NOTE: A

Background, Measurement and Significant Accounting Policies forming part of the Standalone Financial Statements of Air India Limited for the year ended 31st March 2021

(Rupees in millions except otherwise stated)

1. Company Information/Overview

Background

Air India Limited, (a Government of India Company, hereinafter referred to as AI/Company/AIL/Air India) is a Company incorporated in India, registered under the Provisions of Companies Act, 1956. The Govt of India holds 100% of Equity Share Capital of the Company. Debentures issued by the Company are listed on National Stock Exchange and Bombay Stock Exchange. The Company provides domestic and international air transport services, which includes mainly passenger and cargo services and other related services. The aircraft fleet of the Company consists of a wide range of aircrafts. The registered office of the Company is situated at Airlines House, 113, Gurudwara Rakabganj Road, New Delhi -110001.

2. Basis of preparation of Financial Statements

(i) Statement of Compliance

The financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, as amended from time to time and other relevant provisions of the Act.

The Standalone Financial Statements for the year ended 31st March 2021 have been approved by the Board of directors of the Company in their meeting held on 14th October 2021.

The accounting policies, as set out in the following paragraphs of this note, have been consistently applied, by the Company, to all the periods presented in the said Financial Statements. The Financial Statements are based on the classification provisions contained in Ind AS 1, 'Presentation of Financial Statements' and Division II of Schedule III of the Companies Act 2013.

(ii) Basis of Preparation of Financial Statements

The Standalone Financial Statements have been prepared under the historical cost convention except for certain financial assets and liabilities which are measured at fair value or amortized cost at the end of each financial year (refer XXIII). The Standalone Financial Statements have been prepared on accrual and Going Concern basis.

(iii) Critical Accounting Estimates /Judgments

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

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

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

a) Impairment of Assets and Investments in subsidiaries and Joint Venture

b) Estimate of revenue recognition from “Forward Sales Account”

c) Fair value of Liability on account of Frequent Flyer Programme (FFP)

d) Measurement of useful life and residual values of property, plant and equipment and components thereof and Intangible Assets

e) Basis of classification of a Property as Investment Property

f) Basis of classification of Non-Current Assets held for sale

g) Estimation of Costs of Re-delivery, provision of maintenance redelivery and overhaul cost

h) Recognition of Deferred Tax Assets

i) Recognition and measurement of employee defined benefit obligations

j) Judgement required for ascertainment of contracts in the nature of lease, lease terms, incremental borrowing rates and fair value of lease as per Ind AS 116

k) Measurement of Fair Values and Expected Credit Loss (ECL) in case of financial instruments

l) Judgement required in ascertaining whether it is probable or not that an outflow of resources embodying economic benefits will be required to settle the taxation disputes and legal claim.

m) Estimation uncertainties on account of the global health pandemic Covid-19

(iv) **Functional Currency**

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

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

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

3. Significant Accounting Policies

I. Property, Plant and Equipment (PPE)

a) An item is recognized as a property, plant or equipment, if and only if, it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses, if any.

b) Property, plant and equipment are stated at cost including incidental costs incurred pertaining to the acquisition and bringing them to the location for use and interest on loans borrowed where ever applicable, up to the date of putting the concerned asset to its working condition for its intended use.

c) The major cost incurred on modernization/modification/conversion of aircraft and overhauling of engines have been capitalized as a separate component.

d) Physical Verification of Assets is done on a rotational basis so that every asset is verified in block of two years and the discrepancies observed in the course of the verification adjusted in the year in which report is finalized.

e) An item of PPE is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

f) Property Plant and Equipment received free of cost/in exchange of any previously discarded asset shall be recognized at fair value/cost of acquisition and bringing them to the location of use.

II. Depreciation / Amortization

a) Depreciation is provided on straight-line method over the useful life of the Property, plant and equipment as prescribed in the Schedule II of the Companies Act, 2013 (except as otherwise stated below), keeping a residual value of 5% of the original cost, except in case of capitalization of major overhaul costs relating to engines and airframes which are identified as separate components. Depreciation method, useful lives and residual value are reviewed by the management at each year end.

b) On the basis of technical assessment, the useful life of B-777, B-787 and A-320 family aircraft (procured from 2006-07 onwards) are considered as 25 years (instead of the life of 20 years as prescribed under Schedule II of the Companies Act 2013) keeping a residual value of 5% of the original cost.

c) In the case where life of the Property, plant and equipment, has not been prescribed under Schedule II of the Companies Act 2013 the same have been determined by technically qualified persons and approved by the Board of Directors keeping a residual value of 5% of the original cost as under:

1. Rotables:

(i) Aircraft Rotables relating to Airbus family are depreciated over the residual average useful life of the aircraft fleet relating to the respective family and of the respective engineering base, from the relevant year of purchase.

