INDEPENDENT AUDITOR'S REPORT

To the Members of Air India Limited

REPORT ON THE AUDIT OF STANDALONE FINANCIAL STATEMENTS

Qualified Opinion

We have audited the standalone financial statements of Air India Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2019, 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, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as Standalone Financial Statements)

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the aforesaid Standalone Financial Statements give the information (other than certain information mentioned in Para (g) of Emphasis of Matter), required by the Companies Act, 2013, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2019, its loss (including other comprehensive income), the changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

1. Adjustments on account of reduction in fair value, if any, in the carrying value of Investments in three Subsidiary Companies classified as Assets held for Sale, namely, Hotel Corporation of India Limited, Airline Allied Services Limited and Air India Engineering Services Limited (Carrying Value of Investments aggregating to Rs. 6,795.2 million), which have incurred losses during the current and previous years and net-worth of which have fully eroded, have not been determined and provided in the accounts as required by Ind AS 105.
2. Non- reconciliation/non-confirmation of certain receivables, payables (including certain staff related accounts and suspense / control accounts), inventory lying with third parties, certain bank accounts/ Loans including direct confirmation for certain cases and statutory dues. Refer Note No.36 & 37.

The impact of the above qualifications on the Standalone Financial Statements, if any, is not ascertainable.

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

Material Uncertainty in relation to Going Concern

The Company has incurred a net loss of Rs. 84,748.0 Million during the year ended March 31, 2019 and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 6,52,458.7 Million and it has accumulated losses of Rs. 6,26,936.3 Million which has resulted in complete erosion of the net worth of the company. In spite of these events or conditions which may cast a doubt on the ability of the company to continue as a going concern, the management is of the opinion that going concern basis of accounting is appropriate in view of the continued support of the Government of India and having regard to the other facts mentioned in Note No.54.

Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to;

a. Note No. 26 A(a) regarding non provision of interest claims from airport operators amounting to Rs. 988.6 Million and Note No. 26A(b) regarding non-provision of penal charges on delayed payment of Guarantee Fee amounting to Rs. 17,470.4 Million, for reasons stated therein;

b.
   i. Note No. 50 regarding Deferred Tax Asset of Rs. 28,425.2 Million carried in the accounts in view of the reasons stated therein, the realisation of which would depend on generation of sufficient profits in the future as anticipated / projected by the management;
   ii. Note No.50 (d) regarding the effect of change in tax rate subsequent to the Balance Sheet date, vide amendments in the Income Tax Act, 1961 and the Finance (No.2) Act 2019, through Taxation Law (Amendment) Ordinance 2019, on the carrying value of deferred tax asset (Net) as disclosed therein.

c. Note No. 47 regarding the management's opinion that there is no decline in the carrying value of investment in a Subsidiary – Air India Express Limited (Carrying Value of Investments aggregating to Rs. 7,800.0 million) and advances of Rs 10,586.1 Million to the said subsidiary company and interest accrued thereon amounting to Rs 924.3 Million even though the net-worth is fully eroded, for the reasons stated therein.

d. Note No.29(ix) read with Note No.47 regarding realisability of advances to subsidiary companies including interest accrued thereon amounting to Rs 36,915.7 Million classified as 'Asset Held for Sale' as the same is being transferred at carrying value.

e. Note No. 35 regarding non-application of Appendix B to Ind AS 21- "The effect of changes in Foreign Exchange rates" in respect of advances received or paid in foreign currency.

f. Note No.29 regarding;
   i. classification of loans identified for transfer to Air India Assets Holding Limited(AIAHL) as current liability;
   ii. accounting for reimbursement of Rs 13,000.0 Million for the period from 1st October 2018 to 31st March 2019 by AIAHL towards interest costs paid by the Company on the identified loans, as a reduction from finance cost ;
   iii. no effect being given for certain receivables/transactions with AIAHL pending final reconciliation;
   iv. classification of certain identified properties as Asset held for sale/ Investment property; and
   v. classification of investment in subsidiaries along with receivables and payables of the

subsidiaries as Assets held for sale.

g. Non-Disclosure of certain information in the standalone financial statements as required by Schedule-III of the Companies Act, 2013, and Indian Accounting Standards (Ind AS):
   (i) Terms of repayment, nature of Security separately for each case of borrowings and period & amount of continuing default in respect of borrowings and interest thereon in respect of each borrowing - Refer Note No.13.2 & 18
   (ii) Foreign Currency Fluctuation under Finance Cost- Refer Note No. 23(a)
   (iii) Information regarding dues/payments/interest to Micro & Small Enterprises, if any, included in Trade Payable- Refer Note No 52
   (iv) Fair Value of Investment Properties as required in Ind AS 40- Investment property - Refer Note no. 30 (d)

Our Opinion is not modified in respect of above matters

Key Audit Matters

Key audit matters are those matters that in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion and Material Uncertainty in relation to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	Principal audit procedures performed
Investment in a subsidiary and advance recoverable from said subsidiary The company has investment in subsidiary, namely Air India Express Limited amounting to Rs 7,800.0 Million and has also made advance of Rs 10,586.1 Million to said subsidiary and interest accrued thereon Rs 924.3 Million. Further, the company has also given guarantees of Rs 8,011.9 Million in respect of loans availed by them. There is a risk of impairment in carrying value of unquoted equity instruments in said subsidiary, in recoverability of advance including interest to the said subsidiary and guarantee given to subsidiary carrying accumulated losses which may be considered significant having regard to the financial position of the subsidiary. Refer Para (c) in Emphasis of Matter	We have obtained an understanding of management's processes with regard to identifying existence and testing the impairment in the value of investment, advance to the subsidiary and guarantee to the subsidiary. We have also obtained and verified the latest financial statements of the subsidiary regarding the present level of operations and profitability of the subsidiary. We have also relied on management's estimate of future operations, which has been described in Note No. 47.

Key Audit Matters	Principal audit procedures performed
Depreciation and impairment of Property, Plant & Equipment, Investment Properties and Intangible assets The management uses estimates to assess useful life of various items of Property, Plant & Equipment, Investment Properties and Intangible Assets including in the application of component accounting, recognition of early retirement from use, etc. which have a significant impact on the accounts. The company also assesses whether an impairment indication exists and performs impairment test in respect of Property, Plant & Equipment, Investment Properties, and Intangible Assets wherever such indications exist, which involve management's judgment of various factors including future growth rate etc. Refer Note 55	We have reviewed the judgments and methodology applied by management including the nature of underlying costs capitalized, determination of realizable value of the assets retired from active use, technical assessment conducted in assessing the useful life of assets, considered the applicable rates prescribed in Schedule II of the Companies Act, 2013, and evaluated the system followed for periodic review. We have broadly reviewed the Company's impairment assessment process and workings of property, plant & equipment and intangible assets including technical assessment of the management, key assumptions and judgement used to determine the impairment and future cash flows, discount rates applied etc.
Provision for Re-delivery of Aircraft The company has contractually undertaken to return leased aircrafts taken under operating leases to the lessors in a condition agreed at the inception of each lease. Management estimates the costs required to re-deliver the aircrafts in prescribed condition based on several factors including aircraft utilisation, expected cost of maintenance, estimated lifespans of parts etc. Refer Note 46	 We have tested the management's controls over estimating and recognising provisions for re-delivery expenditure of aircraft held under operating leases and conducted procedures relating to the provisioning including evaluating key assumptions and judgements adopted by management.
Leases and incentives The determination of the lease classification, fair value in case of Sale and Lease Back transactions and recording of related incentives is considered as a complex accounting matter and involves significant management's judgments. Accordingly, the classification of leases, accounting of incentives and determining fair value is regarded as a key audit matter. The Company operates aircrafts under both finance and operating lease arrangements. In determining the appropriate lease classification, Ind AS 17 - "Leases" is applied by the Company	 In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: • reviewed the key terms of leasing and evaluated management judgement used in determination of classification of leases. • performed test of details to verify classification of leases and related incentives and traced the same to credit notes and other underlying contracts / documents.

Key Audit Matters	Principal audit procedures performed
and the substance of the transaction is considered rather than just the legal form. The Company receives certain Manufacturer's credit entitlements (cash & non-cash incentives) which are non-refundable incentives and are accounted for on accrual basis and credited to 'Incidental Revenue' by contra debit to 'Advances'; when the credit entitlement are used, the 'advances' are adjusted against the liability created for either acquiring an asset or incurring an expenditure. Refer Note 45	
Assets held for sale (Other than Investments in subsidiaries held for sale) The company has classified assets earmarked for disposal as assets held for sale, including as part of the disinvestment process in progress. Management has estimated the fair value of such assets having regard to various critical factors including market rates. Refer Note No. 28 & 32 and Para (d) of Emphasis of Matter	We have verified the procedures in relation to management's classification and valuation of assets held for sale including assessing the methodologies used and the appropriateness of the key assumptions, checking the accuracy thereof on a sample basis etc.
Recognition of revenue from transportation services We have identified revenue recognition as a key audit matter because passenger revenue is one of the key performance indicator, significance of passenger revenue to the financial statements, complexity of the underlying IT systems of outsourced service provider and the judgment required by management in determining the revenue from Forward sales and Loyalty Programme. The company extensively uses the services of outsourced service provider for measurement and recognition of revenue, which carries an inherent risk around the accuracy of revenue recorded given the complexity of operations and underlying IT Systems.	We have reviewed the internal controls in the company for capturing and recognition of revenue and the reconciliations of revenue between the reports generated by the outsourced service provider and accounting of revenue in ERP system of the company. We have conducted requisite procedures on revenue on a test check of selected samples and scrutinised relevant records and journals to assess the timing and values of revenues recorded. In addition, we have performed cut-off tests in order to verify whether the timing of passenger revenue recognition is in line with company's policy.

