recognized in the statement of Profit and Loss:

Period	From: 01-04-2022 To: 31-03-2023	From: 01-04-2021 To: 31-03-2022
Interest cost	25,63,123	24,70,028
Current service cost	58,61,124	52,81,085
Expected return on plan asset	(0)	(0)
Net actuarial (gain)/loss recognized in the period	(66,20,828)	(63,96,172)
Expenses to be recognized in P&L	18,03,419	13,54,941

2.4: Experience adjustment:

Period	From: 01-04-2022 To: 31-03-2023	From: 01-04-2021 To: 31-03-2022
Experience Adjustment (Gain)/loss for Plan liabilities	(56,61,622)	(53,70,794)
Experience Adjustment Gain/(loss) for Plan assets	0	0

3.1: Summary of membership data at the date of valuation and statistics based thereon:

Period	As on 31-03-2023	As on 31-03-2022
Number of employees	909	835
Total monthly salary	1,89,90,869	1,74,66,564
Average Past Service (Years)	6.6	6.9
Average Future Service (yrs.)	22.2	22.3



Period	As on 31-03-2023	As on 31-03-2022
Average Age (Years)	37.8	37.7
Total Leave with Cap/Without Cap	45,248/45,248	43,879/43,892
Total CTC / Availment Rate	3,79,81,738 / 3%	3,49,33,128 / 3%
Weighted average duration (based on discounted cash flows) in years	17	17
Average monthly salary	20,892	20,918
Expected Future Service taking into account Decrements (Years)	16	16

3.2: Actuarial assumptions provided by the Company and employed for the calculations are tabulated:

Discount rate	7.50 % per annum	7.50 % per annum
Salary Growth Rate	8.00 % per annum	8.00 % per annum
Mortality	IALM 2012-14	IALM 2012-14
Withdrawal rate (Per Annum)	5.00% p.a.(18 to 30 Years)	5.00% p.a. (18 to 30 Years)
Withdrawal rate (Per Annum)	3.00% p.a. (30 to 44 Years)	3.00% p.a. (30 to 44 Years)
Withdrawal rate (Per Annum)	2.00% p.a. (44 to 60 Years)	2.00% p.a. (44 to 60 Years)

3.3: Benefits valued:

Normal Retirement Age	60 Years	60 Years
Salary	As per rules of the Company	As per rules of the Company
Benefits on Normal Retirement	1/30 * Salary * Number of leaves.	1/30 * Salary * Number of leaves.
Benefit on early exit	As above, subject to rules of the Company.	As above, subject to rules of the Company.
Benefit on death	As above, subject to rules of the Company.	As above, subject to rules of the Company.

3.4: Current Liability (*Expected payout in next year as per schedule III of the Companies Act, 2013):

Period	As on 31-03-2023	As on 31-03-2022
Current Liability (Short Term) *	17,70,868	15,65,018
Non-Current Liability (Long Term)	3,53,85,966	3,37,88,397
Total Liability	3,71,56,834	3,53,53,415

3.5: Sensitivity Analysis: Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. Please note that the sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation from one another as some of the assumptions may be correlated. The results of the sensitivity analysis are given below:



Period	As on 31-03-2023
Defined Benefit Obligation (Base)	3,71,56,834
Liability with x% increase in Discount Rate	3,29,79,210; x=1.00% [Change (11)%]
Liability with x% decrease in Discount Rate	4,21,61,115; x=1.00% [Change 13%]
Liability with x% increase in Salary Growth Rate	4,20,85,484; x=1.00% [Change 13%]
Liability with x% decrease in Salary Growth Rate	3,29,61,180; x=1.00% [Change (11)%]
Liability with x% increase in Withdrawal Rate	3,69,72,282; x=1.00% [Change 0%]
Liability with x% decrease in Withdrawal Rate	3,73,68,112; x=1.00% [Change 1%]

3.6: Reconciliation of liability in Balance Sheet

Period	From: 01-04-2022 To: 31-03-2023	From: 01-04-2021 To: 31-03-2022
Opening gross defined benefit liability/ (asset)	3,53,53,415	3,40,69,349
Expenses to be recognized in P&L	18,03,419	13,54,941
Benefits paid (if any)	0	(70,875)
Closing gross defined benefit liability/ (asset)	3,71,56,834	3,53,53,415

37. Deferred Tax Assets/ Liability

The Company has a history of losses, hence in absence of convincing evidence that sufficient taxable profit will be available against which the unused tax losses, deductible timing differences or unused tax credit can be utilized by the entity in near future, no accounting for Deferred Tax Assets / Liabilities has been made in the Financial Statements.