(ii) Aircraft Rotables relating to Boeing family are depreciated over the residual average useful life of the related aircraft fleet from the relevant year of purchase.

2. Aircraft Repairables:

Repairable which are serially controlled are recognized as Property, Plant & Equipment and are accordingly depreciated over a period of 10 years.

d) Depreciation on additions to “Rotables” and “Repairables” is provided from the date of receipts of Property, Plant and Equipment.

e) In respect of leases of aircraft/engines in which the Company acquires, a residual right in the aircraft by paying a termination/release sum, such amount is treated as PPE and amortized over the remaining useful life of the aircraft/engines.

f) Major overhaul costs relating to engine and airframe are identified as separate components for owned aircrafts and aircrafts under finance lease and are fully depreciated over the expected lives between major overhauls.

g) Cost incurred on major modifications/refurbishment, modernization/conversion carried out to owned and leased assets are depreciated over the useful life/period of lease of the asset.

III. Assets Held for Sale

Assets included and identified for divestment purposes are classified as held for sale if it is highly probable that they will be recovered primarily through sale in its present condition rather than through continuing use and are measured at the lower of carrying amount and fair value less costs incurred to sell. No depreciation is provided, once the asset is transferred to Assets Held for Sale.

IV. Investment Properties

Investment Properties are properties held to earn rentals and / or for capital appreciation. Investment properties are measured initially at cost including transaction cost. Subsequently, Investment properties are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is provided as per Note No 3(II). Any gain or loss on disposal is recognized in Statement of Profit & Loss.

V. Intangible Assets

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the assets will flow to the enterprises and the cost of the assets can be measured reliably. Intangible assets are recorded at cost of acquisition including incidental costs related to acquisition and installation and are carried at cost less accumulated amortization and impairment losses, if any.

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

a) Software of Passenger Services System, over 10 years, and

b) Other software/website, over 5 years.

VI. Capital work-in-progress

Cost of property, plant and equipment not ready for use as at the reporting date are disclosed as capital work-in-progress.

VII. Leases

As a Lessee

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset, (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of such asset. The Company’s leased asset classes primarily consist of leases for Aircrafts, Engines and Leasehold Land.

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

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

ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs and estimated cost for re-delivery/removing/restoration of the underlying asset less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU Assets are depreciated from the commencement date on a straight-line basis over the lease term. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset when there is a modification, a change in the lease term, a change in the 'in substance fixed' lease payments or as a result of a rent review or change in the relevant index or rate or if the Company changes its assessment and exercises an extension or a termination option.

As a Lessor

In the case of any leased assets transferred/sub-leased to Subsidiary Cos, the Subsidiaries recognize the lease liability, as such transfer/sub-lease directly related to the business of the respective Subsidiaries.

Sale and Lease Back (SLB)Transactions

Profit or losses arise on sale at fair value and leaseback transactions of asset resulting in an operating lease of such assets, are recognized immediately in the statement of Profit and Loss. Where the sale price is below fair value, any profits/ losses are immediately recognized in the Statement of Profit and Loss except where the loss is compensated by future lease payments at below market price. In such cases loss is deferred and amortized in proportion to the lease payments over the initial period for which the asset is expected to be used. In the case where the sale price is above fair value of the asset, the excess over fair value is amortized over the initial period of the lease period for which the asset is expected to be used.

VIII. Inventories

a) Inventories primarily consists of stores and spares and loose tools (other than those which meet the criteria of property, plant and equipment). Cost of inventories comprise all costs of purchase after deducting non-refundable rebates and discounts at the time of purchase and all other costs incurred in bringing the inventories to their present location and condition and is determined on weighted average basis.

b) Inventories are valued at lower of cost and Net Realizable Value ('NRV'). NRV for stores and spares, loose tools and fuel used in rendering of services are not written down below cost except in cases where the price of such materials have declined and it is estimated that the cost of rendering of services will exceed their selling price.

c) Expendables/consumables are charged off at the time of initial issue, except those meant for repairs of repairable items which are expensed off when the work order is closed on the completion of repair work.

d) Obsolescence provision for aircraft stores and spare parts

   (i) Provision is made for the non-moving inventory exceeding a period of five years (net of realizable value of 5%) except for (ii) & (iii) below and netted off from the value of inventory.