<table>
<tr><th>Key Audit Matters</th><th>Principal audit procedures performed</th></tr>
<tr><td>The company recognises revenue from passenger and cargo sales on flown basis i.e, when the service is provided. The Company recognises revenue from unexercised rights i.e. forward sales of customers which are non-refundable in nature, based on past trends in proportion to the pattern of rights exercised by the customer.
The company has a Frequent Flyer Programme as per which, passengers earn miles which can be redeemed as per the policy of the company. The portion of unearned revenue attributable to miles earned are recognised on the statement of financial position as deferred revenue, after taking into account the expected utilisation of the miles.
Revenue is subsequently recognised when eligible passengers fly.

Significant judgement is required in the following aspects:

• The number of miles that will expire without use – The Company relies on historical expiry pattern in determining these estimates; and

• The determination of the fair value of frequent flyer miles – The Company relies on historical redemption patterns, weighted for the various geographic regions and booking classes in determining the fair value.

Refer Note.59</td><td>We obtained the latest available assurance report on service organisation controls and bridge letter from outsourced service provider on effectiveness of controls confirming no significant changes to the control environment and controls relating to revenue accounting and General IT controls.
With regard to forward sales, we have considered the consistency and continuity of the methods used to determine the amount of revenue to be recognised from Forward Sales.

We reviewed the assumptions used to estimate the number of miles as per Frequent Flyer Programme that will expire without use, including analysing historical expiry pattern. We also reviewed the assumptions used in determination of fair value of the unredeemed miles.
Refer to para (i) & (ii) in our report on Internal Financial Controls (Annexure B)</td></tr>
<tr><td>Provisions and Contingent Liabilities and Evaluation of uncertain tax positions

There are material claims against the company and uncertain tax/duty positions which are under various stages of dispute, involving significant judgment to determine the possible outcome of these disputes.

Refer Note.26 and para (a) of Emphasis of Matter.</td><td>

We have obtained details of key claims against the company, completed tax assessments and demands and tax/duty positions.

We reviewed status of disputes and representation taken from the management, discussed with appropriate senior management and evaluated the management's underlying key assumptions.</td></tr>
</table>

Key Audit Matters	Principal audit procedures performed
	We assessed management's estimate of the possible outcome of the disputed cases in evaluating management's position on these uncertain claims and tax positions and assessed the appropriate disclosures in the financials.
Deferred Tax Assets The company has carried deferred tax assets recognised on depreciation in an earlier year which is based on the likelihood of future taxable income available for set off The recognition of deferred tax asset, involves judgement regarding the likelihood of realisation of these assets in particular whether there will be sufficient taxable profits in future periods that support the recognition of these assets. Given the degree of judgement involved in considering these deferred tax assets as recoverable or otherwise, we consider this to be a key audit matter. Refer para (b) (i) of Emphasis of Matter Refer Note. 50	Our procedures include obtaining an understanding of the process and the controls over preparation of profit forecast. We reviewed the inputs and assumptions used in the forecast, including Revival Plan for Operational & Financial Efficiency formulated by the Govt of India. We verified the disclosures for deferred tax asset balance including those related to significant accounting estimate and judgements.
Inventory The company carries inventory of materials, spare parts etc across various locations centres and correct measurement of inventory involves making a proper assessment of the lower of net realisable value over cost and assessment of write down necessary on account of obsolescence etc Refer Note No.39	We have evaluated the systems and processes for recording and valuation of inventory, tested a sample of key controls and comparison of net realizable prices. We have obtained an understanding of the company's policy on control for identification and provision of non-moving inventory based on age-wise analysis and tested the same on a sample basis. Refer para (i), (ii) (iii), (v) & (ix) in our report on Internal Financial Controls (Annexure B)
Provision for receivables The company is carrying significant balances as trade receivables including amounts outstanding from earlier accounting periods. The management makes an estimate of the recoverability of individual debtor with reference to the aging profile, historical payment pattern	We have obtained a list of outstanding receivables, test checked the ageing of trade receivables generated from SAP at year end on a sample basis and reviewed Expected credit loss model used in determining the provision requirement.

Key Audit Matters	Principal audit procedures performed
and the past record of the customer and makes provision against the same with reference to the recoverable amount.	We have reviewed the controls, systems and processes applied by the management to ensure proper recognition of provision for receivables. Refer para (v) in our report on Internal Financial Controls (Annexure B)
Accounting & disclosure for proposed disinvestment Govt. of India has given approval for strategic disinvestment of the Air India and its subsidiaries. Accordingly, Strategic Revival Plan for Operational & Financial Efficiency in Air India was formulated as per which certain portion of debt along with certain assets, including investments in three subsidiary companies and advances given to them, were decided to be transferred to an Special Purpose Vehicle (SPV) formed for the proposed disinvestment. Necessary adjustments/ disclosures are made in the financial Statements of Air India Limited based on the present decisions and further adjustments would be made after finalization of the same. Refer Note No.28, Note No.29 and para(f) of Emphasis of Matter.	We have reviewed the relevant minutes of meeting of Board of Air India Limited as well as of the committees formed for disinvestment and other relevant records made available to us in this regard. We have verified the transactions which have taken place till 31st March 2019 with the SPV and held discussions with the senior management of the Air India in order to obtain an understanding of the present position of the various decision taken for the same. We have reviewed the disclosure made in the financial statements in this regard.

Information Other than the Standalone 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 Directors' Report, Management Discussion and Analysis Report and Report on Corporate Governance but does not include the standalone financial statements and our auditor's report thereon. These reports are expected to be made available to us after the date of this auditor's report.

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

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

When we read the reports containing the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable
2. As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit except as stated in Basis for Qualified Opinion and Para no. (g) of Emphasis of Matters section.

(b) Except for the possible effects of the matters described in the Basis of Qualified opinion section above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us.

(c) With respect to those foreign stations not visited by us, we have relied upon the summary reports made available to us for the verification of transactions related to major foreign stations, which have been properly dealt by us in preparing this report.

(d) The Balance Sheet, Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

(e) Except for the effects of the matter described in para No -1 of Basis for Qualified Opinion and para (e) & (g) Emphasis of Matter Section above, in our opinion, the aforesaid Standalone Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;

(f) The matters described under Material Uncertainty in relation to Going Concern and Basis of Qualified Opinion section above, may, in our opinion have an adverse effect on the functioning of the Company;

(g) We have been informed that the provisions of Section 164(2) of the Act in respect of disqualification of directors are not applicable to the Company, being a Government Company in terms of notification no. G.S.R.463(E) dated 5th June, 2015 issued by Ministry of Corporate Affairs (MCA), Government of India;

(h) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion section above;

(i) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”. Our report expresses a qualified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.

(j) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended, we report that, in terms of MCA Notification no. G.S.R. 463 (E) dated 5th June 2015 provisions of section 197 of the Act are not applicable to the company.

(k) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note No. 26 to the standalone financial statements;

ii. The Company has made provisions, as required under the applicable laws or Indian Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts that have been entered into by the Company;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

3. We are enclosing our report in terms of Section 143 (5) of the Act, on the directions / sub-directions issued by the Comptroller and Auditor General of India, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in Annexure- C.

For and on Behalf of	For and on Behalf of	For and on Behalf of
Jagdish Chand & Co.	**Khandelwal Jain & Co**	**Varma & Varma**
Chartered Accountants	Chartered Accountants	Chartered Accountants
FRN: 000129N	**FRN: 105049W**	**FRN: 004532S**
Sd/-	Sd/-	Sd/-
Praveen Kumar Jain	**Narendra Jain**	**P R Prasanna Varma**
Partner	Partner	Partner
M No.085629	**M No.048725**	**M No.025854**
UDIN 19085629AAAAAV3114	UDIN 19048725AAAABV2389	UDIN 19025854AAAABS9910
Place : New Delhi	Place : New Delhi	Place : Chennai
Date : 22 October 2019	Date : 22 October 2019	Date : 22 October 2019

ANNEXURE 'A' TO INDEPENDENT AUDITORS' REPORT ON "OTHER LEGAL AND REGULATORY REQUIREMENTS"

(i)

a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets except in case of certain items which are carried in the fixed asset register on block level as one line item, in respect of which full particulars, including quantitative details and situation of such assets have not been updated.

b. The Company has a programme of verification of fixed assets as per which the verification of all major assets is conducted annually, and the verification of other assets are covered over a biennial period which, in our opinion, is reasonable having regard to the size of the Company and the nature of its Assets. Accordingly, as per the information and explanations furnished to us, physical verification of major items of fixed assets has been conducted by the Management during the year and no material discrepancies were noticed on such verification. Fixed assets, which are carried on block level as one line item, physical verification reconciliation has not been done during the year. In respect of other items of fixed assets, physical verification for 2016-18 biennial period has been completed, although pending reconciliation no effect has been given in respect of discrepancies noticed amounting to Rs 154.5 Million(net). Refer Note No.34(a)

c. Based on our examination of the books and records of the company, the title/ lease deeds of immovable properties (included under Property, Plant and Equipment and Assets held for Sale) are held in the name of the Company except to the extent mentioned below:[Refer note nos 30(a) and 32]

Sl No	Type	Area (Sq Mtrs)	Net Block (Rs in Million)
1.	Land & Building – Freehold	23,904	387.1
2.	Land & Building – Leasehold	2,29,288	56,583.2
		2,53,192	**56,970.3**

In respect of 8 other properties (area/ carrying value - not ascertainable) which have been explained to be mortgaged with banks and financial institutions for securing borrowings and loans, confirmation from the bank/ financial institution in relation to holding of title deed has not been furnished to us.