38. Disclosure as per Ind- AS 33 “Earnings Per Share”

Details	As at 31 st March , 2023	As at 31 st March , 2022
Profit/ (Loss) after tax as per statement of profit and loss (In Rupees)	(5,66,57,34,685)	(447,76,28,672)
Weighted Average no. of equity shares (Number)	4,02,25,000	4,02,25,000
EPS Basic & Diluted (In Rs.)	(140.85)	(111.31)

39. Disclosure as per Micro and Small Enterprises Development Act, 2006

In terms of Section 22 of the Micro, Small and Medium Enterprises Development Act 2006, the outstanding to these enterprises are required to be disclosed. The SAP system has a field, minority indicator in Vendor Master, which is updated to identify the vendor as SSI. The system is being enhanced to capture more details of SSI Vendors, such as certificate no., issuing agency, validity, etc.

Payments to most of the undertakings covered under the Micro, Small and Medium Enterprises Development Act (to the extent identified) have been made within the prescribed time limit/date agreed upon with the supplier. There is no interest liability for delayed payments to MSME. Information in respect of micro and small enterprises as at 31st March, 2023 as required by Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act)



Amount in Rs. Million

Particulars	31st March 2023 (Amt in Rs Million)	31st March 2022 (Amt in Rs Million)
a) Amount remaining unpaid to any supplier:		
Principal amount	NIL	NIL
Interest due thereon	NIL	NIL
b) Amount of interest paid in terms of Section 16 of the MSMED Act along with the amount paid to the suppliers beyond the appointed day.	NIL	NIL
c) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.	NIL	NIL
d) Amount of interest accrued and remaining unpaid	NIL	NIL
e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowances as a deductible expenditure under Section 23 of MSMED Act	NIL	NIL

40. Going Concern

The Company is a wholly-owned subsidiary of AI Assets Holding Ltd. (AIAHL) and has full support from the Government of India to make the Company fully operational after the disinvestment of Air India Ltd.

The Company has taken various measures to improve its operational efficiencies and cost control measures.

The Company during the Financial Year expanded its fleet by inducting two ATR-42 600 and one Dornier aircraft to its existing fleet of 18 ATR-72 600 aircraft. The total fleet now stands at 21 aircraft as on 31st March, 2023. All the aircraft are suitable for serving smaller / unserved / under served airports in the country.

Alliance Air is entrusted to operate the routes allotted by Ministry of Civil Aviation under RCS & VGF scheme, specially in the remote areas for successfully implementing of UDAN scheme and always taking the challenge to fly to critical airfields, fulfilling the aspiration of Government of India to achieve the desired goal of UDAN scheme to connect the tier 2 & tier 3 cities and to discharge the social obligation as directed by Government of India.

The Company has emerged as one of the major player in the Government of India’s premier scheme UDAN and the performance of the airline under UDAN has been excellent. The total UDAN route won by the Company now stands at 127. Out of allotted routes, the Company operated 101 routes as on 31st March, 2023(previous year 81 routes).

Further, the Ministry of Civil Aviation vide their letter DO. No. AV.17046/72/2019-AI dated 6th April, 2023, categorically stated that Alliance Air is a going concern and has assured that Government will make all endeavor to clear the dues towards ATF supply to Alliance Air.



Alliance Air has already received in principal approval from Ministry of Finance dated 20th April, 2023 towards financial support of Rs. 600 Crores. As per approval, the first tranche of Rs. 300 Crores has been released to Alliance Air which will reduce its finance costs .

Alliance Air is on the threshold of turnaround and poised to lead the regional connectivity in India in the next decade and be a leading regional carrier in Asia. Post-Covid 19, AAAL is on the path of recovery and EBIT shows a positive trend. Alliance Air is heading its way to reversing the trend of adverse financial parameters in this Financial Year 2023-24 and thereafter further consolidating the gains.

Since the Company expects improvement in Operational and Financial Performances and the Company has support from the government of India to make the Company fully operational, hence, the Financial Statements of the Company have been prepared on the “Going Concern” basis despite having accumulated losses and net-worth being eroded.”