(ii) Inventory of Aircraft Fleet which has been phased out, is shown at estimated realizable value unless the same can be used in other Aircrafts.

(iii) Provision in respect of inventories exclusively relating to aircraft on dry/wet lease, is made on the basis of the completed lease period compared to the total lease period as at the year-end.

e) Full Obsolescence Provision for non-aircraft stores and spares is made for non-moving inventory exceeding a period of five years.

f) Spares retrieved from the cannibalization of the scrapped aircraft are accounted for at Rupee One.

IX. Investments in Subsidiaries, Associates & Joint Ventures

Investments in Subsidiaries, Associates and Joint Ventures are carried at cost, less impairment losses, if any, in the value of investments. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, associates and joint venture, the difference between net disposal proceeds and the carrying amounts are recognized in the statement of profit and loss.

X. Impairment of Non-Financial Assets

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

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

XI. Government Grants

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

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

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

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

XII. Revenue Recognition

The Company recognizes revenue in accordance with Ind- AS 115. Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration that the Company expects to receive in exchange for those products or services. The Company presents revenues net of indirect taxes in its Statement of Profit and loss.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made and Revenue is recorded when the recovery of consideration is probable and determinable.

a) The Company's revenue primarily derives from transportation services for Passengers, Cargo and Mail Revenue. Revenue is recognized when the transportation service has been provided. Passengers tickets paid for in advance of transportation are recognized, net of discounts, as deferred revenue on ticket sales in current liabilities until the customer has flown. At the end of each financial year, unutilized balance in Forward sales for more than two years is fully recognized as Revenue and for balance amount Revenue is recognized at a certain estimated percentage of the value of tickets/airway bills sold based on available historical statistical data. The Company considers whether it is an agent or a principal in relation to transportation services by considering whether it has a performance obligation to provide services to the customer or whether the obligation is to arrange for the services to be provided by a third party. Other operating revenues are recognized as the related performance obligation is satisfied (over the time) using an appropriate methodology which reflects the activity that has been undertaken to satisfy the related obligation.

b) The Company operates Frequent Flyer Programme that provides loyalty points based on accumulated mileage points to those who have joined this facility. The revenue recognized when the transportation service is provided is reduced by the estimated fair value of the mileage points issued in the year such loyalty points are earned. The fair value attributed to the awarded loyalty points is treated as a deferred liability and recognized as revenue on redemption of the points. The liability for FFP is provided based upon Actuarial Valuation at the year end.

c) Loss or gain on reissue/refund/involuntary transfer of passengers to other carriers is also deducted or included, as the case may be, in the transport revenue.

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

e) Income from Interest is recognized using the effective interest method on a time proportion basis. Income from Rentals is recognized on a time proportion basis.

f) Dividend is recognized as, income, if the right to receive is established before the close of the year.

g) The claims receivable from Insurance Company are accounted for on the acceptance by the Insurance Company of such claims.

h) Warranty claims/credit notes received from vendors are recognized on acceptance of claim/ receipt of credit note.

i) Gain or loss arising out of sale/scrap of PPE including aircraft over the net depreciated value is taken to Statement of Profit & Loss as Non-Operating Revenue or Expenses.

j) Other Items:

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

   ii) Liability/ Claims for amounts payable towards IATA dues are recognized to the extent of claims/ invoices received.

XIII. Segment Reporting

The Company is engaged in airline related business which is the only reportable segment. Hence, the Company considers only geographical area wise revenue earned for the purposes of Segment Reporting.

Operating segments are reported in a manner consistent with the internal financial reporting to the Chief Operating Decision Maker "CODM" of the Company i.e. the Board of Directors of the Company under Ind AS 108 “Operating Segments”.

XIV. Manufacturer’s Credit (Cash & Non-Cash Incentives)

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

XV. Borrowing Costs

a) Borrowing cost that are directly attributable to acquisition, construction of qualifying assets including capital work–in-progress are capitalized, as part of the cost of assets, up to the date of commencement of commercial use of the assets. Other borrowing costs are recognized as expenses in the period in which they are incurred.

b) Interest incurred on borrowed funds or other temporary borrowings in anticipation of the receipt of long-term borrowings that are used for acquisition of qualifying assets exceeding the value of Rs.10.0 million is capitalized at the weighted average borrowing rate on loans outstanding at the time of acquisition.

