



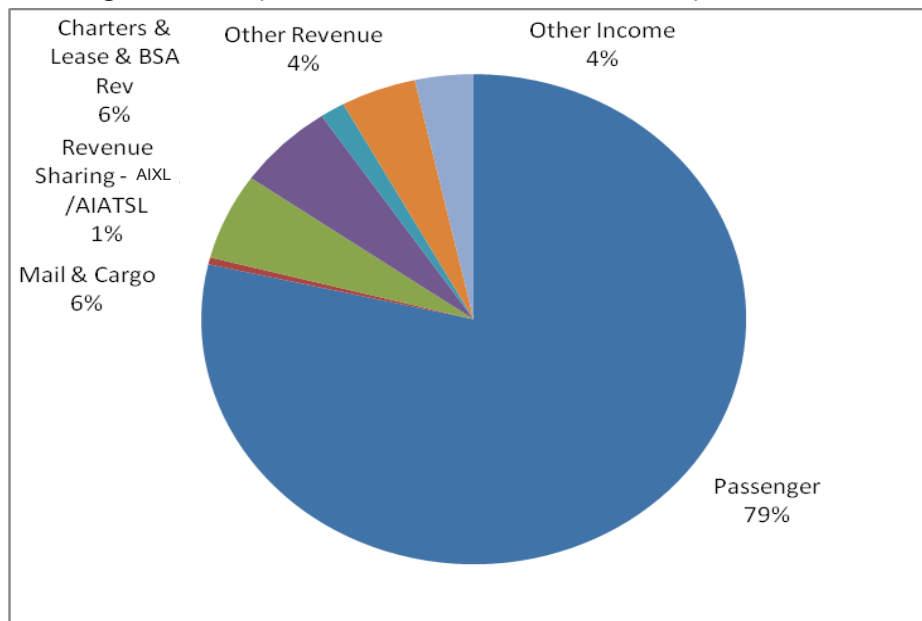
MANAGEMENT DISCUSSION & ANALYSIS REPORT

1. ANALYSIS OF THE FINANCIAL/PHYSICAL PERFORMANCE

Stand-alone

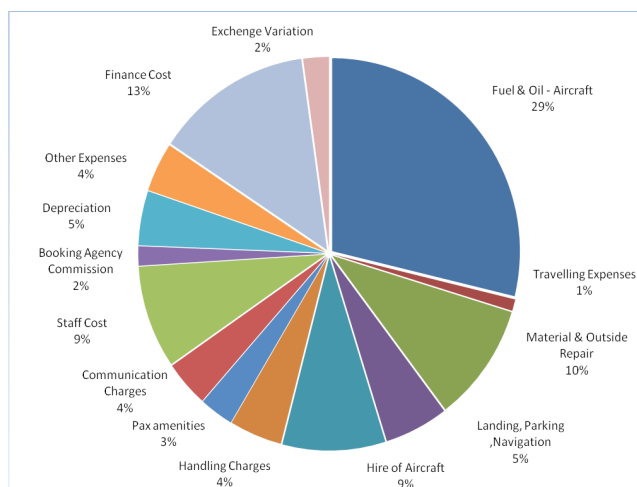
I. REVENUE

- Total revenue increased from Rs.238,449.4 Million in 2017-18 to Rs.264,305.9 Million during 2018-19 (increase of Rs.25,856.5 Million)
- Operating Revenue increased from Rs.229,481.3 Million in 2017-18 to Rs.255,088.3 Million during 2018-19 (increase of Rs.25,607.0 Million)
- Passenger Revenue increased from Rs.177,440.9 Million last year to Rs.207,741.6 Million during 2018-19 (increase of Rs.30300.7 Million).



II EXPENDITURE

- The total expenditure incurred during the year was Rs.349,053.9 Million as compared to the previous year's figure of Rs.291,826.8 Million (increase of Rs.57,227.1 Million)
- Operating expenses increased from Rs.247,185.9 Million during 2017-18 to Rs.301,940.9 Million during 2018-19 (an increase of Rs.54,755.0 Million)
- There was an increase in staff cost by 2% from Rs.29,463.9 Million in 2017-18 to Rs.30052. 3 Million during 2018-19
- Fuel cost increased by 36.3% from Rs.73,626.9 Million in 2017-18 to Rs.100,344.6 Million during 2018-19.



CONSOLIDATED

I. REVENUE

- Total Revenue increased from Rs.266,292.3 Million in 2017-18 to Rs.298,007.0 Million during 2018-19, an increase of 11.9%.
- Passenger Revenue increased from Rs.210,691.1 Million in 2017-18 to Rs.247,283.9 Million during 2018-19, an increase of 17.36%.
- Other Revenue decreased from Rs.20,909.1 Million during 2017-18 to Rs.12,242.4 Million during 2018-19, decrease of 41.45%.
- Group Operating Loss was Rs.28,757.5 Million in 2018-19 as against the Operating Loss of Rs.4,412.5 Million during previous year 2017-18.
- Group had shown Consolidated Net Loss for 2018-19 at Rs.88,802.2 Million which was more by Rs.30,493.3 Million compared to the previous year's loss of Rs.58,308.9 Million.

II. EXPENDITURE

- There was an increase in Total Expenses by 19.1% from Rs.310,752.6 Million during 2017-18 to Rs.370,160.4 Million during 2018-19.
- There was an increase in Staff Cost by 3.4% from Rs.31,791.4 Million in 2017-18 to Rs.32,882.9 Million during 2018-19.
- Fuel Cost had increased by 37.3% from Rs.84,134.6 Million during 2017-18 to Rs.115,558.9 Million during 2018-19.

2. MEASURES TO IMPROVE PERFORMANCE

2.1 Plans to turnaround performance

The Company continued to take several initiatives to improve the performance of the Company including inter-alia

- Rationalisation of Human Resources.
- Restructuring of city offices in India and abroad.
- Close monitoring of overtime allowances.



- Focus on sale of business class seats.
- Reducing cost of capital.
- Rationalising commission to agents.
- Rationalization of certain loss making routes.
- Induction of brand new fleet on several domestic & international routes their by increasing passenger appel.
- Phasing out old fleet and consequent reduction in maintenance cost.
- Reduction of contractual employment & outsourced agencies.
- Increase in passenger, cargo, excess baggage revenue through aggressive sales & marketing strategy.
- Upgradation of FFP and introduction of several marketing initiatives including Companion Free Schemes, Apex fare, GOI packages, Preferred Agents Partnership, Promotion of web bookings and other promotional schemes like AI Holidays, etc.
- Reduction in Cabin Crew Hotel Cost by shifting to lower priced hotels.

2.2 Infusion of Additional Equity- Linked to the Turnaround Plan of the Company

The Government infused Equity Capital of Rs.39750 Million during 2018-19. The paid up capital as on 31 March 2019 is Rs.32665.21 Million.

2.3 Going Concern

The Company has received continuous support from the Government of India (GoI) though the implementation of Turnover Plan/ Financial Restructuring Plan (TAP/FRP) approved in 2012 and then under the revival plan in FY 2018-19 which has helped the Company to improve its operating and financial performance.

Under the newly approved revival plan for Air India Limited the GoI has during FY 2018-19 infused equity to the tune of Rs.39,750 .0 Million. Accordingly, as on 31 March 2019, the total Equity infusion received by the company from the Government under TAP/FRP and the revival plan aggregated to Rs. 305,202.1 Million. Further as part of the disinvestment process AISAM has approved the transfer of debt of Air India to Rs. 294,640.0 Million to the SPV-AIAHL. The interest on these loans from 1 October 2018 will be met by AIAHL for which Rs.13,000.0 Million was provided in the budget and the same has been reimbursed to Air India by the SPV.

In view of the above and the financial support from the Government of India and various measures taken by the Company to improve its operational efficiencies, various revenue enhancing measures, cost control measures undertaken etc., the Company expects a substantial improvement in its operational and financial performance in the near future and hence the accounts have been prepared on a 'Going Concern' basis.



2.4 Product Development

Frequent Flyer Programme (Loyalty Programme)

Premier Clubs

The Flying Returns Programme of the Company has four levels of membership viz. Base, The Silver Edge Club, The Golden Edge Club and The Maharajah Club.

The Maharajah Club is the highest Tier in the Flying Returns Programme followed by The Golden Edge Club and The Silver Edge Club.

Membership of the Maharajah Club, Golden Edge Club and Silver Edge Club is on the basis of earning 75,000 miles, 50,000 miles and 25,000 miles, respectively, in a span of twelve months.

Membership of the Maharaja and Golden Edge Clubs entitles members to enhanced privileges like Bonus Flying Returns points, additional baggage allowance, priority check-in, priority confirmation from the waitlist, upgrade vouchers and lounge access at select airports, etc. Membership of Silver Edge Club entitles members to the privileges such as Bonus Flying Return points, additional baggage allowance, upgrade vouchers and priority check-in.