41. Revenue

Alliance Air has operationalised his New PSS/DCS system, namely Paxlink, since 15th April, 2022. The tickets are being sold through the new PSS system against advance payment receipt from the OTAs/ Agents which comprises 95% of the total sale.

The sale being made through WEB and ATO/CTO are also against the payment received from the customer.

There is no provision of Credit sale except the tkts issued to the officials of other related party , which will be billed and the amount is adjusted against their dues .

The Revenue is booked in AAAL books based on the flown passenger.

The excess amount as accounted on account of sale over and above the Flown figure has been shown as forward sale as liability of the Company.

Source data from Paxlink is being uploaded on a separate FTP server for use by outsourced agencies for verification/reconciliation on daily basis. Due diligence is being followed regarding non-disclosure & Integrity of the data being exchanged between the parties. The processed reports & data are available for verification and accounting purposes on the outsourced agencies portal. This processed data and reports generated are the basis for the recognition of AAAL revenue.

As per Industry practice, AAAL is complying with all necessary norms to ascertain the authenticity and accuracy of data processed by an outsourced agency.

The handling & processing of revenue relating to cargo & mail are still being done by AIL.

42. Regional Connectivity Scheme

Till 31.3.2023, AAAL has been awarded (through the bidding process) 127 routes (previous year: 117 routes) under RCS (8 rounds), out of which 101 (previous year: 81) are operational. The remaining routes are proposed to be launched in the coming months based on the rediness of the airports, which include 10 routes awarded in the second round of allotment, 08 routes awarded in the third round of allotment, 04 routes awarded in round 3.1, 02 routes awarded in round 4.1 and 02 routes awarded in round 4.2 of allotment and remain non-operational till 31.03.2022, though as per terms of the LOI these are required to be operational during the year 2022-23. Management is of the view that delay to make the route operational is not on part of AAAL and is based on various factors beyond the control of AAAL, therefore AAAL has no liability for the above-stated delay in making the route operational.

**43. M/S Gati**

An agreement for freighter charter operations (undertaken by AAAL) between Air India Ltd and M/s GATI was terminated by GATI in March 2009, consequent to which AI invoked the Bank Guarantee of Rs. 300 million deposited by GATI. The Arbitral Tribunal has given its award against which an appeal has been filed by Air India Limited before the Hon'ble Delhi High Court which has also upheld the decision of the Arbitral Tribunal. To file an appeal in the Delhi High court (Double Bench) against the subject order, AIL deposited Rs. 220 million with Hon'ble High Court as deposit money on 17.11.2015. Against this deposit, Provision for Doubtful Security Deposit has been made for Rs. 220 million as prudence, although the matter is sub-judice. The next hearing date has been further postponed to 11.09.2023 for arguments.

44. TDS on Provisional Expenses

Provision has been created for the bills received from the vendor during 2023-24 but the service availed in 2022-23 (i.e., all the bills dated after 2022-23). As per the system being followed, the provisions created for 2022-23 are reversed in 2023-24 and the actual bill received in 2023-24 is booked in the vendor ledger after deducting applicable TDS in 2023-24. Due to the GST scenario, provisions have been created without deduction of TDS for the bills of the year 2022-23 received in 2023-24 and dated 2023-24.

45. Disclosures as per Ind AS 116 "Leases"

a.) The Company has taken 18 ATR 72-600 Aircraft on lease. Liabilities on account of future minimum lease rentals in respect of leases are as under: -

(Amount in Rs. Million)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Non-Current	Current	Non-Current	Current
Lease Liabilities	21,383.58	3,252.68	19,856.31	2,608.93

b.) Disclosures for Leases where the Company is a Lessee under Ind AS 116

The Company's leased assets primarily consist of leases for aircraft and engines.