XVI. Foreign Currency Transactions

a) <u>Foreign Currency Monetary Items:</u>

i) Foreign currency Revenue and Expenditure transactions relating to Foreign Stations are recorded at established monthly rates (based on published IATA rates). Interline settlement with Airlines for transportation is carried out at the exchange rate published by IATA for respective month.

ii) Foreign currency monetary items are translated using the exchange rate circulated by Foreign Exchange Dealers Association of India (FEDAI). Gains/ (losses) arising on account of realization/settlement of foreign exchange transactions and on translation of monetary foreign currency assets and liabilities are recognized in the Statement of Profit and Loss.

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

b) <u>Foreign Currency Non-Monetary Items</u>

Non-monetary items denominated in Foreign Currency are stated at the rates prevailing on the date of the transaction/exchange rate at which transaction is actually affected.

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

XVII. Employee Benefits

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

a) **Defined Contribution Plans** consist of contributions to Employees Provident Fund and Employees State Insurance Scheme. The Company has created separate Trusts to administer Provident Fund contributions to which contributions are made regularly. ESI dues are regularly deposited with government authorities.

b) **Defined Benefit Plans** which are not funded, consist of Gratuity, and Post-Retirement Medical Benefits and other benefits. The liability for these benefits is actuarially determined under the Projected Unit Credit Method at the year end as per Indian Laws.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Re-measurements gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in Other Comprehensive Income. They are included in "Other Equity" in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from settlement or curtailments are recognized immediately in Statement of Profit and Loss as past service cost.

Liability for Gratuity, Pension and other retirement Benefits for staff directly recruited at foreign stations is provided in compliance with local laws prevailing in the respective countries based on available information as at the year end.

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

d) **Short Term Benefits**

Short Term Employee Benefits are accounted for in the period during which the services have been rendered.

XVIII. Taxes on Income

(i) **Current Tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date. Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

(ii) **Deferred tax**

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that is probable that future taxable profits will be available against which they can be used. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

XIX. Provisions, Contingent Liabilities/Capital Commitments & Contingent Assets

a) Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation (legal or constructive) as a result of past events and it is probable that there will be an outflow of resources. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. The expense relating to a provision is presented in the statement of profit and loss.

b) Contingent liabilities are disclosed by way of a note in respect of possible obligations that may arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

c) Contingent assets are possible assets that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent asset is disclosed, when an inflow of economic benefits is probable.

XX. Cash and Cash Equivalents

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

XXI. Earnings per Share

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

XXII. Fair Value Measurement

The Company measures financial instruments and specific investments (other than subsidiary, joint venture and associates), at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as below, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

XXIII. Financial Instruments

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

A. Financial Assets

(i) Classification

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

(ii) Initial recognition and measurement

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

(iii) Subsequent measurement

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

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

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

c) **Financial assets at fair value through Statement of Profit and Loss:** A financial asset comprising derivatives which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) De-recognition

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

(v) Investment in Subsidiaries and Joint Ventures

The Company has accounted for its investment in Subsidiaries and Joint Ventures at cost. The Company assesses whether there is any indication that these investments may be impaired. If any such indication exists, the investment is considered for impairment based on the fair value thereof.

(vi) Impairment of other Financial Assets

The Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss on the financial assets that are trade receivables or contract revenue receivables. The changes in loss allowance computed using ECL model are recognized in Statement of Profit and Loss.

(vii) Write-off

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

B. Financial Liabilities

(i) **Initial recognition and measurement**

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

(ii) **Classification**

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

(iii) **Subsequent measurement**

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

a) **Financial Liabilities at amortized cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

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

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

(iv) **De-recognition**

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

(v) **Off-setting of financial instruments**

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

XXIV. Threshold Limits

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

		(Rs in Million)
No	**Threshold Items**	**Threshold Value**
(i)	Fair Valuation of Financial Instruments	50.0
(ii)	Prior Period Items	
a)	Identification based on individual limits	25.0
b)	Restatement based on overall limits	1% of Total Revenue of the Previous FY

XXV. Recent Accounting and Other Pronouncements

a) **New standards/amendments notified and adopted by the Company:**

The following Accounting Standards have been modified on miscellaneous issues with effect from 24th July 2020. Such changes include clarification/guidance on:

i) Ind AS 1 Presentation of Financial Statements - Substitution of the definition of term 'Material'

ii) Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors - In order to maintain consistency with Ind AS 1, the respective changes have been made to Ind AS 8 also.

iii) Ind AS 10 Events after the Reporting Period - Clarification on the disclosures requirements to be made in case of a material non- adjusting event.

iv) Ind AS 34 Interim Financial Reporting - In order to maintain consistency with the amendments made in other Ind AS, respective changes have been made to Ind AS 34.

v) Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets - Clarification on the accounting treatment for restructuring plans.

vi) Ind AS 103 Business Combination - Detailed guidance on term 'Business' and 'Business Combination' along with providing an Optional test to identify concentration of Fair Value.

vii) Ind AS 107 Financial Instruments: Disclosures - Clarification on certain disclosures to be made in respect of uncertainty arising from interest rate benchmark reforms.

viii) Ind AS 109 Financial Instruments - Clarification on temporary exceptions from applying specific hedge accounting requirements along with providing guidance on transition for hedge accounting.

ix) Ind AS 116 Leases - Clarification on whether rent concessions as a direct consequence of COVID- 19 pandemic can be accounted as lease modification or not.

None of these amendments have any material effect on the Company’s financial statements.

b) **New Standards/Amendments notified but not yet effective:**

i) Ind AS 107 Financial Instruments: Disclosures – Additional disclosures relating to interest rate benchmark reform (IBOR reform) including nature and extent of risks to which the entity is exposed due to financial instruments subject to interest rate benchmark reform and how the Company manages those risks; the Company’s progress in completing the transition to alternative benchmark rates and how the Company is managing the transition.

ii) Ind AS 109 Financial Instruments – Guidance provided on accounting for modifications of contracts resulting from changes in the basis for determining the contractual cash flows as a result of the IBOR reform; various exceptions and relaxations have been provided in relation to the hedge accounting.

iii) Ind AS 116 Leases – Extension of optional practical expedient in case of rent concessions as a direct consequence of COVID-19 pandemic till 30th June, 2022 and guidance on accounting for modification of lease contracts resulting from the IBOR reform.

iv) Ind AS 102 Share based payments – Alignment of liabilities definition with the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India.

v) Ind AS 103 Business Combination – Alignment of assets and liabilities definition with the Framework for Preparation and Presentation of Financial Statements with Indian Accounting Standards

vi) Amendment of definition of term 'recoverable amount' in Ind AS 105, Ind AS 16 and Ind AS 36 from 'fair value less cost to sell' to 'fair value less cost of disposal'.

The Company is currently evaluating the requirements of these amendments and the effect of the disclosure on the financial statements, especially in case of IBOR reform.

c) **Changes in Schedule III Division II of Companies Act, 2013 effective after 31st March 2021:**

On 24th March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013 to be effective from 1st April 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

<u>In Balance Sheet</u>:

i) Lease liabilities should be separately disclosed under the head duly distinguished as current or non-current.

ii) Certain additional disclosures in the statement of changes in equity.

iii) Specified format for disclosure of shareholding of promoters.

iv) Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.

v) If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.

vi) Specific disclosure under regulatory such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and Advances to Promoters, Directors, Key Managerial Personnel (KMP) and related parties, details of benami property held etc.

<u>In Statement of Profit and Loss</u>:

i) Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head "additional information" in the notes forming part of standalone financial statements.

The amendments are extensive, and the Company will evaluate the same to give effect to them as required by law.

NOTE "1" :

(Rupees in Million)