The membership base of the Clubs as on 31 March 2019 was as under

The Maharaja Club	1,532
Golden Edge Club	2,329
Silver Edge Club	10,559

Flying Returns Programme:

Total Flying Returns membership (Including club members) as on 31 March 2019 was 25,18,130.

Flying Returns Programme (FRP) is designed to recognise and reward frequent flyers of Air India. The benefits and privileges of FRP include:

- Increased check-in baggage allowance, tele check-in, personalized check-in counters at select airports, priority for confirmation from the waitlist, priority baggage handling, pooling of flying return points with spouse and wide array of special offers.
- Apart from earning and redeeming on Air India, Flying Return members can also earn and redeem on all 27 Star Alliance partner carriers.
- Members can accrue points while traveling on select flights of our code share partner airlines.
- Moratorium on expiry of points till 30 September 2019.
- Members can transfer reward points from our non-airline partners to Flying Returns.
- Non-airline partners are SBI Co Brand Cards, Citibank and Travel Connect.



The highlights of Flying Returns Programme are as follows :

- Earn and redeem miles on 27 Star Alliance partner airlines.
- Access to more than 1000 airport lounges worldwide.
- Premium passenger benefits across the partner flights.
- Membership extended worldwide.
- Child Membership for individuals aged between 2 - 12 years of age
- Update profile details online.
- Claim missing miles online.
- Redeem miles online for flights and upgrades
- No redemption threshold limit for redemption tickets.
- Purchase miles at Rs.1.25 per point on shortfall of redemption and Expired Flying Return Points extension at Rs.0.60 per point.

2.5 Marketing initiatives

Brief:

Various Initiatives/promotions were undertaken to increase load factors and revenues of Air India. Passengers were offered competitive fares directly through Air India Website so as to make Air India their preferred choice. Marketing initiatives undertaken by Air India in the Financial Year 2018-2019 are enumerated below:

- Commission and Assured incentive were given to all travel agents in India for promoting Air India.
- Tie-ups with Travel Management Companies were strengthened to encourage MNCs and Corporate SMEs to make Air India as their preferred choice.
- FAM tours were organized for travel agents/tour operators to promote destinations on Air India's network.
- Corporate customers were offered special fares and other soft benefits for their continuous patronage.
- Short term joint promotions were undertaken with leading OTAs in India for maximizing revenue from their instant and wider reach.
- Joint promotions with Tourism Boards/ International Airports/ Destination Management Companies for new routes like Washington, Stockholm, Copenhagen and Tel Aviv.
- To maximize Air India's organic presence in the digital landscape, foray into digital marketing was made and many successful campaigns were undertaken to promote new routes and special fares online.



Initiatives undertaken by Air India to increase revenues and loads for the Financial Year 2018-19

- **PLB scheme offered in India for Domestic & International Sales to travel agents:** Commission and incentive of 1 % each was offered to agents in India. Top agents contributing sales of more than 100 Crores were offered 0.25 % extra back-end incentive.
- **Corporate Policy:** Corporate Policy was revised for the year 2018-19; the scheme offers volume based and front-end incentive of minimum 7 % to maximum 13 % for economy class and additional 5% for business class. Soft benefits like date change and FOCs were also offered in the policy.
- **Deals with Travel Management Companies (TMCs):** TMCs (like American Express, BCD Travels, FCM and Carlson Wagonlit) were renewed to expand Air India's market presence in this untapped market. Tailor made customized remuneration packages (including soft benefits) were given to the TMCs for increasing Air India's exposure to this new concept. A Global deal is signed with American Express.
- **Ecommerce:** Short term incentives were offered on Air India website to encourage direct sales.
- **Bid & Fly - Airport Upgrade Scheme** has been made more attractive for domestic and international airports. Bid N Fly scheme was also launched for metro stations in India and abroad.

Various short term promotion schemes launched and advertised:

- **OTAs:** To take advantage of instant and wider reach of the OTAs, a special incentive ranging from 10 % to 15 % was offered to them during the financial year.
- **Half Yearly Scheme-** Half Yearly incentive scheme was offered to top 50 agents in India. A Back end incentive ranging from 0.5% to 1% was offered to the agents. The scheme generated additional sales of approx INR 330 Crores during the period October 2018 – March 2019.
- **Cut N Pay-** Cut N Pay incentive was offered to all the travel agents in India to promote newly launched flights for both domestic and international sectors during the FY 2018-19.

Promotions on International Sectors:

- PLB Schemes for Germany, Australia, UK, Singapore, UAE, Saudi Arabia, Oman, Japan and other important markets offering volume based productivity linked bonus for agents were introduced.
- FAM tours were organised for travel agents/tour operators, promoting destinations like Denmark, Norway, Spain and Thailand.

PUBLIC GRIEVANCES/CALL CENTRE

- During the year 2018-19, 1191 Public Grievances were received and 39 Public Grievances



of the year 2017-18 were brought forward. Out of this, 1112 Public Grievances were disposed off and 118 Public Grievances were pending as on 31 March 2019.

- Air India is committed to fulfilling the Government's digital initiatives including Digi-Yatra, and NATGRID.
- The contact center vendor agreement is completing on 30 April 2019. A new tender has been uploaded on Air India website for appointment of suitable service provider from September 2019.

Other Initiatives Taken

Revamping of Air India Website.

3 HIGHLIGHTS

Awards & Recognition

Air India won “The Best Inflight Services” award at Today’s Traveler Award on 30 July 2019

Air India won the prestigious Best International Airlines Award from Tamil Nadu Tourism on 11 April 2019

- Air India won the **Best MICE Airline - Domestic Award** at the 2nd BW Hotelier MICE Conclave and Awards 2018 presented by BW Business world.
- Air India has been awarded the **Best Airline - South Asia** second time in row by the Arabian Travel Awards, Dubai in October 2018.
- In JULY 2018, Air India was awarded “**Superstar Airline of the Year Award**” at the GMR-IGI Airport Annual Awards at Delhi It also won the **International Cargo Airline of the Year Award** and **Airline of the Year India- International** award.
- Air India was awarded the **Global Award for Best Quality and Environment Management System** for the year 2018 by World Quality Congress on 5 July 2018 at a prestigious event in Mumbai.
- Air India won the **Gold Award in the Readers Digest Most Trusted Brand** category. We have been winning this award consistently in the recent past. The Reader’s Digest Trusted Brand Award is a premier consumer-based international measure of brand preference.
- Air India awarded Global Star Award for the **Best Airline Network**.
- Air India awarded the **Best Full Service International Airline 2018** by Air Passengers Association of India.



4. FLEET SIZE, NETWORK, JOINT VENTURES ETC.

4.1 Fleet Size

As of 31 March 2019, Air India had the following aircraft in its fleet:

Aircraft Type	Owned	Leased	Sale & Lease Back	Total
B777-200LR	3	-	-	3
B777-300ER	15**	-	-	15
B747-400	2	-	2	4
B787-800	6	-	21	27
A320	5	31	-	36
A319	19	3	-	22
A321	20	-	-	20
TOTAL	70	34	23	127

** Note: Fleet B777-300ER includes 2 aircraft sent for SESF modification to Boeing.

4.2 Market Planning

Network

The pattern of operations during 2018-19 for international operation was as under:

Routes	Summer 2019 (Flights Per week)	Summer 2018 (Flights Per week)	Winter 2018 (Flights Per week)
India / USA/India	36	33	33
India / UK/India	34	35	34
India / Europe/India	44	43	44
India/Gulf/India	153	137	137
India / FEA/India	16	16	16
India / SEA/India	56	56	64
India/Australia/India	8	8	
India / SAARC/India	74	62	67

Initiatives taken by Revenue Management:

- Upgrade for sure (UFS) scheme reintroduced for Domestic and International travel launched with 10% higher amount above Get Upfront scheme charges in Apr 2018 to promote Business Class capacity.
- First class fares introduced on 18 select Domestic sectors on 10 April 18.
- Excess baggage rate revised from INR 400 to INR 500 (GST additional) per Kg per sector on the Domestic network on 6 June 18 and Band wise Excess Baggage rates introduced on total AI network w.e.f. 1 February 19.



- d) In order to further promote Premium Classes (First & Business Class), Upgrade-Lite, a bidding scheme launched effective 27 December 18 covering entire AI network.
- e) Republic Day Sale launched from 26.1.19 till 31.1.19 for travel valid from 11 February 19 till 30 September 19.
- f) Stop-over facility (complimentary layover) provided in DEL/BOM to passengers travelling to/ from AI stations in US/ Europe/ Australia from all interior points with transit of Minimum 8 Hrs and Maximum 24 Hrs on tickets issued in RBD "L" and above w.e.f 15 March 19.

4.3 Joint Ventures and Code Share Arrangements

As on 31 March 2019, Air India, a STAR Alliance Member, had a total of 23 Code-Share Agreements that included 15 alliances with STAR carriers and 8 with Non-STAR Carriers. All the Code-Share Arrangements are on Free Flow basis except that with Austrian Airlines and Swiss, which are on a Block Space basis.