Other Disclosures

(Amount in Rs. Million)

1.) Maturity Analysis of lease liabilities

PARTICULARS	2022-23	2021-22
Less than one year	3,443.66	2,636.50
One to five years	12,884.26	11,525.05
More than five years	9,058.97	9,049.77
Total undiscounted lease liabilities at 31 March 2022	25,386.88	23,211.32
Lease liabilities included in the statement of financial position on 31 March 2023	24,636.26	22,465.24

2.) Amount's recognized in the statement of profit and loss

PARTICULARS	2022-23	2021-22
Depreciation expense on ROU Asset	2,571.39	2,381.85
Interest on lease liabilities	221.48	207.85
Variable lease payments not included in the measurement of lease liabilities	0	0



PARTICULARS	2022-23	2021-22
Income from sub-leasing right-of-use assets	0	0
Expenses relating to short-term leases*	0	3.45
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	0	0

* Engines taken on lease have been classified as short-term leases since the lease term is less than 12 months as on the balance sheet date. Due to this reason, management has availed the practical expedient.

3.) Amounts recognized in the Statement of Cash Flows

PARTICULARS	2022-23	2021-22
Amount Shown as Cash Flow from Financing Activity -		
Total cash outflow for leases	2,961.35	2,533.31

46. Remuneration to Auditors

The details of the Audit fees and Expenses of the Auditors: -

(Amount in Rs. Million)

Particulars	2022-23	2021-22
Payment to Statutory Auditors		
Statutory Audit Fees (Inclusive of reimbursement of Expenses)	1.20	1.20
Tax Audit Fees	0.16	0.16
Special Purpose Audit Fees	0.01	0.35
Total	1.37	1.71
Payment to other Auditors		
Internal Audit Fees	0.22	0.22
Fees For Other Matters	0.10	0.48
Total	0.32	0.70
Grand Total	1.69	2.41

47. The Company has registered charges of Rs. 3205.03 million (Previous Year Rs. 2,805.03 million) with the Registrar of Companies U/s 77 of Companies act 2013. The Company is in the process of getting the said charges satisfied by following the procedure prescribed U/s 82 of the Companies Act 2013.

48. Capital Management

The objective of the Company is to maximize the shareholders' value by maintaining an optimum capital structure. Management monitors the return on capital as well as the debt-equity ratio and makes necessary adjustments in the capital structure for the development of the business.

During the Financial Year ended 31 March 2023, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

Debt-Equity Ratio:

(Amount in Rs. Million)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Borrowings	24,558.28	23,907.78
Total Debt (A)	24,558.28	23,907.78
Equity Share Capital	4,022.50	4,022.50



Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Other Equity	(40665.74)	(35,008.02)
Total Equity (B)	(36,643.24)	(30,985.52)
Debt Equity Ratio (A/B)	(0.67)	(0.77)

Return on Equity Ratio:

(Amt in Rs. Million)

Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
Profit /(Loss) for the year	(5665.73)	(4,477.63)
Equity Share Capital	4,022.50	4,022.50
Other Equity	(40665.74)	(35,008.02)
Equity attributable to owners of the Company	(36643.24)	(30,985.52)
Return on Equity Ratio (%)	(15.46%)	(14.45%)

49. Fair value measurement and financial instruments

Financial instruments – by category and fair value hierarchy

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

i) As on 31st March, 2023

(Amount in Rs. in Million)

Particulars	Category				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial Assets							
Non-Current							
Others	-	-	1038.80	1038.80	0.00	0.00	0.00
Current							
Trade Receivables*	-	-	1007.45	1007.45	0.00	0.00	0.00
Cash and Cash equivalents*	-	-	149.54	149.54	0.00	0.00	0.00
Bank balances other than (b) above*	-	-	801.31	801.31	0.00	0.00	0.00
Loans*	-	-	-	-	-	-	-
Other	-	-	76.32	76.32	0.00	0.00	0.00
Financial liabilities							
Non-Current							
Lease Liabilities	21383.58	-	-	21383.58	0.00	0.00	0.00
Other							
Current							
Borrowings	-	-	24558.28	24558.28	0.00	0.00	0.00
Lease Liabilities	3252.68	-	-	3252.68	0.00	0.00	0.00
Trade Payables	-	-	16445.69	16445.69	0.00	0.00	0.00
Other	-	-	415.11	415.11	0.00	0.00	0.00



iii) As on 31st March, 2022

(Amount in Rs. Million)