(ii) According to the information and explanation given to us, the inventory has been physically verified by the management in phased manner (biennial) at reasonable intervals. Physical Verification of Inventories for the biennial period 2016-18 has been carried out, except in respect of items lying with third parties amounting to Rs.255.0 Million (refer footnote to Note No. 8) The physical verification for biennial period 2018-20 is under progress. Refer Note No.34(b)

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, during the year, to any companies, firms, limited liability partnerships or other parties covered in register maintained under Section 189 of the Companies Act, 2013. In view of above, the clauses 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable.

(iv) As per information and explanations given to us, Company has not granted any loans or given any guarantee and security covered under section 185 of the Companies Act 2013.Further, the Company is exempted from the provisions of section 186 as it is engaged in the business of providing infrastructure facilities as defined in Schedule-VI of the Companies Act'2013

(v) On the basis of the examination of the books of accounts, the Company has not accepted deposits under the provisions of Section 73 to 76 or any other provisions of Companies Act, 2013 and the Rules framed thereunder.

(vi) The maintenance of cost records has not been prescribed by the Central Government of India under sub-section (1) of Section 148 of the Companies Act, 2013, in respect of the Company which falls under the category of Service Industry.

(vii) a. According to the information and explanations given to us and on the basis of our examinations of the Books of Account, undisputed Statutory dues, including Provident Fund, Employees State Insurance Fund, duty of Custom, duty of Excise, Sales Tax, Value Added Tax, TDS, Goods and Services Tax, Cess and any other material Statutory Dues, as applicable, have not been regularly deposited with the appropriate authorities and there have been delays in a large number of cases.

As per the information and explanations, and subject to the facts stated in Note No. 36(d), undisputed statutory liabilities outstanding for more than six months as on March 31, 2019 are as under;

Name of the Statute	**Nature of dues**	**Rs in Million**	**Period to which the amount relates**
Goods and Service Tax (GST)	GST	217.1	April 2018 upto Sep 2018
Goods and Service Tax (GST)	Interest on GST	324.7	FY 2017-18 to upto Sep 2018
Finance Act, 1994	Interest on Service Tax	633.2	FY 2012-13 to FY 2014-15
Income tax Act, 1961	Interest on TDS	426.7	FY 2013-14 to upto Sep 2018
Provident Fund Act	PF Contribution Contract Labour	51.47	October 2014
Goods and Service Tax	IGST (demand by Directorate of Revenue Intelligence)	471.4	September 2018
Goods and Service Tax	Interest on IGST under custom (demand by Directorate of Revenue Intelligence)	74.9	July 2017 to September 2018

b. According to the information and explanations given to us and as per the books of accounts , there are no dues outstanding of Sales tax, Wealth Tax, Custom Duty, Excise Duty, Value Added Tax, Service Tax, Goods and Service tax and Cess which have not been deposited as on 31st March 2019 by the company, on account of any dispute, except for the following:

Sl No.	Name of Statute	Nature of dues	Amounts Involved (Rs. in Million)	Period to which the amount relates (Financial Year)	Forum where disputed is pending
1	Indian Customs Act, 1962	Custom Duty	41.1	2007-2016	Commissioner of Central Excise & Customs
2	Indian Customs Act, 1962	Custom Duty	24.3	1997-2004	Central Board of Excise &Customs
3	Indian Customs Act, 1962	Custom Duty	582.6	2002-2005	Commissioner of Customs (Appeals)
4	Indian Customs Act, 1962	Custom Duty	242.8	2000-2017	CESTAT
5	Indian Customs Act, 1962	Custom Duty	3.1	2003-2004	CUSTOMS DEPT.
6	Indian Customs Act, 1962	Custom Duty	14.4	2005-06	Supreme Court
7	Finance Act, 1994	Service Tax	6671.8	2003-2014	CESTAT
8	Finance Act, 1994	Service Tax	7.2	2007-2018	Commissioner of Appeals
9	Finance Act, 1994	Service Tax	1223. 6	2007-08 and 2010-11	Commissioner of Service Tax
10	Finance Act, 1994	Service Tax	2.8	2013-2015	Service tax Dept
11	Finance Act, 1994	Service Tax	0.4	2017	Commissioner of Customs
12	Income Tax Act, 1961	Income Tax	117. 6	2012-2015	Deputy Commissioner of Income Tax
13	Income Tax Act, 1961	Income Tax	1122.8	2000-07	ITAT
14	Value Added Tax	VAT	127.3	2011-2016	Commercial Tax Office, Govt of Telangana
15	Value Added Tax	VAT	0.5	2015-2016	Revisional Board, West Bengal

Sl No.	Name of Statute	Nature of dues	Amounts Involved (Rs. in Million)	Period to which the amount relates (Financial Year)	Forum where disputed is pending
16	Other Statutes	Property Tax, Octroi & Entry Tax	486.8	2000-2018	Concerned Dept.

(viii) According to the information and explanations given to us, the Company has delayed in repayment of dues to Financial Institutions/ Banks/ Government and there is an overdue Interest of Rs 1,981.0 Million outstanding for payment as at the year-end [Refer foot notes to Note No.15]. The period and amount of default including lender wise details for the same has not been provided to us in view of the fact stated in the foot note to Note Nos 18 and Note 13.2 of the Standalone Financial Statements.

(ix) The Company has not raised any money by way of initial public offer or further public offer (including debts instruments) and hence the application of such money for the specified purposes is not applicable. The Company has applied the Term Loans for the purpose for which the Loans were obtained.

(x) During the course of our examination of the books and records of the company carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instances of material fraud by the company or on the company by its officers or employees which has been, noticed or reported during the year, nor have we been informed of any such case by the management.

(xi) As informed, the provisions of Section 197 relating to managerial remuneration are not applicable to the Company, being a Government Company, in terms of MCA Notification no. G.S.R. 463 (E) dated 5th June 2015.

(xii) The Company is not a Nidhi Company. Accordingly, the reporting requirements under clause 3(xii) of the Order are not applicable.

(xiii) In our opinion and according to the information and explanations given to us, transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable. The details of Related Party Transactions have been disclosed in the Standalone Financial Statements, as required by the applicable Ind AS; Refer Note No. 42.

(xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review as such the clause is not applicable to the company.

(xv) As per the records of the company and information and explanation provided to us, the company has not entered into any non-cash transactions with directors or persons connected with them and hence, the clause is not applicable.

(xvi) According to the information and explanations given to us and the records of the Company examined by us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting requirement under clause 3(xvi) of the Order is not applicable.

For and on Behalf of

Jagdish Chand & Co.
Chartered Accountants
FRN: 000129N

Sd/-
Praveen Kumar Jain
Partner
M No.085629
UDIN 19085629AAAAAV3114

Place : New Delhi
Date : 22 October 2019

For and on Behalf of

Khandelwal Jain & Co
Chartered Accountants
FRN: 105049W

Sd/-
Narendra Jain
Partner
M No.048725
UDIN 19048725AAAABV2389

Place : New Delhi
Date : 22 October 2019

For and on Behalf of

Varma & Varma
Chartered Accountants
FRN: 004532S

Sd/-
P R Prasanna Varma
Partner
M No.025854
UDIN 19025854AAAABS9910

Place : Chennai
Date : 22 October 2019

ANNEXURE 'B' TO INDEPENDENT AUDITORS' REPORT ON "OTHER LEGAL AND REGULATORY REQUIREMENTS"

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

We have audited the internal financial controls over financial reporting of Air India Limited("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified for the year ended March 31, 2019:

(i) The company did not have an effective interface between various functional software relating to Sales/Revenue and Inventory Management (for part of a year) with the accounting software resulting in accounting entries being made manually on periodical basis.

(ii) The company did not have an appropriate internal control system for reconciliation of Control Accounts in relation to the Sales / Revenue, Inventory and Payroll.

(iii) The Company did not have appropriate system to capture incidental cost such as freight, duty etc. in inventory system.

(iv) The company did not have an appropriate internal control system for deduction, timely deposit and reconciliation of statutory dues.

(v) The company did not have an appropriate internal control system for obtaining confirmation of balances on a periodic basis, ageing and reconciliation of unmatched Receivables, Payables, (including certain staff related accounts and suspense / control accounts), inventory lying with third parties, certain bank accounts and statutory dues.

(vi) The company did not have an effective internal audit system commensurate with the size, nature and complexities of the business.

(vii) The Company did not have an effective Information Systems Audit to evaluate and test the IT general controls, which may affect the completeness, accuracy and reliability of the reports generated from IT System.

(viii) The company did not have an effective system for timely accounting of entries including delay in accounting of cash collection/disbursement, reversal of ineligible input tax credit of GST & approval thereof in IT System.