Sl. No.	Particulars	GROSS BLOCK					DEPRECIATION					NET BLOCK	
		As at April 01, 2020	Additions/ Reclassification	Deductions / Reclassification	Adjustments relating to Ind AS 116	As at March 31, 2021	Upto April 01, 2020	For the year	Deductions / Reclassification	Adjustments relating to Ind AS 116	Upto March 31, 2021	As at March 31, 2021	As at March 31, 2020
	PROPERTY,PLANT & EQUIPMENT												
A.	**LAND & BUILDINGS @**												
1.	Land-Freehold	282.6	-	-	-	282.6	-	-	-	-	-	**282.6**	282.6
2	Buildings	8,696.9	-	3,383.6	-	5,313.3	901.7	354.7	508.5	-	747.9	**4,565.4**	7,795.2
	SUB TOTAL "A"	**8,979.5**	**-**	**3,383.6**	**-**	**5,595.9**	**901.7**	**354.7**	**508.5**	**-**	**747.9**	**4,848.0**	**8,077.8**
B.	**AIRCRAFT FLEET, ROTABLES & REPAIRABLES**												
1.	Airframes												
	Owned	174,567.3	-	11,951.3	-	162,616.0	30,968.3	8,421.6	3,027.8	-	36,362.1	**126,253.9**	143,599.0
2.	Aero Engines & Power Plants					-					-		
(a)	Fixed Cost	73,907.9	-	1,605.4	-	72,302.5	11,994.1	3,381.2	868.7	-	14,506.6	**57,795.9**	61,913.8
(b)	Variable Cost (Component)	3,231.5	-	-	-	3,231.5	3,050.9	127.1	-	-	3,178.0	**53.5**	180.6
(c)	Repair Cost (Component)	18,087.1	1,193.7	3,328.1	-	15,952.7	6,048.9	4,202.6	1,754.4	-	8,497.1	**7,455.6**	12,038.2
3.	Simulators & Link Trainers	2,732.4	-	-	-	2,732.4	438.3	158.6	-	-	596.9	**2,135.5**	2,294.1
4.	Airframe Rotables	11,099.4	221.3	41.6	-	11,279.1	2,070.3	651.8	8.1	-	2,714.0	**8,565.1**	9,029.1
5.	Aero-Engine Rotables	757.0	-	-	-	757.0	242.0	60.5	-	-	302.5	**454.5**	515.0
6.	Aircraft Repairables	12,510.1	450.4	205.4	-	12,755.1	3,843.1	1,205.2	56.2	-	4,992.1	**7,763.0**	8,667.0
7.	Simulator Rotables (Net Block Rs.2,269.54)	-	-	-	-	-	-	-	-	-	-	**-**	-
	SUB TOTAL "B"	**296,892.7**	**1,865.4**	**17,131.8**	**-**	**281,626.3**	**58,655.9**	**18,208.6**	**5,715.2**	**-**	**71,149.3**	**210,477.0**	**238,236.8**
C.	**OTHERS ***												
1.	Workshop Equipment, Instruments, Plant & Machinery and Vehicles	5,489.2	5.8	3,695.4	-	1,799.6	1,370.9	452.3	1,170.7	-	652.5	**1,147.1**	4,118.3
						-					-		
2.	Ground Support & Ramp Equipment	410.8	1.1	15.7	-	396.2	294.2	3.8	12.0	-	286.0	**110.2**	116.6
3.	Furniture & Fixtures	228.1	3.4	73.1	-	158.4	106.1	21.3	25.8	-	101.6	**56.8**	122.0
4.	Office Appliances & Equipment	180.2	6.0	7.2	-	179.0	95.1	18.2	4.1	-	109.2	**69.8**	85.1
5.	Computer System	428.1	12.6	4.2	-	436.5	197.9	63.4	3.2	-	258.1	**178.4**	230.2
6.	Electrical Fittings & Installations	491.0	0.3	431.3	-	60.0	190.5	55.5	213.3	-	32.7	**27.3**	300.5
7.	Object D'art (Net Block Rs.36,241.57)^	0.6	-	-	-	0.6	0.6	-	-	-	0.6	**-**	-
	SUB TOTAL "C"	7,228.0	29.2	4,226.9	-	3,030.3	2,255.3	614.5	1,429.1	-	1,440.7	**1,589.6**	4,972.7
	TOTAL PROPERTY, PLANT & EQUIPMENT	**313,100.2**	**1,894.6**	**24,742.3**	**-**	**290,252.5**	**61,812.9**	**19,177.8**	**7,652.8**	**-**	**73,337.9**	**216,914.6**	**251,287.3**
	RIGHT OF USE ASSETS #												
1.	Aircraft Fleet	228,477.6	1,746.7	316.4	-	229,907.9	25,752.2	25,752.8	316.4	-	51,188.6	**178,719.3**	202,725.4
2.	Land-Leasehold	180.0	-	180.0	-	-	-	-	-	-	-	**-**	180.0
	TOTAL RIGHT OF USE ASSETS	228,657.6	1,746.7	496.4	-	229,907.9	25,752.2	25,752.8	316.4	-	51,188.6	**178,719.3**	202,905.4
	INVESTMENT PROPERTY												
1.	Investment Property Land - Freehold	191.7	-	-	-	191.7	-	-	-	-	-	**191.7**	191.7
2.	Investment Property Land - Leasehold	4,104.6	-	-	-	4,104.6	-	-	-	-	-	**4,104.6**	4,104.6
3.	Investment Property - Buildings	102.4	-	-	-	102.4	23.0	2.0	-	-	25.0	**77.4**	79.4
	TOTAL FOR INVESTMENT PROPERTY	**4,398.7**	**-**	**-**	**-**	**4,398.7**	**23.0**	**2.0**	**-**	**-**	**25.0**	**4,373.7**	**4,375.7**
	INTANGIBLE ASSETS :												
A.	COMPUTER SOFTWARE	950.3	-	-	-	950.3	886.0	50.2	-	-	936.2	**14.1**	64.3
B.	OTHERS	383.6	-	-	-	383.6	383.6	-	-	-	383.6	**-**	-
	TOTAL FOR INTANGIBLE ASSETS	**1,333.9**	**-**	**-**	**-**	**1,333.9**	**1,269.6**	**50.2**	**-**	**-**	**1,319.8**	**14.1**	**64.3**
	TOTAL ASSETS	**547,490.4**	**3,641.3**	**25,238.7**	**-**	**525,893.0**	**88,857.7**	**44,982.8**	**7,969.2**	**-**	**125,871.3**	**400,021.7**	**458,632.7**
	Capital Work-in-Progress	1,001.1	134.4	1,135.4	-	0.1	-	-	-	-	-	**0.1**	1,001.1
	Intangible Assets under Development	12.5	-	-	-	12.5	-	-	-	-	-	**12.5**	12.5
	GRAND TOTAL	**548,504.0**	**3,775.7**	**26,374.1**	**-**	**525,905.6**	**88,857.7**	**44,982.8**	**7,969.2**	**-**	**125,871.3**	**400,034.3**	**459,646.3**