The Code-Share with STAR Members include Lufthansa, Austrian Airlines, Swiss, Ethiopian Airlines, Singapore Airlines, Turkish Airlines, Egypt Air, Asiana Airlines, Air Canada, Adria Airways, EVA Air, Croatia Airlines, TAP Portugal, LOT Polish Airlines and Avianca.

In addition, Air India also had Free Flow Code Share arrangements with Non-STAR Airlines viz. Air Mauritius, Hong Kong Airlines, Air Astana, Flybe, Air Austral, Air India Express, SriLankan Airlines and Royal Brunei Airlines.

5. FINANCING INITIATIVES

Boeing Aircraft Financing

Out of 27 B787-8 aircraft, the Sale and Lease Back transaction for 21 B787-8 aircraft was concluded in FY 2016-17. The delivery of remaining 6 B787-8 aircraft are taken through Bridge financing as per the following details-

Aircraft No.	Delivery date	Bridge loan lender
22nd	07 November 2016	Investec Bank plc
23rd	09 January 2017	First Abu Dhabi Bank consortium
24th	11 July 2017	First Abu Dhabi Bank consortium
25th	23 August 2017	Investec Bank plc
26th	30 August 2017	Investec Bank plc
27th	11 October 2017	Investec Bank plc

Out of the total 15 B777-300ER aircraft, 12 B777-300ER aircraft were already delivered to AI till July 2010. The EXIM guaranteed long term financing for the same is already in place.

Balance 3 B777-300ER aircraft (13th to 15th) were delivered to AI as under-

- 13th – Delivered on 23 January 2018) allocated for
- 14th – Delivered on 30 January 2018) for SESF Operations



15th – Delivered on 8 March 2018

The 13th / 14th B777-300ER aircraft have been allocated for SESF Operations and funding for the same is received from Government of India.

The 15th B777-300ER aircraft (being used for AI Operations) delivered through Bridge loan taken from First Abu Dhabi Bank consortium.

The Government of India issued one year guarantees for the Bridge loan financing of above mentioned aircraft. The Bridge loan and GOI guarantees are extended for further period till the time the long term financing is concluded.

6. AIR SAFETY

A dedicated website flightsafety@airindia.in has been set up which aids dissemination of vital safety related information in a cost effective manner to all employees of the Company. Our mission is to

- Ensure a sound Safety Management System
- Promote active participation of all departments in adopting optimum safety standards
- Introduce methods which enhance safety awareness
- Investigate Incidents / Accidents
- Recommend safety measures within the Training environment, thereby addressing known/perceived threats and errors

7. QUALITY MANAGEMENT SYSTEM (QMS)

ISO Certification of QMS Department

QMS Department was issued with QMSISOIS/ISO 9001:2008 License by the Bureau of Indian Standards (BIS). QMS has now changed over to IS/ISO 9001:2015 after clearing the ISO License Renewal Audit by the Bureau of Indian Standards (BIS) with NIL non-conformities. A fresh certificate has been issued extending the validity up to 8 December 2020.

Documentation Management System (DMS)

A centralized Corporate Document Management System provides creation, version management, search, retrieval and dissemination of documents over a browser to all authorised personnel based on individual rights, across all Departments and all three AOP Holders and Strategic Business Units. It effectively complies with IOSA, DGCA, ISAGO, Star Alliance standards, Government as well as organization requirements.

DMS is a major initiative moving towards near paperless office, document repository to comply with Government and Regulatory requirements. This not only generates cost savings for the Company but also improves efficiency, saves times as well as environment.

QMS ensured that all the soft copies of the Manuals of 3 AOC and 2 SBU are reviewed, approved, uploaded and distributed through DMS.



For optimum usage of DMS in stations, regular awareness drive is conducted through mails and phone calls. Generic DMS ID for international and domestic stations have also been created. Monthly currency of manuals is derived from 3 AOC and SBU and currency of manual is ensured. For wide distribution, EMM Part Contact list is also uploaded in DMS and made available in Public Domain. On regular basis AOC and SBU Nodal officers liaise for keeping the DMS in public domain with only current circulars and other documents. Upgradation of DMS through new product is also in pipeline.

IATA Operational Safety Audits (IOSA)

IOSA Registry of Air India is upto 16 January 2020. For renewal of Registry, the IOSA Renewal Audit has been planned from 26 to 30 August 2019 in coordination with M/s. Quali-Audit (IATA Accredited Agency).

8. INFORMATION TECHNOLOGY

AVSEC online Exam portal

An in-house portal is developed by the Web Group of IT Department, Mumbai, for Air India Security Department which facilitates conducting online exams of various aviation courses viz. AVSEC Basic, AVSEC Induction for Air Crew. This portal is based on question banks in text format and complements the Computer Based Training (CBT) program, procured from third party which provides for online examinations with image based question banks.

Central Training Establishment (CTE) website made bilingual

CTE website which is developed and maintained in-house by Air India, DIT, Web Group, Mumbai. This website was converted bi-lingual (Hindi & English) and implemented on 14 September 2018.

Ground Handling Portal

In-house portal developed by Web Group, which provides for –

- Collection of data from all stations by GHAs for generation of DGCA CAR reports in **COMPLIANCE OF C.A.R. SECTION-3, SERIES-M, PART-IV** for Flight Delay, Flight Cancellation and Flight Denied Boarding.
- Collection of Airport Handling related information by all stations which typically includes Airport Revenue/ Seat Upgrades/ Unserviceable Seats and Baggage Discrepancy for generation of various MIS reports.

Mobile App for IGIA T3 Canteen

IGIA T3 canteen Mobile App is developed in-house to assist in smooth operation of the canteen in terms of managing discounts provided to Air India permanent staff deployed in the area.

Migration of Air India Website to NIC Cloud

Air India corporate website www.airindia.in was successfully migrated from shared hosting at



NIC Data Centre Delhi to NIC Cloud in Feb 2018. This has led to improvement in performance, security, flexibility of resources and DR setup for Air India Website.

Access of Air India Website through Akamai CDN

Air India has migrated the website to Akamai CDN (Content Delivery Network), which ensures faster content delivery to the end user. This has led to better, consistent response to customers across the world.

Implementation of APT Solution

APT (Advance Persistent Threat) Solution has been successfully implemented in Air India Network. It is Next generation intrusion prevention and breach detection to prevent targeted attacks, advanced threats and ransom ware from embedding or spreading within the network. The solution is comprehensive, automated security solution to protect enterprise workloads in the data centre and the cloud from critical new threats while helping to accelerate regulatory compliance.

9. HUMAN RESOURCES

9.1 Staff Strength

The staff strength for Permanent Employees as on 1 April 2019 was 9993.

9.2 Long Service Mementoes

Every year all the employees of the Company who have completed 25 years of service are presented with a long service memento on 27 August. Accordingly, during the year 2018-19, on 27 August, 2018, a total of 817 employees were felicitated.

10. SPORT

Air India is proud of its 31 ARJUN AWARDEES, 11 PADMASHRI, 3 RAJIV KHEL RATNA and 1 DRONACHARYA AWARDEE. Among the elite group, we have Women/Men Chess Grandmasters, Olympians, World Cup players, Asian Games, Commonwealth Games Medal winners in various disciplines._

■ CRICKET (MEN)

Air India Cricket Team (Men) won the prestigious All India Public Sector Cricket Tournament, Lala Raghbir Memorial and Goswami Ganesh Dutt Cricket Tournament, Uttarakhand Gold Cup and Justice S.N. Dwivedi Tournament.

■ CRICKET (WOMEN)

Smt. Jhulan Goswami was ranked No.1 Women Bowler in ODI ICC ranking for scalping highest wickets in World Women ODI Cricket.

■ BADMINTON

Air India Badminton team, as well as players in individual capacity participated in 11 events



including Junior & Senior All India Major Ranking Badminton Tournament and other ranked Badminton Tournaments. Air India won Junior Nationals and All India Public Sector Badminton Tournaments. Air India Badminton players also won 22 Gold Medals, 13 Silver Medals and 1 Bronze Medal in the 11 events they participated.

■ **SHOOTING**

Air India Shooting contingent is the biggest and brightest among all the Public Sector Companies. Air India team won the National Team Gold Medal 2018. Shooting Stars Shri Gagan Narang, Shri Deepak Sharma and Smt. Annu Raj Singh excelled in various national and international tournaments during the year.

■ **CARROM**

Air India team won the National Carrom Championship after a gap of 6 years and also was winner of the Federation Cup. Riyaz Akbar Ali has been Ranked No. 1 in India & No. 2 in the world.

■ **CHESS**

Air India Women Team won 2nd place in the 17th National Chess Championship held at Kolkata.

■ **HOCKEY**

Air India Hockey team participated in 7 All India Hockey Tournaments out of which they reached in Semi Finals in 4 tournaments.

■ **TABLE TENNIS**

Air India Table Tennis team won 2 Gold, 1 Silver and 2 Bronze medals in Inter District TT Tournament and Khelo India Youth Games.