Particulars	Category				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial Assets							
Non-Current							
Others**	-	-	847.65	847.65	0.00	0.00	0.00
Current							
Trade Receivables*	-	-	805.13	805.13	0.00	0.00	0.00
Cash and Cash equivalents*	-	-	145.04	145.04	0.00	0.00	0.00
Bank balances other than (b) above*	-	-	867.90	867.90	0.00	0.00	0.00
Loans*	-	-	-	-	-	-	-
Other	-	-	108.90	108.90	0.00	0.00	0.00
Financial liabilities							
Non-Current							
Lease Liabilities	19,856.31	-	-	19,856.31	0.00	0.00	0.00
Other							
Current							
Borrowings	-	-	23,907.78	23,907.78	0.00	0.00	0.00
Lease Liabilities	2,608.93			2,608.93	0.00	0.00	0.00
Trade Payables	-	-	11,102.97	11,102.97	0.00	0.00	0.00
Other	-	-	545.83	545.83	0.00	0.00	0.00

* The Carrying amounts of trade receivables, trade payables, cash and cash equivalents, bank balance other than cash and cash equivalents and other financial assets and liabilities, approximate the fair values, due to their short-term nature.

** Other non-current financial assets represent Bank deposits due for maturity after 12 months from the reporting date and interest accrued but not due on financial instruments, the carrying value of which approximates the fair values as on reporting date.

50. Financial Risk Management Objective and Policies:

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

- i. Credit risk
- ii. Liquidity risk
- iii. Market risk –
 - a. Interest rate risk
 - b. Currency risk



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

The Company is exposed to credit risk, liquidity risk and market risk. The Company’s senior management oversees the management of these risks. The Company’s senior management is supported by a treasury team. The treasury team provides assurance to the Company’s senior management that the Company’s financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company’s policies and risk objective. It is the Company’s policy that no trading in derivatives for the speculative purpose may be undertaken. The Board of Directors reviews and agrees with policies for managing each of these risks, which are summarized below:

(i) Credit Risk

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

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

The maximum exposure to the credit at the reporting date is primarily from trade receivables. Trade receivables are typically unsecured and are derived from revenue earned from customers. The Company does monitor the economic environment in which it operates. The Company manages its credit risk through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company brands credit terms in the normal course of the business.

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

On adoption of Ind AS 109, the Company uses the expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available internal credit risk factors such as the Company’s historical experience with customers. Based on the business environment in which the Company operates, management considers that the trade receivables (other than receivables from government departments) are in default (credit-impaired) if the payments are more than 36 months past due.

Trade receivable as at year-end primarily includes Rs. 1007.45 (Rs 805.13 million) relating to revenue generated from passenger services.

The Companies exposure to credit risk for trade receivables is as follows:

(Amount in Rs. Million)

Particulars	As at 31/03/2023		As at 31/03/2022	
	Gross Carrying Amount	Loss Allowance	Gross Carrying Amount	Loss Allowance
Debts not due	-	-	-	-
Debts over due	1032.72	25.27	830.40	25.27

**Movement in the allowance for impairment in respect of trade receivables****(Amount in Rs. Million)**

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Balance at the beginning of the Year	25.27	26.46
Addition during the year	0.00	0.00
Write off/Adjustments made during the year	-	(1.19)
Balance at the end of the Year	25.27	25.27

(ii) Liquidity Risk

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

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

The Company believes that its liquidity position, including cash (including unencumbered bank deposit and excluding interest accrued but not due), anticipated future internally generated funds from operations will enable it to meet its future known obligation in the ordinary course of business. However, if liquidity needs were to arise, the Company believes it has access to a financing arrangement with its parent Company, which should enable it to meet its ongoing capital, operating, and liquidity requirement. The Company will continue to consider various borrowing or leasing options to maximize liquidity and supplement cash requirements as necessary.

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

- Day-to-day funding, is managed by monitoring future cash flows to ensure that requirements can be met.
- Maintaining a rolling forecast of the Company's liquidity position on the basis of expected cash flows.
- Maintaining diversified credit lines.
- For settlement of legacy outstanding, Govt of India has already decided to infuse Rs 600 Cr in form Share capital which will substantially reduce the outstanding and the finance cost.