(ix) The company did not have effective system for control over sale of scrap of inventory and accounting thereof.

(x) The Company did not have an effective system for determining fair value of the Company's investments in its subsidiaries carried as assets held for sale.

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

In our opinion, except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively during the year ended March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company as at and for the year ended 31 March 2019, and these material weaknesses have affected our opinion on the standalone financial statements of the Company and we have issued a qualified opinion on the standalone financial statements.

For and on Behalf of

Jagdish Chand & Co.
Chartered Accountants
FRN: 000129N

Sd/-
Praveen Kumar Jain
Partner
M No.085629
UDIN 19085629AAAAAV3114

Place : New Delhi
Date : 22 October 2019

For and on Behalf of

Khandelwal Jain & Co
Chartered Accountants
FRN: 105049W

Sd/-
Narendra Jain
Partner
M No.048725
UDIN 19048725AAAABV2389

Place : New Delhi
Date : 22 October 2019

For and on Behalf of

Varma & Varma
Chartered Accountants
FRN: 004532S

Sd/-
P R Prasanna Varma
Partner
M No.025854
UDIN 19025854AAAABS9910

Place : Chennai
Date : 22 October 2019

ANNEXURE 'C' TO INDEPENDENT AUDITORS' REPORT ON "OTHER LEGAL AND REGULATORY REQUIREMENTS"

Sl No	Directions under section 143(5) of Companies Act 2013	Response
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated	The company has an ERP system in place for processing all accounting transactions through IT systems except for booking of trade and other receivables which is recorded manually. Some of the activities have been outsourced by the company to outside vendors viz. a. Transportation revenue b. Cargo Revenue c. Processing of crew allowances Some manual intervention is necessitated for various closing entries; however accounting entries for the same are also processed through ERP. Based on our audit procedures, on test basis, wherever the accounting transactions are based on workings outside IT system, no instances of lack of integrity of accounts and no financial implications has been noted / reported. However, we have noted certain internal control weaknesses in processing of transactions, our comments on which have been given in para (i), (ii) & (iii) of Annexure B of this audit Report.

Sl No	Directions under section 143(5) of Companies Act 2013	Response
2.	Whether there is any restructuring of an existing loan or cases of waiver /write off of debts/ loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	As per the information and explanation furnished to us, there has been no case of restructuring of existing loan or waiver /write off of debts/loans/interest etc. made by a lender to the company during the year. However, as described in detail in Note.28 the company is in the process of implementing financial restructuring plan in line with the disinvestment proposal which is in progress, the effect of which on the loan balance and interest thereon is as stated therein. The financial impact of the same on the standalone financial statements is given in note 29(xiii).
3.	Whether funds received/receivables for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and condition? List the cases of deviation.	To the best of our information, checks applied by us during the course of our audit, we are of the opinion that funds received/ receivable for specific schemes from Central/ State agencies were properly accounted for/ utilized as per its terms and conditions.

For and on Behalf of

Jagdish Chand & Co.
Chartered Accountants
FRN: 000129N

Sd/-
Praveen Kumar Jain
Partner
M No.085629
UDIN 19085629AAAAAV3114

Place : New Delhi
Date : 22 October 2019

For and on Behalf of

Khandelwal Jain & Co
Chartered Accountants
FRN: 105049W

Sd/-
Narendra Jain
Partner
M No.048725
UDIN 19048725AAAABV2389

Place : New Delhi
Date : 22 October 2019

For and on Behalf of

Varma & Varma
Chartered Accountants
FRN: 004532S

Sd/-
P R Prasanna Varma
Partner
M No.025854
UDIN 19025854AAAABS9910

Place : Chennai
Date : 22 October 2019

MANAGEMENT REPLIES TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF AIR INDIA LIMITED FOR THE FINANCIAL YEAR 2018-19

	AUDIT OBSERVATIONS	MANAGEMENT COMMENTS
	Qualified Opinion We have audited the standalone financial statements of Air India Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2019, 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, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as Standalone Financial Statements) In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the aforesaid Standalone Financial Statements give the information (other than certain information mentioned in Para (g) of Emphasis of Matter), required by the Companies Act, 2013, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2019, its loss (including other comprehensive income), the changes in equity and its cash flows for the year ended on that date.	
	Basis for Qualified Opinion	
1.	Adjustments on account of reduction in fair value, if any, in the carrying value of Investments in three Subsidiary Companies classified as Assets held for Sale, namely, Hotel Corporation of India Limited, Airline Allied Services Limited and Air India Engineering Services Limited	The company has already disclosed in Note No 47 that in the opinion of the Management there is no diminution in the carrying value of the investments in Subsidiary Cos.

	(Carrying Value of Investments aggregating to Rs. 6,795.2 million), which have incurred losses during the current and previous years and net-worth of which have fully eroded, have not been determined and provided in the accounts as required by Ind AS 105.	Detailed write up on the current status of both AASL and AIESL has been given in the subject Note highlighting that these companies are steadily improving their Financial and Operational performance over the past few years. It is expected that both these companies will further consolidate their gains in future thus enabling AI to realize it's investments made in these companies.
2.	Non- reconciliation/non-confirmation of certain receivables, payables (including certain staff related accounts and suspense / control accounts), inventory lying with third parties, certain bank accounts/ Loans including direct confirmation for certain cases and statutory dues. Refer Note No.36 & 37.	In this regard it may be noted that there is a steady and considerable improvement in this area as compared to previous years as can be seen from the following: a) All major Borrowings, Bank Balances have been confirmed and reconciled. b) In respect of Receivables/Payables, all major parties such as dues of Oil Companies, Airport Operators, Pax/ Cargo Receivables and dues for VVIP Charters are totally reconciled. These parties in fact constitute a major portion of the total Receivables and Payables of the company. c) Further, in respect of certain other Receivables/Payables such as Staff related accounts and unlinked debits/ credits lying in various such accounts, the company has during the year appointed an outside professional firm to carry out the Reconciliation of such accounts and the necessary accounting effect for the same will be given in the current FY 2019-20.
	The impact of the above qualifications on the Standalone Financial Statements, if any, is not ascertainable. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by	

<table>
<tr><td></td><td>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 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 qualified opinion.</td><td></td></tr>
<tr><td></td><td>Material Uncertainty in relation to Going Concern

The Company has incurred a net loss of Rs. 84,748.0 Million during the year ended March 31, 2019 and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 6,52,458.7 Million and it has accumulated losses of Rs. 6,26,936.3 Million which has resulted in complete erosion of the net worth of the company. In spite of these events or conditions which may cast a doubt on the ability of the company to continue as a going concern, the management is of the opinion that going concern basis of accounting is appropriate in view of the continued support of the Government of India and having regard to the other facts mentioned in Note No.54.

Our opinion is not modified in respect of this matter.</td><td>The management has given detailed disclosures in Note Nos 28, 29 and 54 regarding the position of Disinvestment of Air India and the Going Concern status of the company.

It is evident, from the details given that as a part of the disinvestment process, the Government has taken a series of measures to improve Air India's Operational and Financial Efficiency and the same are summarized below:

a) Transfer of Debt of Air India to AIAHL amounting to Rs 294,640.0 million effective 01st October, 2018

b) Transfer of non-core Assets, paintings and artefacts' from AI to AIAHL

c) Transfer of the investment in four subsidiaries viz. AIATSL, AASL, AIESL, HCI to AIAHL along with any receivables or payables related to these subsidiaries

d) Interest on the transferred debt to AIAHL will be borne by AIAHL effective 1st October 2018 and thereafter

e) Provision of Rs 13,000.0 million for AIAHL for servicing the Interest for FY 2018-19 and a further amount of Rs 26000.0 million for servicing the transferred debt of AI for FY 2019-20.

f) Ministry of Finance has already issued the GoI approval for the raising of debt by AIAHL to refinance the transferred debt of AI amounting to Rs 294640.0 million.</td></tr>
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		It can be seen from the above that in light of the financial support from the Govt of India and various measures taken by the company to improve the operational efficiencies, various revenue enhancing and cost control measures undertaken etc. the company expects substantial improvements in its operational and financial performance. In fact, in the first four months of the current FY 2019-20 the company has posted an improved all round performance on all major parameters. In view of the above, the Accounts have been prepared on a 'Going Concern' basis.
	Emphasis of Matter	
a.	We draw attention to ; Note No. 26 A(a) regarding non provision of interest claims from airport operators amounting to Rs. 988.6 Million and Note No. 26A(b) regarding non-provision of penal charges on delayed payment of Guarantee Fee amounting to Rs. 17,470.4 Million, for reasons stated therein;	The subject fact relating to the non-acceptance of the interest claims received from GHIAL on account of delayed payments has already been duly disclosed in Note No 26 (A)(a). The Management has not accepted this claim of Rs 988.6 million from GHIAL as the same has still to be verified/reconciled. However, a Contingent Liability for the same has been disclosed in the books. It may, however, be stated that during the current year the Management has engaged the services of an outside Professional Firm for verifying these interest claims of GHIAL and necessary action shall be taken in the current year 2019-20 on the same after due verification.
b.	i. Note No. 50 regarding Deferred Tax Asset of Rs. 28,425.2 Million carried in the accounts in view of the reasons stated therein, the realisation of which would depend on generation of sufficient profits in the future as anticipated / projected by the management; ii. Note No.50 (d) regarding the effect of change in tax rate subsequent to the Balance Sheet date, vide amendments in the Income Tax Act, 1961 and the Finance (No.2) Act 2019, through Taxation Law (Amendment) Ordinance 2019, on the carrying value of deferred tax asset (Net) as disclosed therein.	The company has given the detailed status of Deferred Tax in Note No 50. It may be noted that in view of the clarifications given in Note No 54 regarding the Going Concern status of AI, there is a reasonable certainty that the company will be able to realize its DTA from future taxable profits. The same is evident from the following: a) As per the approved Revival Plan, the Govt is giving further support to AI to sustain/improve its operations.