■ **KABADDI**

Air India Kabaddi team is the best Kabaddi team in the country that has won major Kabaddi Tournaments in the Country such as Dr. S R Patil Memory Trophy, Gaondevi Yuvak Mandal State, Shivneri Seva Mandal Gold Cup Trophy and Thane Mayor Cup. Air India was Runners up in Swarjya Pratishthan Kabaddi Championship. Vikas Kale was awarded “Shiv Chhatrapati Award” by the Government of Maharashtra for his outstanding performance.

■ **FOOTBALL**

Air India Football team participated in All India Sonkar Memorial Tournament at Indore and was Runners Up in the prestigious Mumbai District Football Association League at Mumbai. Apart from recent times, Air India Football team has always been a premier and popular Football team in the country.

11. PUBLIC GRIEVANCES:

During 2018-19, 1461 cases of RTI Requests and 234 Appeals were received.

Out of 234 Appeals, 232 were disposed off by the First Appellate Authorities.



12. STATUTORY COMPLIANCE RELATING TO SUBSIDIARIES

Air India has five subsidiary companies. The financial statements of the subsidiaries are included in this Annual Report elsewhere. Their performance is briefly discussed here:

12.1 Air India Air Transport Services Limited (AIATSL)

(Rs.in Million)

Particulars	2018-19	2017-18
Air India's investment in equity	1384.24	1384.24
Total Income	7071.64	6692.67
Total Comprehensive Income for the year	671.71	451.99

AIATSL, a wholly owned subsidiary of Air India Limited was operationalised on 1 February 2013 and started its independent operations effective April 2014. Presently, it provides ground handling services at 80 Airports in India. Apart from handling the flights of Air India and its Subsidiary Companies, ground handling is also provided to 37 Foreign Scheduled Airlines, 3 Domestic Scheduled Airlines, 4 Regional Airlines, 12 Seasonal Charter Airlines, 23 Foreign Airlines availing Perishable Cargo handling. Ground Handling was provided for 1,24,500 flights (Air India and Subsidiaries) and 24,000 flights of scheduled and non-scheduled customer airlines during 2018-19.

Further, AIATSL was considered favourably as Service Provider at the Greenfield Kannur Airport in Kerala which operationalised effective [December 2018](#) whereby Revenue of AIATSL got booster.

12.2 Air India Express Limited (AIXL)

(Rs.in Million)

Particulars	2018-19	2017-18
Air India's investment in equity	7800.0	7800.0
Total Income	42015.2	36184.76
Total Comprehensive Income for the Year	1615.88	2195.80

AIXL operates a Low Cost Airline under the brand name "Air India Express". Launched on 29 April 2005 with a fleet of 3 leased B737-800 aircraft, it operated from 3 stations in Kerala to 5 stations in the Gulf.

As on 31 March 2019, AIXL had a fleet of 25 B737-800 NG aircraft. The airline operated to 17 Indian and 13 foreign on-line stations.

The Airline continued to improve aircraft utilisation. Daily average aircraft utilisation went up from 12.7 hours recorded in 2017-18 to 13.3 hours per day per aircraft with a fleet of 25 aircraft taking the total block hours to 115,279 in 2018-19. The capacity offered by the Airline in terms of ASK in grew by 7% from 13,195 Million in FY 2017-18 to 14,173 Million in FY 2018-19. However, on the strength of increase in Passenger Load Factor from 76.2% to 79.6% the Airline was able to record a much higher growth amounting to 12.2% in RPK terms with the RPK rising from 10,051 Million in FY 2017-18 to 11,277 Million in FY 2018-19. There was also



commensurate growth in the number of passengers carried by the Airline which grew from 3.89 Million to 4.36 Million in FY 2018-19. The Operating Revenue grew by 17.7% from Rs.35,444.3 Million to Rs.41,715.7 Million.

Air India Express began its Summer Schedule 2018 operations with 577 departures per week. By the end of the Winter Schedule 2018-19, the number of weekly departures rose to 615. The Company reported net profit for the fourth consecutive year besides generating substantial cash profit. The net profit for Financial Year 2018-19 was Rs.1,615.8 Million as against Rs.2,620.45 Million during the year 2017-18. The cash profit was Rs.4,293.7 Million.

12.3 Air India Engineering Services Limited (AIESL)

Particulars	(Rs.in Million)	
	2018-19	2017-18
Air India's investment in equity	1666.67	1666.67
Total Income	12064.00	7944.32
Profit/(Loss) After Tax	(2049.37)	(4444.36)

AIESL is a leading MRO (Maintenance Repair and Overhaul) service provider in the Country providing both Line Maintenance and Major Maintenance for various types of aircraft for the fleet of Air India, Air India Express Limited, Alliance Air, third party airlines as well as Defense Forces.

Further, the Company had in past technical handling agreement with 15 International Airlines and 2 Domestic Airlines for Line Maintenance work. During the year 2017-2018, AIESL signed SGHAs (Standard Ground Handling Agreements) with new International Airlines namely- Bhutan Airlines, Thai Smile, Malaysian Airlines Berhad, Mahan Air of Iran and ANA of Japan for their Line maintenance.

The Company had approval from 8 foreign Civil Aviation authorities and in 2018-2019, it had submitted the application to 4 more foreign Civil Aviation authorities, viz. CAA of Seychelles, PACA Oman, CAA of Bangladesh and CAA Malaysia for addition of 9 stations in India.

At present, AIESL has 8 foreign CAA approvals namely Qatar, Kuwait, GACA(UAE), CAA Singapore, CAA Srilanka, CAA Nepal, CAA Thailand and CAA Malaysia.

The Company carried out base maintenance work for Domestic operators namely – Jet Airways, Go Air, TATA SIA Airlines, Air Asia India and Spicejet in 2018-2019. In addition, AIESL has also carried out major maintenance work for ARC, Indian Air Force, Indian Navy, Indian Coast Guard, HAL and Pawan Hans. In 2018-2019, AIESL undertook maintenance of private parties' aircraft like – Reliance RCDL, Jindal Steel (JSW), Taj Air Charters and Bluedart Aircraft.

In December 2017, changes in CAR 147 Basic was made by DGCA and it was made mandatory for DGCA approved AME Institutes to undergo practical training at MROs with live aircraft. In 2018-2019, AIESL has signed up with 32 Institutes for imparting training (PTE) to their students. Each of these AME Institute has approx.60 to 100 students in every batch.

The AIESL has presence also in SAIFZONE, UAE and the Company is handling Certification



and Technical handling of Air India and Air India Express flights at Sharjah, Dubai and Ras al Khaimah, UAE. Based on the experience and backed by cost benefit analysis, the opportunity to expand to other international stations like Dubai, Kathmandu, Colombo and Dhaka is being undertaken.

12.4 Airline Allied Services Limited (AASL)

(Rs.in Million)

Particulars	2018-19	2017-18
Air India's investment in equity	4022.50	4022.50
Total Income	8362.78	6131.57
Total Comprehensive Income for rthe Year	(2966.39)	(2709.25)

The Company operates under the brand Alliance Air.

As on 31 March 2019 the Company had 2 ATR-42-320s and 18 ATR-72-600 leased aircraft in its fleet. It is presently operating to 55 destinations with 87 departures per day and 607 flights per week. As on 31 March 2019, the staff strength of the Company was 668 excluding 8 employees on deputation from the parent Company, 21 employees on deputation from AIESL and 02 employees deputed from AIATSL.

Alliance Air is one of the leading regional airlines in the Country providing connectivity to Tier II and Tier III cities in India as well as a feeder to its parent Company, Air India Limited and its Subsidiary Air India Express Limited. It is in the process of expanding its operations on Pan India basis by inducting more aircraft in its fleet. These aircraft will serve shorter routes within the Country and also fly overseas in the near future.

12.5 Hotel Corporation of India Limited (HCI)

(Rs.in Million)

Particulars	2018-19	2017-18
Air India's investment in equity	1106.00	1106.00
Government's investment in equity	270.00	270.00
Total Income	671.35	551.27
Total Comprehensive Income for the Year	(712.04)	(552.88)

HCI provides catering services to Air India Group at Mumbai and Delhi through Chefair, its Flight Catering Unit. In addition, HCI earns revenue through its two Hotels viz. Centaur Lake View Hotel, Srinagar and Centaur Hotel, Delhi and by operating Lounge at T3, Delhi.

With the fund received from the Government by way of Equity infusion, additional rooms were upgraded at Centaur Hotel Delhi Airport (CHDA) and Centaur Lake View Hotel, Srinagar (CLVH) which had resulted in better occupancy rate, having sold higher room nights, which in turn had augmented the revenue of these units. However, due to lack of fund, all these properties could not be upgraded fully to bring them at par with other in the Industry.

Further, as per the direction of the Government, 45000 sq. mts land parcel leased from Airports



Authority of India (AAI) for the Delhi units i.e. CHDA, Chefair Flight Catering, Delhi (CFCD) is required to be handed over to AAI by 30 November 2019. Accordingly, steps are being taken to ensure smooth handing over and also claim of appropriate compensation from AAI.