Exposure to Liquidity risk

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



(Amount in Rs. Million)

As at 31 st March 2023	Carrying Amount	Contractual Cash Flows			
		Upto 1 year	1-5 Year	More than 5 years	Total
Payable to Holding Company	24558.28	24558.28	-	-	24558.28
Trade payables	16445.69	16445.69	-	-	16445.69
Other Current Financial Liabilities	415.11	415.11	-	-	415.11
Aircraft Lease	25,386.88	3,443.66	12,884.26	9,058.97	25,386.88
Total	66,805.96	44,862.74	12,884.26	9,058.97	66,805.96

(Amount in Rs. Million)

As at 31 st March 2022	Carrying Amount	Contractual Cash Flows			
		Upto 1 year	1-5 Year	More than 5 years	Total
Payable to Holding Company	23,907.78	23,907.78	-	-	23,907.78
Trade payables	11,102.97	11,102.97	-	-	11,102.97
Other Current Financial Liabilities	545.83	545.83	-	-	545.83
Aircraft Lease	23,211.32	2,636.50	11,525.05	9,049.77	23,211.32
Total	58,767.90	38,193.08	11,525.05	9,049.77	58,767.90

iii) **Market risk**

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

a. **Interest rate risk**

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

The exposure of the Company's borrowings to interest rate changes as reported to the management at the end of the reporting period are as follows:

(Amount in Rs. Million)

Variable-rate instruments	As at	As at
	31 st March, 2023	31 st March, 2022
Payable to Holding Company, AIAHL	24558.28	23,907.78
Total	24558.28	23,907.78

Interest rate sensitivity analysis

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



Particulars	Statement of Profit and Loss.	
	Increase by 0.50 %	Decrease by 0.50 %
Increase/(decrease) in the interest on foreign currency term loans from others and on finance lease obligations.		
For the year ended 31 st March, 2023	123.18	(123.18)
For the year ended 31 st March, 2022	119.54	(119.54)

b. Currency risk

Currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to the effects of fluctuation in the prevailing foreign currency rates on its financial position and cash flows. Exposure arises primarily due to exchange rate fluctuation between the functional currency and other currencies from the Company's operating, investing and financing activities.

The following table sets forth information relating to unhedged foreign currency exposure as at March 31, 2023:

	USD	EURO	Others
Net Financial assets	71.47 million	-	-
Net Financial liabilities	11.11 million	-	-

10% appreciation / depreciation of the functional currency of the Company with respect to various foreign currencies would result in increase / decrease in the Company's profit before taxes by approximately Rs. 495.98 million for the year ended March 31, 2023.

The following table sets forth information relating to unhedged foreign currency exposure as at March 31, 2022:

	USD	EURO	Others
Net Financial assets	55.87	-	-
Net Financial liabilities	10.48	-	-

10% appreciation / depreciation of the functional currency of the Company with respect to various foreign currencies would result in increase / decrease in the Company's profit before taxes by approximately Rs.344.02 million for the year ended March 31, 2022.

51. Disclosure as per Ind AS 115, 'Revenue from contracts with customers

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

The major revenue of the Company arises from the rendering of services (Passenger and cargo). The following is a description of the principal activity.

Nature, the timing of satisfaction of performance obligation and significant payment terms

Passenger revenue is recognized on flown basis i.e., after rendering the services, revenue is recognized net of discounts given to the passengers, applicable taxes and airport levies such as passenger service fee, user development fee, etc.



Cargo revenue is recognized when service is rendered i.e., goods are transported, net of airport levies and applicable taxes.

The amounts are billed as per the terms of the contracts and are payable within the contractually agreed credit period as per the Master Service Agreement with Air India.

Disaggregation of revenue

Revenue is disaggregated by the type and nature of services of revenue recognition.

Rendering of services

(Amount in Rs. Million)

S. No.	Particulars	For the year ended 31 st March, 2023	For the year ended 31 st March, 2022
1	Passenger	6,517.90	4,193.48
2	Excess Baggage	9.99	67.80
3	Mail	0.99	3.72
4	Cargo	12.55	18.90
5	Charter	99.14	20.72
6	Subsidy for Operation from Government	3,659.93	2,842.10
7	Handling Servicing and Incidental Revenue	683.68	28.57
	Total	10,984.18	7,175.29

The following table provides information about the opening and closing balance of trade receivables:

(in Amount Rs. Million)

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Trade Receivable	1007.45	805.13

As on 31st March 2023, the Company is operating under Regional Connectivity Scheme (RCS) in 101 routes, which has been awarded to the Company on four rounds having a validity of 3 years through the bidding process. In terms of the RCS agreement, the Company is required to sell specified seats at an agreed subsidized fare inclusive of taxes. In compliance with the terms of the agreement, the Company is eligible for the VGF Claim amount.