1 During the year, the Company has capitalized translation difference of Rs.NIL (Previous Year : Rs.874.0 Million) arising on settlement and reporting of long term monetary items. Additions to "Aircraft Fleet, Rotables & Repairables" includes Exchange Rate Fluctuations (Net of Debit & Credit) on underlying loans in foreign currency : Rs. NIL (Previous Year: Rs. (874.0 Million).

2 Borrowing costs capitalized during the year are Rs.55.8 Million (Previous Year : Rs.35.0 Million)

3 Depreciation includes debit of Rs.459.7 Million (Previous Year : Debit of Rs.459.7 Million) to Capital Reserve.

4 As per Accounting Policy, the Company has carried out impairment of assets as required under Ind AS 36.

5 Special tools included in "Property, Plant & Equipment" under the sub head "Others" are being Depreciated at year wise total Block Amount.

6 Leasehold land on long term basis with the option to extend the same are identified as perpetual lease and are not amortised during the period of Lease.

7 "Intangible Asset - Others" represents Membership Fees for joining Star Alliance.

8 Object D'art reflected in "Property, Plant & Equipment" Note as a separate line item are old assets and have been fully depreciated retaining residual value Rs.1 each.

9 Refer Note 18.1 and 18.2 for "Property, Plant & Equipment" / "Right of Use Assets" pledged as security

^ Object D'art planned to be transferred to AIAHL / NGMA

@ Land and Building identified for monetization amounting to Rs.NIL (Previous Year : Rs.3,181.9 Million) have been reclassified as Asset Held for Sale

* Property, Plant & Equipment identified for transfer to AIESL/AIAHL. (Refer Note 30(iv))

\# "During the year, the Company has received concession in lease payments for a period in the range of 18 months to end of the lease terms for certain aircraft and engines identified as ROU Assets. In accordance with Ind AS 116, the same is accounted for as modification of lease and accordingly the lease liabilities are remeasured by discounting the revised lease payments using a revised discount rate and incremental liabilities amounting to Rs.1,746.7 Million recognised as addition to Right of Use Assets. "

NOTE "1"

(Rupees in Million)