		b) There is a huge amount of unabsorbed depreciation amount available with the company against which the subject DTA has been recognized and these depreciation losses can be carried forward indefinitely in terms of the Income Tax Act provisions. c) As per the re-casted financial projections for the next five years of the company, the company shall be having substantial taxable profits with it to realize the Net Deferred Tax Assets of Rs 28425.2 million being shown in the books of the company. d) Moreover, the adoption of IND-AS from FY 2017-18 by AI, further provides an additional leverage to the company for carrying forward of DTA as from "virtual certainty" of realization of DTA against future taxable profits as per Indian GAAP, IND-AS now talks of only the reasonable probability of realization of DTA against future taxable profits. In view of the above, AI has decided to carry forward the DTA only to the extent of Rs 28,425.2 Million in its books of accounts as on 31st March 2019.
c.	Note No. 47 regarding the management's opinion that there is no decline in the carrying value of investment in a Subsidiary – Air India Express Limited (Carrying Value of Investments aggregating to Rs. 7,800.0 million) and advances of Rs 10,586.1 Million to the said subsidiary company and interest accrued thereon amounting to Rs 924.3 Million even though the net-worth is fully eroded, for the reasons stated therein.	Management is of the firm view that there is no decline in the carrying value of investments of Air India in Air India Express Ltd (AIXL). In fact, AIXL has been profitable over the past four years despite adverse market conditions prevalent in the aviation industry. It is the only airline in India to declare a Net Profit in FY 2018-19. It's Net Worth is improving on a year to year basis and the future plans that the company has to further consolidate its performance, there is no reason for Air India to consider any erosion or decline in it's investment in AIXL. A detailed disclosure regarding the viability of operations of AIXL in Note No 47 (a).

d.	Note No.29(ix) read with Note No.47 regarding realisability of advances to subsidiary companies including interest accrued thereon amounting to Rs 36,915.7 Million classified as 'Asset Held for Sale' as the same is being transferred at carrying value.	As detailed in Note Nos 28 & 29, as per the Disinvestment Plan of Air India, at the time of issuance of Preliminary Information Memorandum (PIM), all Receivables and Payables of these Sub Cos are eventually going to be transferred to the entirely Govt owned SPV-AIAHL, hence affording a sure security for AIL for the realization of Investments/Receivables due from them to Air India Ltd.
e.	Note No. 35 regarding non-application of Appendix B to Ind AS 21- "The effect of changes in Foreign Exchange rates" in respect of advances received or paid in foreign currency	This fact has been duly disclosed in Para No 35 (b). However, it may be noted that the impact on this account is not likely to be material.
f.	Note No.29 regarding; I classification of loans identified for transfer to Air India Assets Holding Limited(AIAHL) as current liability; II. accounting for reimbursement of Rs 13,000.0 Million for the period from 1st October 2018 to 31st March 2019 by AIAHL towards interest costs paid by the Company on the identified loans, as a reduction from finance cost ; III. no effect being given for certain receivables/ transactions with AIAHL pending final reconciliation; IV. classification of certain identified properties as Asset held for sale/ Investment property; and V. classification of investment in subsidiaries along with receivables and payables of the subsidiaries as Assets held for sale.	All details regarding the transactions with the SPV- AIAHL have been disclosed in Note No 28 and 29. As stated, Rs 13000.0 million received from AIAHL is towards the reimbursement of interest costs on the Loans of AI to be transferred to the SPV. Accordingly, the same has been reduced from the Finance Cost as the Rs 13000.0 million was received by AI for this purpose only. Hence, the correct treatment has been given to this amount by AI in its books. Further, it has also been clarified in the above stated Notes that accounting effect to all the transactions such as transfer of investment and their related Receivables/Payables etc. will be given when all issues regarding this are finalized and approved by the Govt.
g.	Non-Disclosure of certain information in the standalone financial statements as required by Schedule-III of the Companies Act, 2013, and Indian Accounting Standards (Ind AS):	

i)	Terms of repayment, nature of Security separately for each case of borrowings and period & amount of continuing default in respect of borrowings and interest thereon in respect of each borrowing - Refer Note No.13.2 & 18	This is a statement of fact. Due to the confidential nature of the agreements entered into with the consortium of banks wherein the terms of payments, rates of interest, the nature of security has been clearly speci fied, it has not been disclosed.
		However, the same is available with the company, the important extracts of which are already disclosed in the accounts.
ii)	Foreign Currency Fluctuation under Finance Cost- Refer Note No. 23(a)	As already stated in Note No 23(a), the exchange rate differences in the nature of interest cost on foreign currency borrowings has not been classified due to the complexity of transactions.
iii)	Information regarding dues / payments / interest to Micro & Small Enterprises, if any, included in Trade Payable- Refer Note No 52	A detailed Note has been given regarding MSME dues in Note No 52. It has already been stated that payments to such 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 and hence, no interest is payable on delayed payments. In other cases, necessary compliance/disclosure will be ensured in due course.
iv)	Fair Value of Investment Properties as required in Ind AS 40- Investment property - Refer Note no. 30 (d) Our Opinion is not modified in respect of matters	As stated in Note No 30 (d) under disinvestment plan, monetization of the identified properties is in the process, hence fair value of the investment properties could not be disclosed as a confidentiality measure.

	Key Audit Matters	
	Key Audit Matters Key audit matters are those matters that in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion and Material Uncertainty in relation to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.	

	Key Audit Matters	Principal audit procedures performed
	Investment in a subsidiary and advance recoverable from said subsidiary The company has investment in subsidiary, namely Air India Express Limited amounting to Rs 7,800.0 Million and has also made advance of Rs 10,586.1 Million to said subsidiary and interest accrued thereon Rs 924.3 Million. Further, the company has also given guarantees of Rs 8,011.9 Million in respect of loans availed by them. There is a risk of impairment in carrying value of unquoted equity instruments in said subsidiary, in recoverability of advance including interest to the said subsidiary and guarantee given to subsidiary carrying accumulated losses which may be considered significant having regard to the financial position of the subsidiary. Refer Para (c) in Emphasis of Matter	We have obtained an understanding of management's processes with regard to identifying existence and testing the impairment in the value of investment, advance to the subsidiary and guarantee to the subsidiary. We have also obtained and verified the latest financial statements of the subsidiary regarding the present level of operations and profitability of the subsidiary. We have also relied on management's estimate of future operations, which has been described in Note No. 47.

	Depreciation and impairment of Property, Plant & Equipment, Investment Properties and Intangible assets The management uses estimates to assess useful life of various items of Property, Plant & Equipment, Investment Properties and Intangible Assets including in the application of component accounting, recognition of early retirement from use, etc. which have a significant impact on the accounts. The company also assesses whether an impairment indication exists and performs impairment test in respect of Property, Plant & Equipment, Investment Properties, and Intangible Assets wherever such indications exist, which involve management's judgment of various factors including future growth rate etc. Refer Note 55	We have reviewed the judgments and methodology applied by management including the nature of underlying costs capitalized, determination of realizable value of the assets retired from active use, technical assessment conducted in assessing the useful life of assets, considered the applicable rates prescribed in Schedule II of the Companies Act, 2013, and evaluated the system followed for periodic review. We have broadly reviewed the Company's impairment assessment process and workings of property, plant & equipment and intangible assets including technical assessment of the management and evaluated the key assumptions and judgement used to determine the impairment including future cash flows, discount rates applied etc. Refer Note 55
	Provision for Re-delivery of Aircraft The company has contractually undertaken to return leased aircrafts taken under operating leases to the lessors in a condition agreed at the inception of each lease. Management estimates the costs required to re-deliver the aircrafts in prescribed condition based on several factors including aircraft utilisation, expected cost of maintenance, estimated lifespans of parts etc. Refer Note 46	We have tested the management's controls over estimating and recognising provisions for re-delivery expenditure of aircraft held under operating leases and conducted procedures relating to the provisioning including evaluating key assumptions and judgements adopted by management.