12.6 Joint Venture Agreement between Air India Limited and Singapore Airport Terminal Services (SATS) on ground handling

The Company has entered into a Joint Venture (JV) agreement with SATS, Singapore in the equity ratio of 50:50 to provide ground handling services to airlines at certain metro airport. This was in pursuance of Government of India Notification on the Ground Handling policy.

13. RISK MITIGATION STRATEGIES

The Company continuously monitored the risks perceptions and taken preventive action for mitigation of risks on various fronts.

14. INTERNAL CONTROL SYSTEMS

The Company continues to ensure proper and adequate internal control systems and procedures commensurate with its size and nature of business to ensure that all assets are safeguarded and protected against loss from unauthorized use and that transactions are authorized, recorded and reported correctly. The internal control system enables documented policies, guidelines, authorization and approval procedures. Necessary actions were also being taken to address some of the concerns raised by the Auditors in this regard.

The Company has an extensive system of internal controls which ensures optimal utilization and protection of resources, IT security, accurate reporting of financial transactions and compliance with applicable laws and regulations as also internal policies and procedures. The internal control system is supplemented by extensive internal audits, regular reviews by management and well documented policies and guidelines to ensure reliability of financial and other records to prepare financial statements and other data.

The Company has a well defined manual on delegation of authority and administrative powers, based on which, the authorities exercise their powers. This manual is reviewed periodically to cope with the changes necessitated by the needs of the organization. The said manual, along with the Company's key functional process manuals, further strengthens the internal control system of the organization. The Company has independent internal audit systems to monitor the entire operations and services spanning over all locations, businesses and functions on a regular basis. The Company has also employed outside consultants in its various areas of functioning in order to reduce/monitor its cost platform.



CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Corporate Governance

Air India Limited's corporate philosophy on Corporate Governance has been to ensure fairness to the Stakeholders through transparency, full disclosures, empowerment of employees and collective decision making.

2. Board of Directors

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

BOARD OF DIRECTORS AS ON 31 MARCH 2019

Shri Ashwani Lohani	Chairman & Managing Director
Shri Vinod Hejmadi	Director (Finance)
Shri Arun Kumar	Addl Secretary & Financial Advisor, Ministry of Civil Aviation
Shri Satyendra Kumar Mishra	Jt Secretary, Ministry of Civil Aviation
Dr R K Tyagi	Independent Director
Dr Syed Zafar Islam	Independent Director
Shri Yogesh Chander Deveshwar	Independent Director
Shri Kumar Mangalam Birla	Independent Director
Smt Daggubati Purandeswari	Independent Director

Shri Ashwani Lohani was appointed Chairman & Managing Director effective 14 February 2019 vice Shri Pradeep Singh Kharola.

Further, the Ministry of Civil Aviation, vide Orders No.AV.18013/007/2007-AI, has appointed Shri Y C Deveshwar and Shri Kumar Mangalam Birla effective 8 August 2018 and Smt Daggubati Purandeswari effective 4 October 2018, as Part Time Non-Official Directors on the Board of the Company.

Further, Shri Pankaj Srivastava ceased to be Director effective 30 April 2018.

The Board places on record its appreciation of the valuable services rendered by Shri Pradeep Singh Kharola, as Chairman & Managing Director and Shri Pankaj Srivastava as Director on the Board of the Company.

Shri Y C Deveshwar ceased to be Director on the Board of the Company effective 11 May 2019 due to his sad demise. Further Shri Arun Kumar also ceased to be on the Board of the



Company effective 10 July 2019. Shri Praveen Garg was appointed as Director effective 30 August 2019 vice Shri Arun Kumar.

During the year, all meetings of the Board and the Shareholders were chaired by the Chairman & Managing Director.

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

Board Meetings:

Eight Board Meetings were held during the financial year on the following dates:

Sr. No.	Date of Meeting	Board Strength	No.of Directors Present
1.	21 May 2018	7	7
2.	17 August 2018	9	7
3.	16 October 2018	10	9
4.	2 November 2018	10	8
5.	20 November 2018	9	7
6.	26 December 2018	9	7
7.	28 January 2019	9	6
8.	8 March 2019	9	6

CODE OF CONDUCT

The Board has adopted a Code of Conduct for the Directors and Senior Management and the same has been posted on the website of the Company. There is a system in the Organisation of affirming compliance with Corporate Governance by the Board Members and Senior Management Personnel of the Company. A declaration of compliance signed by Chairman & Managing Director of the Company is enclosed with this Annual Report.

Particulars of Directors including their attendance at the Board/Shareholders' Meetings during the financial year 2018-19

Name of the Director	Academic Qualifications	Attendance out of 8 Board Meetings held during the year	Details of Directorships held in other Companies	Memberships held in Committees
Wholetime Directors Shri Pradeep Singh Kharola Chairman & Managing Director (ceased effective 14.2.2019)	Phd, Masters in Development Management	7	<u>Part-time Chairman</u> Air India Express Ltd Air India Air Transport Services Ltd Air India Engineering Services Ltd Airline Allied Services Ltd	<u>Air India Ltd</u> Member Nomination & Remuneration Committee



			Hotel Corporation of India Ltd Air India Assets Holding Ltd Air India SATS Airport Services Pvt Ltd <u>Director</u> Air Mauritius Ltd Air Mauritius Holdings Ltd	<u>Hotel Corporation of India Ltd</u> Member-Audit Committee <u>Air India Air Transport Services Limited</u> Chairman Corporate Social Responsibility Committee Member-Audit Committee
Shri Ashwani Lohani, Chairman & Managing Director (appointed effective 14.2.2019)	Mechanical Engineer and Fellow of Chartered Institute of Logistic and Transport	1	<u>Part-time Chairman</u> Air India Express Ltd Air India Air Transport Services Ltd Air India Engineering Services Ltd Airline Allied Services Ltd Hotel Corporation of India Ltd Air India Assets Holding Ltd Air India SATS Airport Services Pvt Ltd <u>Director</u> Air Mauritius Ltd Air Mauritius Holdings Ltd	<u>Air India Ltd</u> Member Nomination & Remuneration Committee <u>Hotel Corporation of India Ltd</u> Member Audit Committee <u>Air India Air Transport Services Limited</u> Chairman Corporate Social Responsibility Committee Member-Audit Committee
Shri Pankaj Srivastava (Ceased effective 1.5.2018)	MBA	-	<u>Director</u> Airline Allied Services Ltd	-



Shri Vinod Hejmadi	B.Com., ACA	8	<u>Director</u> Air India Express Ltd Airline Allied Services Ltd Hotel Corporation of India Ltd Air India Air Transport Services Ltd Air India Engineering Services Ltd Air India SATS Airport Services Pvt Ltd Air India Assets Holding Ltd.	<u>Air India Ltd</u> Member HR Committee CSR&Sustainability D e v e l o p m e n t Committee Share Allotment Committee S e l e c t i o n Committee Flight Safety Committee <u>Air India Express</u> <u>Ltd</u> Chairman Corporate Social R e s p o n s i b i l i t y Committee Member Audit Committee <u>AirIndiaEngineering</u> <u>Services Limited</u> Member Audit Committee <u>Air India Air</u> <u>Transport Services</u> <u>Limited</u> Member Audit Committee <u>Hotel Corporation of</u> <u>India Limited</u> Member Audit Committee <u>Airline Allied</u> <u>Services Ltd</u> Member Audit Committee <u>Air India SATS</u> <u>Airport Services</u> <u>Pvt. Ltd.</u> Chairman Corporate Social R e s p o n s i b i l i t y Committee
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<p>Capt Arvind Kathpalia (ceased effective 13.11.2018) Non Executive Directors (Ex Officio)</p>	<p>BA Economics Hons</p>	<p>4</p>		
<p>Ms Gargi Kaul Addl Secretary & Financial Advisor, Ministry of Civil Aviation (ceased effective 24.1.2019)</p>	<p>M.Phil</p>	<p>5</p>	<p><u>Director</u> Air India Air Transport Services Ltd Air India Engineering Services Ltd Hotel Corporation of India Ltd. Pawan Hans Ltd. Delhi International Airport Ltd. Indian Renewable Energy Development Agency Ltd. Solar Energy Corporation of India Ltd. Air India Assets Holding Ltd.</p>	<p><u>Air India Ltd.</u> Member Audit Committee Chairperson Share Allotment Committee <u>Air India Air Transport Services Limited</u> Chairperson Audit Committee Member Corporate Social Responsibility Committee <u>Air India Engineering Services Limited</u> Chairperson Audit Committee <u>Hotel Corporation of India Limited</u> Chairperson Audit Committee</p>
<p>Shri Arun Kumar Addl Secretary & Financial Advisor, Ministry of Civil Aviation (appointed effective 24.1.2019)</p>	<p>B.A. (Hons)</p>		<p><u>Director</u> Air India Air Transport Services Ltd. Air India Engineering Services Ltd. Air India Assets Holding Ltd</p>	<p><u>Air India Ltd.</u> Member Audit Committee Chairman Share Allotment Committee</p>