Since the RCS routes are awarded through the bidding process for a period of 3 years, the route is open to all carriers after this period subject to the availability of slots & other requirements.

Practical expedients applied as per Ind AS 115:

No single customer represents 10% or more of the Company's total revenue during the year ended March 31, 2023 and 2022.

Disclosure requirement as per para 120 of Ind As 115 in respect of remaining performance obligation is not being made in view of practical expedient as per para 121 of IND AS 115.

52. Previous Year's figures have been re-casted/re-arranged in line with IND-AS requirements.
53. **Additional Regulatory Information (in compliance with Schedule 3, Division 2 of the Companies Act, 2022)**
- The Company does not own any immovable property and investment property.
 - The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Assets) and intangible asset.



- c. The Company does not have any Capital WIP and Intangible asset under development.
- d. The Company has not granted Loans or Advances in the nature of loans to promoters, directors, KMPs and the related parties.
- e. The Company does not have any Benami property.
- f. The Company does not have any borrowings from banks or financial institutions on the basis of security of current assets.
- g. The Company has not been declared wilful defaulter by any bank or financial institution or other lender.
- h. The Company does not have any transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956.
- i. No charges or satisfaction thereof are pending to be registered with ROC.

Ratios:

Sr. No.	Analytical Ratios	Numerator	Denominator	Current Year	Previous Year	% Change	Reasons
1	Current Ratio	Current Assets	Current Liabilities	0.06	0.06	-1.84%	-
2	Debt-Equity Ratio	Total Debt	Shareholder's Equity	-0.67	-0.77	-13.14%	-
3	Debt Service Coverage Ratio	Earnings Available for Debt Service	Debt Service	0.24	0.19	23.30%	ROE on Leased Aircrafts
4	Return on Equity Ratio	(Net Profits After Taxes-Preference Dividend)	Average Shareholder's Equity	N/A	N/A	N/A	Due to negative Shareholder's Equity and Loss during the year, the Ratio is not cumutable
5	Inventory Turnover Ratio	COGS	Average Stocks	N/A	N/A	N/A	-
6	Trade Receivable Turnover Ratio	Net Credit Sales	Average Trade Receivables	4.04	3.94	2.43%	The Pax Revenue increased to Rs. 6518 million in 2022-23 from Rs. 4195 in the year 2021-22
7	Trade Payable Turnover Ratio	Net Credit Purchases	Average Trade Payables	N/A	N/A	N/A	Prime business is Passanger Carrier and the nature of business will not reflect facts
8	Net Capital Turnover Ratio	Net Sales	Average Working Capital	-0.24	-0.20	21.20%	The Pax Revenue increased to Rs. 6518 million in 2022-23 from Rs. 4195 in the year 2021-22
9	Net Profit Ratio	Net Profit/ Loss	(Sales)	-0.55	-0.63	-12.26%	-



Sr. No.	Analytical Ratios	Numerator	Denominator	Current Year	Previous Year	% Change	Reasons
10	Return on Capital Employed	(Earnings Before Interest and Taxes)	(Capital Employed)	N/A	N/A	N/A	Due to negative Shareholder's Equity and Loss during the year, the Ratio is not cumutable
11	Return on Investment	(Net Return on Investment)	(Cost of Investment)	N/A	N/A	N/A	-

As per our Separate report of even date

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

For S.K. Kapoor & Co.

Chartered Accountants

Firm Registration Number: 000745C

Sd/-

Satyendra Kumar Mishra

Chairman

DIN: 07728790

Sd/-

Brajesh Kumar Srivastava

Director

DIN: 09835338

Sd/-

V.B. Singh

(Partner)

ICAI Membership Number.: 073124

UDIN: 23073124BGYRAD2978

Sd/-

Vineet Sood

Chief Executive Officer

Sd/-

Ambar Kumar Mondal

Chief Financial Officer

Sd/-

Shilpa Bhatia

Company Secretary

Membership No. ACS 49386

Place: New Delhi

Date: 14 June, 2023



Alliance Air Aviation Limited,
Alliance Bhawan,
Domestic Terminal-1, I.G.I. Airport,
New Delhi-110037

CIN No. U51101DL1983GOI016518

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