	Leases and incentives The determination of the lease classification, fair value in case of Sale and Lease Back transactions and recording of related incentives is considered as a complex accounting matter and involves significant management's judgments. Accordingly, the classification of leases, accounting of incentives and determining fair value is regarded as a key audit matter. The Company operates aircrafts under both finance and operating lease arrangements. In determining the appropriate lease classification, Ind AS 17 - "Leases" is applied by the Company and the substance of the transaction is considered rather than just the legal form. The Company receives certain Manufacturer's credit entitlements (cash & non-cash incentives) which are non-refundable incentives and are accounted for on accrual basis and credited to 'Incidental Revenue' by contra debit to 'Advances'; when the credit entitlement are used, the 'advances' are adjusted against the liability created for either acquiring an asset or incurring an expenditure. Refer Note 45	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: • reviewed the key terms of leasing and evaluated management judgement used in determination of classification of leases. • performed test of details to verify classification of leases and related incentives and traced the same to credit notes and other underlying contracts / documents.
	Assets held for sale (Other than Investments in subsidiaries held for sale) The company has classified assets earmarked for disposal as assets held for sale, including as part of the disinvestment process in progress. Management has estimated the fair value of such assets having regard to various critical factors including market rates. Refer Note No. 28 & 32 and Para (d) of Emphasis of Matter	We have verified the procedures in relation to management's classification and valuation of assets held for sale including assessing the methodologies used and the appropriateness of the key assumptions, checking the accuracy thereof on a sample basis etc.

	Recognition of revenue from transportation services	
	We have identified revenue recognition as a key audit matter because passenger revenue is one of the key performance indicator, significance of passenger revenue to the financial statements, complexity of the underlying IT systems of outsourced service provider and the judgment required by management in determining the revenue from Forward sales and Loyalty Programme.	We have reviewed the internal controls in the company for capturing and recognition of revenue and the reconciliations of revenue between the reports generated by the outsourced service provider and accounting of revenue in ERP system of the company.
	The company extensively uses the services of outsourced service provider for measurement and recognition of revenue, which carries an inherent risk around the accuracy of revenue recorded given the complexity of operations and underlying IT Systems.	We have conducted requisite procedures on revenue on a test check of selected samples and scrutinised relevant records and journals to assess the timing and values of revenues recorded.
	The company recognises revenue from passenger and cargo sales on flown basis i.e, when the service is provided. The Company recognises revenue from unexercised rights i.e. forward sales of customers which are non-refundable in nature, based on past trends in proportion to the pattern of rights exercised by the customer.	In addition, we have performed cut-off tests in order to verify whether the timing of passenger revenue recognition is in line with company's policy.
	The company has a Frequent Flyer Programme as per which, passengers earn miles which can be redeemed as per the policy of the company. The portion of unearned revenue attributable to miles earned are recognised on the statement of financial position as deferred revenue, after taking into account the expected utilisation of the miles.	We obtained the latest available assurance report on service organisation controls and bridge letter from outsourced service provider on effectiveness of controls confirming no significant changes to the control environment and controls relating to revenue accounting and General IT controls.

	Revenue is subsequently recognised when eligible passengers fly. Significant judgement is required in the following aspects: • The number of miles that will expire without use – The Company relies on historical expiry pattern in determining these estimates; and • The determination of the fair value of frequent flyer miles – The Company relies on historical redemption patterns, weighted for the various geographic regions and booking classes in determining the fair value. Refer Note.59	With regard to forward sales, we have considered the consistency and continuity of the methods used to determine the amount of revenue to be recognised from Forward Sales. We reviewed the assumptions used to estimate the number of miles as per Frequent Flyer Programme that will expire without use, including analysing historical expiry pattern. We also reviewed the assumptions used in determination of fair value of the unredeemed miles. Refer to para (i) & (ii) in our report on Internal Financial Controls (Annexure B)
	Provisions and Contingent Liabilities and Evaluation of uncertain tax positions There are material claims against the company and uncertain tax/duty positions which are under various stages of dispute, involving significant judgment to determine the possible outcome of these disputes. Refer Note.26 and para (a) of Emphasis of Matter.	We have obtained details of key claims against the company, completed tax assessments and demands and tax/duty positions. We reviewed status of disputes and representation taken from the management, discussed with appropriate senior management and evaluated the management's underlying key assumptions, We assessed management's estimate of the possible outcome of the disputed cases in evaluating management's position on these uncertain claims and tax positions and assessed the appropriate disclosures in the financials.

	Deferred Tax Assets The company has carried deferred tax assets recognised on depreciation in an earlier year which is based on the likelihood of future taxable income available for set off The recognition of deferred tax asset, involves judgement regarding the likelihood of realisation of these assets in particular whether there will be sufficient taxable profits in future periods that support the recognition of these assets. Given the degree of judgement involved in considering these deferred tax assets as recoverable or otherwise, we consider this to be a key audit matter. Refer para (b) (i) of Emphasis of Matter Refer Note. 50	Our procedures include obtaining an understanding of the process and the controls over preparation of profit forecast. We reviewed the inputs and assumptions used in the forecast, including Revival Plan for Operational & Financial Efficiency formulated by the Govt of India. We verified the disclosures for deferred tax asset balance including those related to significant accounting estimate and judgements.
	Inventory The company carries inventory of materials, spare parts etc across various locations centres and correct measurement of inventory involves making a proper assessment of the lower of net realisable value over cost and assessment of write down necessary on account of obsolescence etc Refer Note No.39	We have evaluated the systems and processes for recording and valuation of inventory, tested a sample of key controls and comparison of net realizable prices. We have obtained an understanding of the company's policy on control for identification and provision of non-moving inventory based on age-wise analysis and tested the same on a sample basis. Refer para (i), (ii) (iii), (v) & (ix) in our report on Internal Financial Controls (Annexure B)
	Provision for receivables The company is carrying significant balances as trade receivables including amounts outstanding from earlier accounting periods. The management makes an estimate of the recoverability of individual debtor with reference to the aging profile, historical payment pattern and the past record of the customer and makes provision against the same with reference to the recoverable amount.	We have obtained a list of outstanding receivables, test checked the ageing of trade receivables generated from SAP at year end on a sample basis and reviewed Expected credit loss model used in determining the provision requirement. We have reviewed the controls, systems and processes applied by the management to ensure proper recognition of provision for receivables. Refer para (v) in our report on Internal Financial Controls (Annexure B)

	Accounting & disclosure for proposed disinvestment	
	Govt. of India has given approval for strategic disinvestment of the Air India and its subsidiaries. Accordingly, Strategic Revival Plan for Operational & Financial Efficiency in Air India was formulated as per which certain portion of debt along with certain assets, including investments in three subsidiary companies and advances given to them, were decided to be transferred to an Special Purpose Vehicle (SPV) formed for the proposed disinvestment.	We have reviewed the relevant minutes of meeting of Board of Air India Limited as well as of the committees formed for disinvestment and other relevant records made available to us in this regard.
	Necessary adjustments/ disclosures are made in the financial Statements of Air India Limited based on the present decisions and further adjustments would be made after finalization of the same.	We have verified the transactions which have taken place till 31st March 2019 with the SPV and held discussions with the senior management of the Air India in order to obtain an understanding of the present position of the various decision taken for the same.
	Refer Note No.28, 29 and para(f) of Emphasis of Matter.	We have reviewed the disclosure made in the financial statements in this regard.
	Information Other than the Standalone 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 Directors' Report, Management Discussion and Analysis Report and Report	

	on Corporate Governance but does not include the standalone financial statements and our auditor's report thereon. These reports are expected to be made available to us after the date of this auditor's report. Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the reports containing the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.	 This is a statement of fact.
	Responsibilities of Management and Those Charged with Governance for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the 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	 This is a statement of fact.

	of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the standalone financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.	
	Auditor's Responsibilities for the Audit of the Standalone Financial Statements	
	Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.	

	As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also: • Identify and assess the risks of material misstatement of the standalone 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 reasonableless of accounting estimates and related disclosures made by management. • Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's	

	report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern. • Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represents the underline transaction and events in a manner that achieves fair presentation. Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.	

	From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.	
	Report on Other Legal and Regulatory Requirements	
1	As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable	
2	As required by Section 143(3) of the Act, we report that:	
(a)	We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit except as stated in Basis for Qualified Opinion and Para no. (g) of Emphasis of Matters section.	
(b)	Except for the possible effects of the matters described in the Basis of Qualified opinion section above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us.	

(c)	With respect to those foreign stations not visited by us, we have relied upon the summary reports made available to us for the verification of transactions related to major foreign stations, which have been properly dealt by us in preparing this report.	
(d)	The Balance Sheet, Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.	
(e)	Except for the effects of the matter described in para No -1 of Basis for Qualified Opinion and para (e) & (g) Emphasis of Matter Section above, in our opinion, the aforesaid Standalone Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;	
(f)	The matters described under Material Uncertainty in relation to Going Concern and Basis of Qualified Opinion section above, may, in our opinion have an adverse effect on the functioning of the Company;	
(g)	We have been informed that the provisions of Section 164(2) of the Act in respect of disqualification of directors are not applicable to the Company, being a Government Company in terms of notification no. G.S.R.463(E) dated 5th June, 2015 issued by Ministry of Corporate Affairs (MCA), Government of India;	
(h)	The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion section above;	

(i)	With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses a qualified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.	
(j)	With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, we report that, in terms of MCA Notification no. G.S.R. 463 (E) dated 5th June 2015 provisions of section 197 of the Act are not applicable to the company.	
(k)	With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us: i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note No. 26 to the standalone financial statements; ii. The Company has made provisions, as required under the applicable laws or Indian Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts that have been entered into by the Company; iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company..	
3	We are enclosing our report in terms of Section 143 (5) of the Act, on the directions / sub-directions issued by the Comptroller and Auditor General of India, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in Annexure- C.	