		1	<p>Airports Authority of India Pawan Hans Ltd. Solar Energy Corporation of India Ltd. Indian Renewable Energy Development Agency Ltd.</p>	<p><u>Air India Air Transport Services Limited</u> Chairman Audit Committee Member Corporate Social Responsibility Committee <u>Air India Engineering Services Limited</u> Chairman Audit Committee <u>Hotel Corporation of India Limited</u> Chairman Audit Committee</p>
<p>Shri Satyendra Kumar Mishra Jt Secretary, Ministry of Civil Aviation</p>	<p>M . T e c h (A p p l i e d Geology) M.A. (Public Policy)</p>	8	<p><u>Director</u> Air India Air Transport Services Ltd Air India Engineering Services Ltd Hotel Corporation of India Ltd Air India Assets Holding Ltd</p>	<p><u>Air India Ltd.</u> Member HR Committee Nomination & Remuneration Committee Flight Safety Committee <u>Air India Air Transport Services Limited</u> Member Audit Committee Corporate Social Responsibility Committee <u>Air India Engineering Services Limited</u> Member Audit Committee <u>Hotel Corporation of India Limited</u> Member Audit Committee</p>



Non Executive Directors - Independent				
Dr R K Tyagi	BE (Electronics & Telecom) MBA Ph.D	7	<u>Director</u> Defence Innovators and Industry Association	<u>Air India Ltd.</u> Chairman HR Committee Member Audit Committee CSR& Sustainable Development Committee Nomination & Remuneration Committee Flight Safety Committee
Dr Syed Zafar Islam	Graduate- Aligarh Muslim University Master of Finance & Control, Aligarh MEP from IIM, Ahmedabad	6		<u>Air India Ltd.</u> Chairman Audit Committee Member Nomination & Remuneration Committee Consumer Satisfaction Committee
Shri Yogesh Chander Deveshwar (appointed effective 8.8.2018 and ceased effective 11.5.2019)	B.Tech, IIT, Delhi AMP, Harward Business School, USA	4	Chairman & Non Executive Director ITC Ltd. ITC Infotech India Ltd.	<u>Air India Ltd.</u> Chairman Nomination & Remuneration Committee Member Consumer Satisfaction Committee



<p>Shri Kumar Managalam Birla (appointed effective 8.8.2018)</p>	<p>C.A., MBA (London Business School)</p>	<p>1</p>	<p><u>Director</u> Grasim Industries Ltd Hindalco Industries Ltd. Ultra Tech Cement Ltd. Idea Cellular Ltd. Century Textiles and Industries Ltd. Aditya Birla Sun Life Insurance Company Ltd. Aditya Birla Sun Life AMC Ltd. Aditya Birla Capital Ltd. Birla Group Holdings Pvt Ltd Aditya Birla Management Corporation Private Ltd. Trapti Trading & Investments Private Ltd. Turquoise Investments and Finance Private Ltd. TGS Investment & Trade Private Ltd. Global Holdings Private Ltd. ABG Realty and Infrastructure Company Pvt Ltd. RKN Retail Pvt Ltd. Svatantra Microfin Private Ltd.</p>	<p><u>Air India Ltd.</u> Chairman CSR & Sustainable Development Committee Member Nomination & Remuneration Committee</p>
<p>Smt Daggubati Purandeswari (appointed effective 4.10.2018)</p>		<p>5</p>		<p><u>Air India Ltd.</u> Member CSR & Sustainable Development Committee</p>



3. Board Committees

Statutory Committees:

- i. Audit Committee.
- ii. Nomination and Remuneration Committee.
- iii. CSR and Sustainability Committee.
- iv. Independent Directors Committee.

Non Statutory Committees:

- i. Human Resources Committee
- ii. Share Allotment Committee
- iii. Safety Committee
- iv. Consumer Satisfaction Committee

The Board Committees shall deliberate and recommend to the Board the proposals falling under their Terms of Reference and the final authority to decide on the matters is with the Board.

Statutory Committees:

3.1 Audit Committee

As part of the Corporate Governance and in compliance with the provisions of the Companies Act, 2013 and DPE Guidelines, the Company constituted the Audit Committee of the Board in November 2007.

As on 31 March 2019, the following were the Members of the Audit Committee:

Name of the Director	Position held in the Committee	Category of the Director
Dr Syed Zafar Islam	Chairman	Part Time Non Official Director
Dr R K Tyagi	Member	Part Time Non Official Director
Addl. Secretary & Financial Advisor, MOCA	Member	Non Executive Part-time Director
Chairman & Managing Director	Permanent Invitee	Chairman & Managing Director
Director (Finance)	Special Invitee	Functional Director
ED-Internal Audit	Special Invitee	Executive Director

The Terms of Reference of the Audit Committee are as under:

- To recommend for appointment, remuneration and terms of appointment of auditors of the company;



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

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

1.	25 April 2018	(29 th Meeting)
2.	02 November 2018	(30 th Meeting)
3.	20 November 2018	(31 st Meeting)
4.	12 December 2018	(32 nd Meeting)
5.	23 January 2019	(33 rd Meeting)

Attendance at the Audit Committee Meetings

Name of the Member	No. of Meetings Attended
Dr Syed Zafar Islam, Chairman	4
Dr R K Tyagi, Member	5
Ms Gargi Kaul, Member	4
Shri Pradeep Singh Kharola	5
Shri Ashwani Lohani	0

Air India Limited presently has five Indian Subsidiary Companies i.e. Air India Express Limited,



Airline Allied Services Limited, Air India Air Transport Services Limited, Air India Engineering Services Limited and Hotel Corporation of India Limited.

3.2 Corporate Social Responsibility (CSR) & Sustainable Development Committee (SD)

To review, monitor and provide strategic directions to the Company's CSR and sustainability practices, guide the Company in integrating its social and environmental objectives with its business strategies. The Committee shall also formulate and monitor the CSR Policy and recommend to the Board the annual CSR Plan of the Company. The Terms of Reference of this Committee are as under:

- i. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified ;
- ii. Recommend the amount of expenditure to be incurred on the various CSR activities; and
- iii. Monitor the Corporate Social Responsibility Policy of the company from time to time.

The Board constituted a CSR & Sustainable Development Committee (SDC) on 11 December 2012 to approve and review Sustainable Development projects from time to time.

As on 31 March 2019, the following were the Members of the CSR Committee:

Shri K.M. Birla	Chairman
Dr.R.K. Tyagi	Member
Smt.D. Purandeswari	Member
Director (Finance)	Member
Shri Ashwani Sehgal GM – Personnel	Nodal Officer

3.3 Nomination and Remuneration Committee:

This Committee shall be headed by an Independent Director. The other members of this Committee will be the CMD, one or more Independent Directors and a Government Nominee Director. The CMD shall be the Convener of this Committee. The Nomination and Remuneration Committee shall recommend nomination to the following key positions:

- a. Executive Directors
- b. CEOs of subsidiaries.

In case of hiring of specialized human resources (on contract) the Committee shall decide the remuneration keeping in view the market practices.

The Nomination and Remuneration Committee shall, while formulating the policy ensure that:

- i. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and



- ii. remuneration to key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

3.4 Independent Directors Committee

This Committee shall comprise all the Independent Directors of the Company. One of the Independent Directors shall be nominated as the Chairperson of the Committee. The Company Secretary shall be the convener of the Committee.

The Independent Directors Committee shall hold at least one meeting in a year, without the presence of non-Independent Directors and members of the management and all the Independent Directors shall strive to be present at such meeting.

Non Statutory Committees

3.5 Human Resources Committee

The function of the HR committee would be to assist the Board by reviewing and finalising Service Regulations, Passage Regulations, Recruitment, Promotion, Medical, Foreign Posting Policies. The HR Committee shall be chaired by an Independent Director. Other members of this Committee shall be Government Director (JS, MOCA), Director (Finance) and Director(Personnel). The Director Personnel shall be the Convener. The Terms of Reference of HR Committee are as under:

- To consider amendments to the Service Regulations and other Rules and Standing Orders for the employees of the Company;
- To suggest rationalization of human resources strength and wage and incentive policy;
- To review and recommend the organizational structure of the Company;
- To review the performance appraisal system;
- Any other matter referred by the Board.

As on 31 March 2019, the following were the Members of the HR Committee:

Dr.R.K.Tyagi	Chairman
Director (Finance)	Member
Jt.Secretary,MOCA	Member

3.6 Share Allotment Committee

The Share allotment Committee would be chaired by the Government Nominee Director (AS&FA) and would have Director (Finance) and Director (Operations) as members. Government of India infuses equity into Air India. As per the Companies Act, 2013, this equity needs to be allotted to the Government nominated shareholders. This Committee does the aforesaid allocation in a



tax efficient way.