MANAGEMENT REPLIES TO ANNEXURE 'A' TO INDEPENDENT AUDITORS' REPORT

<table>
<tr><th></th><th>AUDIT OBSERVATIONS</th><th>MANAGEMENT COMMENTS</th></tr>
<tr><td>(i) a)</td><td>The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets except in case of certain items which are carried in the fixed asset register on block level as one line item, in respect of which full particulars, including quantitative details and situation of such assets have not been updated</td><td rowspan="2">The Company has a regular procedure for the physical verification of all aircraft, APUs and other related equipment which constitutes nearly 91% of the total value of the assets which are tallied with the Assets Register maintained.

As regards the remaining assets, the Company has already implemented the Fixed Assets module which streamlines the data on Fixed Assets including the details of location and quantitative details on the SAP system.

As regards to the items entered in SAP at block level, these represents those assets which were migrated into SAP at block level as individual item-wise details were not available. However, over a period of time, efforts have been made to bifurcate these into item-wise details, whereby a considerable number of assets have already been uploaded item-wise but still there exists certain block level entries which are being looked into but the value of the same is not very significant.

Further, it may be noted that as stated in Note No 34, the Physical Verification for the biennial period 2016-18 has been completed. However, the necessary action on the Physical Verification Report received is under progress and necessary action on the same will be taken on receipt of approval from the Competent Authority.</td></tr>
<tr><td>b)</td><td>The Company has a programme of verification of fixed assets as per which the verification of all major assets is conducted annually, and the verification of other assets are covered over a biennial period which, in our opinion, is reasonable having regard to the size of the Company and the nature of its Assets. Accordingly, as per the information and explanations furnished to us, physical verification of major items of fixed assets has been conducted by the Management during the year and no material discrepancies were noticed on such verification. Fixed assets, which are carried on block level as one line item, physical verification reconciliation has not been done during the year. In respect of other items of fixed assets, physical verification for 2016-18 biennial period has been completed, although pending reconciliation no effect has been given in respect of discrepancies noticed amounting to Rs 154.5 Million(net). Refer Note No.34(a)</td></tr>
</table>

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<tr>
<td>c)</td>
<td>Based on our examination of the books and records of the company, the title/ lease deeds of immovable properties (included under Property, Plant and Equipment and Assets held for Sale) are held in the name of the Company except to the extent mentioned below:[Refer note nos 30(a) and 32]
<table>
<tr><td>S l No</td><td>Type</td><td>Area (Sq Mtrs)</td><td>Net Block (Rs in Millions)</td></tr>
<tr><td>1.</td><td>Land & Building – Freehold</td><td>23,904</td><td>387.1</td></tr>
<tr><td>2.</td><td>Land & Building– Leasehold</td><td>2,29,288</td><td>56,583.2</td></tr>
<tr><td></td><td></td><td>2,53,192</td><td>56,970.3</td></tr>
<tr><td colspan="4">In respect of 8 other properties (area/ carrying value - not ascertainable) which have been explained to be mortgaged with banks and financial institutions for securing borrowings and loans, confirmation from the bank/ financial institution in relation to holding of title deed has not been furnished to us.</td></tr>
</table>
</td>
<td>This matter is being pursued actively with the Ministry of Urban Development through the Ministry of Civil Aviation and other authorities and the Company is hopeful of reinstatement of the title deeds in the future.

Moreover, as a part of the monetization process of AI, the physical possession of two of the major unregistered properties namely Vasant Vihar Housing Colony (Rs 51295.1 million) and Baba Kharag Singh Marg Land (Rs 4770.7 million),have been handed over to the Ministry of Urban Development (MoUD).

The MoUD has been entrusted with the overall responsibility of development and sale of these two properties by the Govt. These properties have been offered as security against working capital loans taken from various banks. Further, these properties have been identified to be transferred to the SPV under the disinvestment plan of Air India

Adequate disclosure for the same has been made vide Note No 30 (b)

It has already been disclosed in the Foot Notes to Note No 13 that equitable mortgages in respect of these properties is still to be created in favour of the lenders.</td>
</tr>
<tr>
<td>(ii)</td>
<td>According to the information and explanation given to us, the inventory has been physically verified by the management in phased manner (biennial) at reasonable intervals. Physical Verification of Inventories for the biennial period 2016-18 has been carried out, except in respect of items lying with third parties amounting to Rs.255.0 Million (refer footnote to Note No. 8) The physical verification for biennial period 2018-20 is under progress. Refer Note No.34(b)</td>
<td>The Physical Verification of aircraft/non-aircraft inventory (except inventory relating to phased out fleet and lying with third parties) including non-moving inventory for the biennial period 2016-18 has been completed.

Pending finalization/approval of the Physical Verification Report, by the competent authority, the net of the excess/shortages found on reconciliation amounting to Rs 23.6 million (PY: Rs 114.0 million) has been provided for.</td>
</tr>
</table>

(iii)	According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, during the year, to any companies, firms, limited liability partnerships or other parties covered in register maintained under Section 189 of the Companies Act, 2013. In view of above, the clauses 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable.	This is a statement of fact.
(iv)	As per information and explanations given to us, Company has not granted any loans or given any guarantee and security covered under section 185 of the Companies Act 2013.Further, the Company is exempted from the provisions of section 186 as it is engaged in the business of providing infrastructure facilities as defined in Schedule-VI of the Companies Act'2013	This is a statement of fact.
(v)	On the basis of the examination of the books of accounts, the Company has not accepted deposits under the provisions of Section 73 to 76 or any other provisions of Companies Act, 2013 and the Rules framed thereunder.	This is a statement of fact.
(vi)	The maintenance of cost records has not been prescribed by the Central Government of India under sub-section (1) of Section 148 of the Companies Act, 2013, in respect of the Company which falls under the category of Service Industry.	This is a statement of fact.
(vii) (a)	According to the information and explanations given to us and on the basis of our examinations of the Books of Account, undisputed Statutory dues, including Provident Fund, Employees State Insurance Fund, duty of Custom, duty of Excise, Sales Tax, Value Added Tax, TDS, Goods and Services Tax, Cess and any other material Statutory Dues, as applicable, have not been regularly deposited with the appropriate authorities and there have been delays in a large number of cases.	This is a statement of fact. However, in respect of the GST amounting to Rs 217.10 million has been paid subsequently. Further, in respect of PF Contribution and Contract Labour amounting to Rs 51.47 million has been deposited in a separate account pending identification of persons to whom the same is payable.

<table>
<tr>
<td></td>
<td>As per the information and explanations, and subject to the facts stated in Note No. 36(d), undisputed statutory liabilities outstanding for more than six months as on March 31, 2019 are as under;
<table>
<tr><th>Name of the Statute</th><th>Nature of dues</th><th>Rs in Million</th><th>Period to which the amount relates</th></tr>
<tr><td>Goods and Service Tax (GST)</td><td>GST</td><td>217.1</td><td>Apr 2018 upto Sep 2018</td></tr>
<tr><td>Goods and Service Tax (GST)</td><td>Interest on GST</td><td>324.7</td><td>FY 2017-18 to upto Sep 2018</td></tr>
<tr><td>Finance Act, 1994</td><td>Interest on Service Tax</td><td>633.2</td><td>FY 2012-13 to FY 2014-15</td></tr>
<tr><td>Income tax Act, 1961</td><td>Interest on TDS</td><td>426.7</td><td>FY 2013-14 to upto Sep 2018</td></tr>
<tr><td>Provident Fund Act</td><td>PF Contribution Contract Labour</td><td>51.47</td><td>October 2014</td></tr>
<tr><td>Goods and Service Tax</td><td>IGST (demand by Directorate of Revenue Intelligence)</td><td>471.4</td><td>September 2018</td></tr>
<tr><td>Goods and Service Tax</td><td>Interest on IGST under custom (demand by Directorate of Revenue Intelligence)</td><td>74.9</td><td>July 2017 to September 2018</td></tr>
</table>
</td>
<td>This is a statement of fact.</td>
</tr>
<tr>
<td>b)</td>
<td>According to the information and explanations given to us and as per the books of accounts , there are no dues outstanding of Sales tax, Wealth Tax, Custom Duty, Excise Duty, Value Added Tax, Service Tax, Goods and Service tax and Cess which have not been deposited as on 31st March 2019 by the company, on account of any dispute, except for the following:</td>
<td></td>
</tr>
</table>

Sl No.	Name of Statute	Nature of dues	Amounts Involved (Rs. in Million)	Period to which the amount relates (Financial Year)	Forum where disputed is pending
1	Indian Customs Act, 1962	Custom Duty	41.1	2007-2016	Commissioner of Central Excise & Customs
2	Indian Customs Act, 1962	Custom Duty	24.3	1997-2004	Central Board of Excise &Customs
3	Indian Customs Act, 1962	Custom Duty	582.6	2002-2005	Commissioner of Customs (Appeals)
4	Indian Customs Act, 1962	Custom Duty	242.8	2000-2017	CESTAT
5	Indian Customs Act, 1962	Custom Duty	3.1	2003-2004	CUSTOMS DEPT.
6	Indian Customs Act, 1962	Custom Duty	14.4	2005-06	Supreme Court
7	Finance Act, 1994	Service Tax	6671.8	2003-2014	CESTAT
8	Finance Act, 1994	Service Tax	7.2	2007-2018	Commissioner of Appeals
9	Finance Act, 1994	Service Tax	1223.6	2007-08 and 2010-11	Commissioner of Service Tax
10	Finance Act, 1994	Service Tax	2.8	2013-2015	Service tax Dept
11	Finance Act, 1994	Service Tax	0.4	2017	Commissioner of Customs
12	Income Tax Act, 1961	Income Tax	117.6	2012-2015	Deputy Commissioner of Income Tax
13	Income Tax Act, 1961	Income Tax	1122.8	2000-07	ITAT
14	Value Added Tax	VAT	127.3	2011-2016	Commercial Tax Office, Govt of Telangana
15	Value Added Tax	VAT	0.5	2015-2016	Revisional Board, West Bengal
16	Other Statutes	Property Tax, Octroi & Entry Tax	486.8	2000-2018	Concerned Dept.

(viii)	According to the information and explanations given to us, the Company has delayed in repayment of dues to Financial Institutions/ Banks/ Government and there is an overdue Interest of Rs1,981.0 Million outstanding for payment as at the year-end [Refer footnotes to Note No.15]. The period and amount of default including lender wise details for the same has not been provided to us in view of the fact stated in the footnote to Note No 18 and Note 13.2 of the Standalone Financial Statements.	Due to the liquidity position faced by the company, there have been certain delays in the payment of Interest. However, the same have been paid subsequently and there has been no further demand on this account from the banks.
(ix)	The Company has not raised any money by way of initial public offer or further public offer (including debts instruments) and hence the application of such money for the specified purposes is not applicable. The Company has applied the Term Loans for the purpose for which the Loans were obtained	This is a statement of fact.
(x)	During the course of our examination of the books and records of the company carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instances of material fraud by the company or on the company by its officers or employees which has been, noticed or reported during the year, nor have we been informed of any such case by the management.	This is a statement of fact.
(xi)	As informed, the provisions of Section 197 relating to managerial remuneration are not applicable to the Company, being a Government Company, in terms of MCA Notification no. G.S.R. 463 (E) dated 5th June 2015	This is a statement of fact.
(xii)	The Company is not a Nidhi Company. Accordingly, the reporting requirements under clause 3(xii) of the Order are not applicable.	This is a statement of fact.

(xiii)	In our opinion and according to the information and explanations given to us, transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable. The details of Related Party Transactions have been disclosed in the Standalone Financial Statements, as required by the applicable Ind AS; Refer Note No. 42	This is a statement of fact.
(xiv)	The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review as such the clause is not applicable to the company.	This is a statement of fact.
(xv)	As per the records of the company and information and explanation provided to us, the company has not entered into any non-cash transactions with directors or persons connected with them and hence, the clause is not applicable	This is a statement of fact.
(xvi)	According to the information and explanations given to us and the records of the Company examined by us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting requirement under clause 3(xvi) of the Order is not applicable	This is a statement of fact.

MANAGEMENT REPLIES TO ANNEXURE 'B' TO INDEPENDENT AUDITORS' REPORT

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

	We have audited the internal financial controls over financial reporting of Air India Limited("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.	
	Management's Responsibility for Internal Financial Controls The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.	This is a statement of fact.
	Auditors' Responsibility Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal	

	Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls system over financial reporting.	
	Meaning of Internal Financial Controls over Financial Reporting A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external	

	purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.	This is a statement of fact.
	Inherent Limitations of Internal Financial Controls over Financial Reporting Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.	
	Qualified Opinion According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified for the year ended March 31, 2019:	

(i)	The company did not have an effective interface between various functional software relating to Sales/Revenue and Inventory Management (for part of a year) with the accounting software resulting in accounting entries being made manually on periodical basis.	The company is having an interface between various functional software relating to Sales/Revenue accounting and Inventory Management. In fact, the Kale and RAMCO software both have interface with the SAP System whereby data is being directly pushed into SAP and these data are being checked and reconciled with the Sales entries before incorporating the final accounting entries in SAP System As regards Control Accounts, even in the IFCR Report received for FY 2018-19 there is no comment as such regarding this issue. In fact, it has been stated that this issue basically relates to Revenue booking at stations and liability credited by Kale. It has been stated that this area needs to be strengthened for timely reconciliation of these accounts. Further, periodical rectifications are also carried out subsequent to reconciliations. However, it may also be stated that the value of such transactions are not material.
(ii)	The company did not have an appropriate internal control system for reconciliation of Control Accounts in relation to the Sales / Revenue, Inventory and Payroll.	
(iii)	The Company did not have appropriate system to capture incidental cost such as freight, duty etc. in inventory system	This fact has been duly disclosed in Note No 30 (d). As stated the accounting of FDI (Freight, Duty and Incidentals) in Ramco is done on block level instead of at transaction level. At the year end, FDI is expensed out on the basis of ratio of closing inventory to consumption of inventory during the year. The total of FDI expensed out during the period amounts to Rs 1031.0 million. This practice has been followed consistently in view of bulk and consolidated movement of spares, and difficulty in identifying and allocating item wise FDI.
(iv)	The company did not have an appropriate internal control system for deduction, timely deposit and reconciliation of statutory dues	All statutory dues are properly reconciled. However, due to the shortage of funds available there is a delay in the deposit of TDS on certain occasions. However, interest on such delays are provided for in the books of accounts.

(v)	The company did not have an appropriate internal control system for obtaining confirmation of balances on a periodic basis, ageing and reconciliation of unmatched Receivables, Payables, (including certain staff related accounts and suspense / control accounts), inventory lying with third parties, certain bank accounts and statutory dues.	In this regard it may be noted that there is a steady and considerable improvement in this area as compared to previous years as can be seen from the following: a) All major Borrowings, Bank Balances have been confirmed and reconciled. b) In respect of Receivables/Payables, all major parties such as dues of Oil Companies, Airport Operators, Pax/ Cargo Receivables and dues for VVIP Charters are totally reconciled. These parties in fact constitute a major portion of the total Receivables and Payables of the company. c) Further, in respect of certain other Receivables/Payables such as Staff related accounts and unlinked debits/ credits lying in various such accounts, the company has during the year appointed an outside professional firm to carry out the Reconciliation of such accounts and the necessary accounting effect for the same will be given in the current FY 2019-20.
(vi)	The company did not have an effective internal audit system commensurate with the size, nature and complexities of the business.	External Internal Auditors were appointed during the year 2018-19 to strengthen and enhance the scope of Internal audit in several areas of the company's business. With the assistance of these auditors and strengthening of the in house internal audit team the company intends to strengthen the scope and coverage of internal audit commensurate with the size and nature of the company's business.
(vii)	The Company did not have an effective Information Systems Audit to evaluate and test the IT general controls, which may affect the completeness, accuracy and reliability of the reports generated from IT System.	The Company has an effective ERP-SAP System in place and IBM has been appointed to implement and hand hold AI upto FY 2023. Several computers related applications are checked for accuracy and control by the Service Providers. The reliability of Reports are also checked.
(viii)	The company did not have an effective system for timely accounting of entries including delay in accounting of cash collection/disbursement, reversal of ineligible input tax credit of GST & approval thereof in IT System.	GST on an overall basis has been reconciled for FY 2018-19. However, state wise reconciliation is in process which will be completed in the current financial year.

(ix)	The company did not have effective system for control over sale of scrap of inventory and accounting thereof	Such transactions are not material. However, in this regard also instructions have been issued by the Competent Authority whereby Regional Scrap Committees have been formed with representatives of all concerned Departments to further stream line this process.
(x)	The Company did not have an effective system for determining fair value of the Company's investments in its subsidiaries carried as assets held for sale.	Already replied to in reply to Point No 1 of the main audit qualifications.
	A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. In our opinion, except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively during the year ended March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company as at and for the year ended 31 March 2019, and these material weaknesses have affected our opinion on the standalone financial statements of the Company and we have issued a qualified opinion on the standalone financial statements.	

MANAGEMENT REPLIES TO ANNEXURE 'C' TO INDEPENDENT AUDITORS' REPORT

S l No	Directions under section 143(5) of Companies Act 2013	Response
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated	The company has an ERP system in place for processing all accounting transactions through IT systems except for booking of trade and other receivables which is recorded manually. Some of the activities have been outsourced by the company to outside vendors viz. a. Transportation revenue b. Cargo Revenue c. Processing of crew allowances Some manual intervention is necessitated for various closing entries; however accounting entries for the same are also processed through ERP. Based on our audit procedures, on test basis, wherever the accounting transactions are based on workings outside IT system, no instances of lack of integrity of accounts and no financial implications has been noted / reported. However, we have noted certain internal control weaknesses in processing of transactions, our comments on which have been given in para (i), (ii) & (iii) of Annexure B of this audit Report.
2.	Whether there is any restructuring of an existing loan or cases of waiver /write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	As per the information and explanation furnished to us, there has been no case of restructuring of existing loan or waiver /write off of debts/loans/interest etc. made by a lender to the company during the year. However, as described in detail in Note.28 the company is in the process of implementing financial restructuring plan in line with the disinvestment proposal which is in progress, the effect of which on the loan balance and interest thereon is as stated therein. The financial impact of the same on the standalone financial statements is given in note 29(xiii).

S l No	Directions under section 143(5) of Companies Act 2013	Response
3.	Whether funds received/receivables for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and condition? List the cases of deviation.	To the best of our information, checks applied by us during the course of our audit, we are of the opinion that funds received/ receivable for specific schemes from Central/ State agencies were properly accounted for/ utilized as per its terms and conditions.