As on 31 March 2019, the following were the Members of the Share Allotment Committee:

Jt./Addl. Secretary & Financial Advisor, MOCA	Chairman
Joint Secretary	Member
Director (Finance)	Member

3.7 Flight Safety Committee

The Flight Safety Committee would be chaired by an Independent Director and would have Government Nominee Director (JS), Director (Finance) and Director (Operations) as members. The Terms of Reference of Flight Safety Committee would be to review and monitor all safety related matters and to close the Audit findings in a timely manner. The Committee may carry out inspections for this purpose. Director (Operations) shall be the convener.

As on 31 March 2019, the following were the Members of the Flight Safety Committee:

Dr.R.K.Tyagi	Chairman
Jt.Secretary,MOCA	Member
Director (Finance)	Member
Director (Operations)	Member
ED-Flight Safety	Permanent Invitee

3.8 Consumer Satisfaction Committee

The Consumer Satisfaction Committee would have two independent directors as members and would be chaired by an independent Director. Director Commercial shall also be a member of this Committee. ED-Customer Service and ED-Inflight Services shall be invitees to this Committee. The Committee would look into the various areas relating to customer interests/facilities, such as food on board, marketing schemes, loyalty programme, business deals with corporate houses, schemes like Maharaja Direct etc. Director (Commercial) shall be the convener of this Committee.

Normally, meetings of the Board Committees shall be convened by their respective Chairmen. However, any member of the Committee may, with the consent of the concerned Chairman, convene a meeting of the Committee. Signed minutes of Board Committee meetings shall be tabled for the Board's information as soon as possible. However, issues requiring Board's attention / approval should be tabled in the form of note (s) to the Board from the Committee Chairman.



As on 31 March 2019, the following were the Members of the Consumer Satisfaction Committee:

Shri Y.C.Deveshwar	Chairman
Dr.Syed Zafar Islam	Member
Director (Commercial)	Member,Convenor
ED - Customer Service	Member
ED - Inflight Services	Member

Shri Y C Deveshwar ceased to be on the Board of the Company with effect from 11 May 2019 due to his sad demise.

The Board in its 96th Meeting held on 12 July 2019 decided to include Shri K M Birla as Chairman of the Consumer Satisfaction Committee vice Shri Y C Deveshwar.

3.9 Selection Committee:

The Selection Committee would carry out the selection of EDs and the selected candidates would then be referred to the Nomination and Remuneration Committee for final selection to the post of ED as per terms of reference under the provisions of Companies Act 2013.

As on 31 March 2019, the following were the Members of the Selection Committee:

An Independent Director
Director (Finance)
Director (Commerical)
Director (Personnel)
Director (Operations)
An outside Member belonging to Reserved Category if required.

3.10 The Executive Management Committee:

The Executive Management Committee forms an integral part of the Governance structure. Presided over by the Chairman and Managing Director, all the functional Directors shall be its members. Besides, the heads of concerned department (whose subjects are being discussed) shall be members of the EMC.

The primary role of the Committee is strategic management of the Company's businesses within Board approved direction / framework and realization of Company goals. Also, to enable decision making through multi-functional inputs apart from enhancing participation involvement and commitment of Functional Heads in the Corporate Governance and to ensure ethical and efficient conduct of the affairs of the Company.

In addition to the Functional Directors, the following Executive Directors would also be members of the EMC :

- a. Company Secretary.



- b. ED-IT
- c. ED-Cargo
- d. ED- Corporate Affairs
- e. ED-Commercial
- f. ED-Finance
- g. ED-Operations
- h. ED-Inflight Services
- i. Other EDs if their subject is being discussed.
- j. GMs can be invited by the CMD to discuss subjects concerning them

The objective of the EMC mechanism is to involve all stakeholders in the decision making process. Also it will serve the purpose of taking the full team on board and align them to the vision of the top decision making body. Decision making through EMC will bring in an environment of transparency and ensure that all viewpoints are factored in while taking important decisions. The CMD shall ensure that all subjects coming before the Board are first placed before the EMC and a reasoned decision is arrived at. The deliberations of the EMC, in such cases should be placed before the Board.

Meetings of the Committees shall be convened and chaired by the CMD. The Company Secretary or such other person as may be decided by the Board shall be the Secretary to the Committee. The concerned ED or the Functional Director shall prepare the agenda in advance and forward to the Company Secretary, who shall circulate the agenda to all members.

The following subjects shall be placed before the EMC :

- a. All subjects to be placed before the Board shall be first placed before the EMC. The EMC should give its clear recommendation on each such subject.
- b. All plans (financial and operational) shall be placed before the EMC for consideration and approval (recommendation if it has to go to the Board).
- c. The revival plan shall be reviewed by the EMC at least once a fortnight.
- d. Opening and closing of routes.
- e. Organizational restructuring
- f. Opening and closing of offices.
- g. Capital acquisitions
- h. Sale of immoveable assets
- i. All matters requiring coordination among departments
- j. The CMD or the functional Directors may place any subject on which they are competent



to decide, before the EMC which in their view require wider consultation.

It shall be the responsibility of the concerned ED/Director to place subjects before the EMC as per the aforesaid guidelines.

4. Remuneration to Directors

Air India being a Government Company, the appointment and remuneration payable to its Whole-time Directors is determined by the Government of India. The part-time (Ex Officio) Directors do not receive any remuneration from the Company. The non-official part-time (Independent) Directors are paid Sitting Fees for Board Meetings and Sub Committee Meetings of the Board attended by them. Air India does not have a policy of paying commission on profits to any of the Directors of the Company. The remuneration payable to officers below Board level is also approved by the Government of India.

Details of Remuneration paid to the Whole-time Directors during the Financial Year 2018-19 are as follows:

Names of Directors	All elements of remuneration packages of the Directors i.e. salary, benefits, bonus, pension, etc.				Total
	Salary & Allowances	Contribution to Provident Fund & other funds	Other benefits & perquisites	Performance Related Pay	
Shri Ashwani Lohani	69,750	Nil	Nil	Nil	69,750
Shri Pradeep Singh Kharola	30,84,919	Nil	Nil		30,84,919
Shri V Hejmadi	27,11,738	2,17,656	33,750	Nil	29,63,144
Shri Pankaj Srivastava	24,66,120	35,822	5,400	Nil	25,07,342
Capt Arvind Kathpalia	1,04,80,276	1,31,286	22,500		1,06,34,062

Service Contracts: As per terms & conditions of appointment communicated by the administrative Ministry.

The Company has not introduced any Stock Option Scheme.

During the Financial Year, the Non-Executive (Independent) Directors received sitting fees for attending the meetings of the Board / Committees as under:

Dr R K Tyagi	Rs.2,40,000/-
Dr Syed Zafar Islam	Rs.2,70,000/-
Shri Y C Deveshwar	Rs.80,000/-
Smt Daggubati Purandeswari	Rs.1,00,000/-



5. Annual General Meetings during the last three years

The details of these meetings are given below:

Meeting Number	Date and time of the Meeting	Venue	Special Resolution Passed at the Meeting
10th Annual General Meeting	21 December 2016 1300 hrs.	Airlines House, 113 Gurudwara Rakabganj Road, New Delhi 110 001	-
11th Annual General Meeting	29 December 2017 1430 hrs.	Airlines House, 113 Gurudwara Rakabganj Road, New Delhi 110 001	-
12th Annual General Meeting	26 December 2018 1030 hrs.	Airlines House, 113 Gurudwara Rakabganj Road, New Delhi 110001	-

M/s Link Intime India Pvt Ltd having its address at C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai 400 083 are the Registrars and Transfer Agents for the debentures of the Company. All matters connected with debenture transfer, transmission, interest payment is handled by the transfer agents.

6. CODE OF CONDUCT

“Code of Conduct for Board Members and Senior Management Personnel of Air India Limited” has been devised and made effective 31 March 2013. The purpose of this Code is to enhance further ethical and transparent process in managing the affairs of the Company. This Code has been made applicable to

- All Whole-time Directors
- All Non-Whole time Directors including Independent Directors under the provisions of Law and
- Senior Management Personnel

All the Board Members and Senior Management Personnel have provided the Annual Compliance Certificate duly signed by them as on 31 March 2019.

7. INTEGRITY PACT

The Company has introduced Integrity Pact (IP) to enhance ethics / transparency in the process of awarding contracts with effect from 8 February 2008. The Integrity Pact has now become a part of tender documents to be signed by the Company and by the vendor (s) / bidder (s) with a value of Rs.100 Million and above.

8. COMPLIANCE WITH THE RTI ACT, 2005

Air India Limited, as a PSU Organisation with large public interface, has successfully ensured



compliance with the provisions of Right to Information Act for providing information to the citizens.

As required by the RTI Act, information has been displayed on the Company's website for the public at large. Air India has decentralized its structure to deal with the applications / appeals received under RTI Act with effect from 9 January 2015. Presently, Air India has 85 Central Public Information Officers (CPIOs), 75 Central Assistant Public Information Officers (CAPIOs) at outstations and 24 First Appellate Authorities (FAAs) for speedy disposal of applications / appeals.

During 2018-19, 1461 cases of RTI Requests and 234 Appeals were received.

Out of 234 Appeals, 232 were disposed off by the First Appellate Authorities.



CODE OF CONDUCT

DECLARATION

I hereby declare that all the Board Members & Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors for the year ended 31 March 2019.

Sd/-
(Ashwani Lohani)
Chairman & Managing Director
Air India Limited

Place: New Delhi
Date: 30 December 2019



**ANNUAL STATEMENT SHOWING REPRESENTATION OF THE PERSONS WITH DISABILITIES
IN SERVICE AS ON 1 JANUARY 2019 AND DIRECT RECRUITMENT / PROMOTION DURING
THE CALENDAR YEAR 2019**

NAME: AIR INDIA LIMITED

	Representation of VH/HH/OH as on 1.1.2019				Number of Appointments made during the Calendar Year 2018											
	Total	VH	HH	OH	By Direct Recruitment-2018				By Promotion - 2018				By Deputation-2018			
Group	Total	VH	HH	OH	Total	VH	HH	OH	Total	VH	HH	OH	Total	VH	HH	OH
"A"	5688	3	1	26	152	-	-	-	8	-	-	-	-	-	-	-
"B"	2447	3	2	12	-	-	-	-	1	-	-	-	-	-	-	-
"C"	61	-	-	1	31	-	-	-	-	-	-	-	-	-	-	-
"D"	2015	10	9	19	01	-	-	-	-	-	-	-	-	-	-	-
Total	10211	16	12	58	184	-	-	-	9	-	-	-	-	-	-	-

Notes

- i. VH stands for Visually Handicapped (persons suffering from blindness or low vision)
- ii. HH stands for Hearing Handicapped (persons suffering from hearing impairment)
- iii. OH stands for Orthopedically Handicapped (persons suffering from loco motor disability or cerebral palsy)



SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and rule no.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Air India Limited,

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Air India Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on 31st March, 2019 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records made available to me and maintained by the Air India Limited for the financial year ended on 31st March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder subject to the following observations:
 - (a) Debenture Reserves as required under Section 71(4) of the Companies Act, 2013 is not created in absence of profit.
 - (b) Publishing of book closure/record date declared for payment of interest of debentures under Section 91 of the Companies Act, 2013
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowing;

As confirmed by the Management, the Company does not have Foreign Direct Investment and Overseas Direct Investment.

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-



- a) The Securities and Exchange Board of India (Issue and Listing of Debts Securities) Regulations, 2008;
- b) Chapter V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has issued three series of Debentures and the same are listed with the BSE Ltd. and the National Stock Exchange of India Ltd. I report that the Company has not substantially complied with regulations under SEBI (LODR) Regulations, 2015 except filing of annual report with the stock exchanges.

I report that during the year under review there was no action/event in pursuance of –

- a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- d) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998;
- e) The Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and/or SEBI (Share Based Employee Benefits) Regulations, 2014;
- f) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2009; and
- g) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the client.

(vi) Following are the Acts / Guidelines specifically applicable to the Company:

- Aircraft Act, 1934
- Carriage by Air Act, 1972
- Tokyo Convention Act, 1975
- Anti-Hijacking Act, 1982
- Suppression of Unlawful Acts against Safety of Civil Aviation Act, 1982
- Civil Aviation Requirements issued by Director General of Civil Aviation (DGCA)

Based on the explanation given and representation made by the management, I report that Director General of Civil Aviation (DGCA) has issued Civil Aviation Requirements under Section 4 of the Aircraft Act, 1934 read with Rule 133A of Aircraft Rules, 1937 and the Company is required to



comply with such requirements under DGCA check systems. While the broad principles of law are contained in the Aircraft Rules, 1937, Civil Aviation Requirements are issued to specify the detailed requirements and compliance procedure.

As per explanation and representation made by the management, DGCA has issued a circular dated 21.12.2011 in connection with regulatory audit policy and programme, under which regulatory audits are being carried out with an aim to ascertain the internal control of the organisation in its activities and to ensure compliance of regulatory requirements. It is explained by the Company that the regulatory audit of the Company is done by the audit team of DGCA as per the audit programme and audit procedure as prescribed under regulatory audit policy of DGCA. The Joint Director General of Civil Aviation nominated by the DGCA is responsible for all regulatory audits and inspections and is normally the Convening Authority.

Regulatory Audits are conducted for the grant of approvals for Initial Certification, Additional Approval, Routine Conformance and Special Purpose Audit pursuant to the Aircraft Act, 1934. The DGCA or any other officer specially empowered in his behalf by the Central Government performs the safety oversight functions in respect of matters specified in this Act or the Rules made thereunder.

I further report that based on the information, explanation and representation made by the management, the Company is generally regular in compliance of the aforesaid laws and the compliance by the Company of such aviation laws being the subject of review by DGCA and other designated professionals/authorities, I have not reviewed the same in this audit.

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

- a) Secretarial Standards with regard to Meeting of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of the Company Secretaries of India;
- b) Chapter V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has issued three series of Debentures and the same are listed with the BSE Ltd. and the National Stock Exchange of India Ltd. I report that the Company has not substantially complied with regulations under SEBI (LODR) Regulations, 2015 except filing of annual report with the stock exchanges.

- c) Guideline on Corporate Governance for Central Public Sector Enterprises, 2010 as issued by the Ministry of Heavy Industries and Public Enterprises, Government of India.

I report the following observations based on the aforesaid Guidelines on Corporate Governance:

- (a) Further, as per Clause 4.4. of the DPE Guidelines, the Audit Committee is required to meet four times in a year and not more than four months should elapse between the two meetings. It is observed that the first meeting of the Audit Committee in the financial year under review was held on 25/04/2018 and subsequent meeting was held on 02/11/2018; thereby leading a gap of six months.

I report that during the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards mentioned above subject to the observations made thereunder.



I further report that –

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed proposal on agenda were sent in advance duly complying with the time limits specified and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- As per the minutes of the meeting duly recorded and signed by the Chairman, the decisions of the Board were unanimous.

I further report that based on the information provided by the Company, in my opinion adequate systems and processes and control mechanism exists commensurate with the size and operation of the Company to monitor and ensure compliance with applicable general laws, rules, regulations and guidelines. However, compliance management system needs further strengthening by taking the following actions:

- a) To designate a senior employee as Compliance Officer;
- b) To establish and maintain effective co-ordination of functional units with compliance officer;
- c) Present quarterly compliance report to the Board.
- d) Maintain a compliance check list and establish mechanism to detect the non-compliance.
- e) Maintain a register of complaints/show cause notices received from various authorities.
- f) Place before the Board details of legal cases filed by and against the Company and its status.

I further report that the compliance by the Company of applicable financial laws like direct and indirect tax laws has not been reviewed in this audit since the same has been subject to review by statutory financial audit and other designated professionals.

I further report that during the audit period the Company issued and allotted 397,50,00,000 Equity Shares of Rs.10/- each to Government of India on rights basis. There was no other specific event/ action in pursuance of the above referred laws, rules, regulations, standards, guidelines, etc. referred to above, having major bearing on the Company's affairs.

Sd/-
(U.C. SHUKLA)
COMPANY SECRETARY
FCS: 2727/CP: 1654

Place: Mumbai

Date: 30 September 2019

Note: This report is to be read with my letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.



ANNEXURE A

To,
The Members
Air India Limited
Airlines House,
113, Gurudwara Rakabganj Road
New Delhi 110 001

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

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

Sd/-

(U.C. SHUKLA)
COMPANY SECRETARY
FCS: 2727/CP: 1654

Place: Mumbai
Date: 30 September 2019



Management's Reply on the observations contained in the Secretarial Audit Report

(a) Debenture Reserve

Debenture Reserves as required under Section 71(4) of the Companies Act, 2013 is not created in absence of profit.

Management's Comments

Debenture Redemption Reserve, as required under Section 71(4) of the Companies Act, 2013, has not been created in view of the absence of any profits earned by the Company.

(b) *Publishing of book closure/record date declared for payment of interest of debentures under Section 91 of the Companies Act, 2013.*

Management's Comments

Noted. The efforts are being made to comply the regulations under SEBI (LODR) Regulations, 2015 in future.

(c) *Chapter V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.*

The Company has issued three series of Debentures and the same are listed with the BSE Ltd. and the National Stock Exchange of India Ltd. I report that the Company has not substantially complied with regulations under SEBI (LODR) Regulations, 2015 except filing of annual report with the stock exchanges.

Management's Comments

Noted. The efforts are being made to comply the regulations under SEBI (LODR) Regulations, 2015 in future.

(d) Audit Committee Meetings

Further, as per Clause 4.4. of the DPE Guidelines, the Audit Committee is required to meet four times in a year and not more than four months should elapse between the two meetings. It is observed that the first meeting of the Audit Committee in the financial year under review was held on 25/04/2018 and subsequent meeting was held on 02/11/2018; thereby leading a gap of six months.

Management's Comments

This is not a requirement under Companies Act, 2013. However, the DPE guidelines have not been modified as per the new act. The Company will endeavor to hold Audit Meeting as per DPE guidelines till such time they are amended as per Companies Act.