Sl. No.	Particulars	GROSS BLOCK					DEPRECIATION					NET BLOCK	
		As at April 01, 2019	Additi-ons/ Reclassi-fication	Deducti-ons / Reclassi-fication	Adjust-ments relating to Ind AS 116	As at March 31, 2020	Upto April 01, 2019	For the year	Deductions / Reclassi-fication	Adjust-ments relating to Ind AS 116	Upto March 31, 2020	As at March 31, 2020	As at March 31, 2019
PROPERTY, PLANT & EQUIPMENT													
A.	**LAND & BUILDINGS * @**												
1.	Land-Freehold	2,994.0	-	2,711.4	-	282.6	-	-	-	-	-	**282.6**	2,994.0
2.	Land-Leasehold	643.9	-	463.9	(180.0)	-	-	-	-	-	-	**-**	643.9
3.	Buildings	8,722.7	-	25.8	-	8,696.9	546.2	361.7	6.2	-	901.7	**7,795.2**	8,176.5
	SUB TOTAL "A"	**12,360.6**	**-**	**3,201.1**	**(180.0)**	**8,979.5**	**546.2**	**361.7**	**6.2**	**-**	**901.7**	**8,077.8**	**11,814.4**
B.	**AIRCRAFT FLEET, ROTABLES & REPAIRABLES**												
1.	Airframes												
	Owned	174,014.3	553.0	(144,807.7)	(144,807.7)	174,567.3	22,565.9	5,318.1	(62,914.5)	(59,830.2)	30,968.3	**143,599.0**	151,448.4
2.	Aero Engines & Power Plants												
(a)	Fixed Cost	72,415.3	1,492.6	(52,187.8)	(52,187.8)	73,907.9	8,628.2	2,283.0	(22,161.3)	(21,078.4)	11,994.1	**61,913.8**	63,787.1
(b)	Variable Cost (Component)	3,231.5	-	-	-	3,231.5	2,862.7	188.2	-	-	3,050.9	**180.6**	368.8
(c)	Repair Cost (Component)	7,603.9	10,483.2	-	-	18,087.1	3,472.7	2,576.2	-	-	6,048.9	**12,038.2**	4,131.2
3.	Simulators & Link Trainers	2,732.4	-	-	-	2,732.4	279.7	158.6	-	-	438.3	**2,294.1**	2,452.7
4.	Airframe Rotables	9,314.8	1,792.2	7.6	-	11,099.4	1,414.4	656.7	0.8	-	2,070.3	**9,029.1**	7,900.4
5.	Aero-Engine Rotables	757.0	-	-	-	757.0	181.5	60.5	-	-	242.0	**515.0**	575.5
6.	Aircraft Repairables	10,379.9	2,774.3	644.1	-	12,510.1	2,829.4	1,124.6	110.9	-	3,843.1	**8,667.0**	7,550.5
7.	Simulator Rotables (Net Block Rs.2,269.54)	-	-	-	-	-	-	-	-	-	-	**-**	-
	SUB TOTAL "B"	**280,449.1**	**17,095.3**	**(196,343.8)**	**(196,995.5)**	**296,892.7**	**42,234.5**	**12,365.9**	**(84,964.1)**	**(80,908.6)**	**58,655.9**	**238,236.8**	**238,214.6**
C.	**OTHERS ***												
1.	Workshop Equipment, Instruments, Plant & Machinery and Vehicles	5,272.2	222.3	5.3	-	5,489.2	932.6	439.2	0.9	-	1,370.9	**4,118.3**	4,339.6
2.	Ground Support & Ramp Equipment	426.5	2.2	17.9	-	410.8	303.2	5.8	14.8	-	294.2	**116.6**	123.3
3.	Furniture & Fixtures	223.3	4.9	0.1	-	228.1	84.9	21.3	0.1	-	106.1	**122.0**	138.4
4.	Office Appliances & Equipment	169.9	10.7	0.4	-	180.2	75.3	19.9	0.1	-	95.1	**85.1**	94.6
5.	Computer System	343.6	85.0	0.5	-	428.1	138.0	59.9	-	-	197.9	**230.2**	205.6
6.	Electrical Fittings & Installations	488.8	2.4	0.2	-	491.0	134.7	56.0	0.2	-	190.5	**300.5**	354.1
7.	Object D'art (Net Block Rs.37,168.97)	0.6	-	-	-	0.6	0.6	-	-	-	0.6	**-**	-
	SUB TOTAL "C"	6,924.9	327.5	24.4	-	7,228.0	1,669.3	602.1	16.1	-	2,255.3	4,972.7	5,255.6
TOTAL PROPERTY, PLANT & EQUIPMENT		**299,734.6**	**17,422.8**	**(193,118.3)**	**(197,175.5)**	**313,100.2**	**44,450.0**	**13,329.7**	**(84,941.8)**	**(80,908.6)**	**61,812.9**	**251,287.3**	**255,284.6**
RIGHT OF USE ASSETS #													
1.	Aircraft Fleet	-	**811.6**	**197,807.2**	**425,473.2**	**228,477.6**	-	**29,919.4**	**85,075.8**	**80,908.6**	**25,752.2**	**202,725.4**	-
2.	Land-Leasehold	-	-	-	**180.0**	**180.0**	-	-	-	-	-	**180.0**	-
TOTAL RIGHT OF USER ASSETS		-	**811.6**	**197,807.2**	**425,653.2**	**228,657.6**	-	**29,919.4**	**85,075.8**	**80,908.6**	**25,752.2**	**202,905.4**	-
INVESTMENT PROPERTY *													
1.	Investment Property Land - Freehold	191.7	-	-	-	191.7	-	-	-	-	-	**191.7**	191.7
2.	Investment Property Land - Leasehold	4,104.6	-	-	-	4,104.6	-	-	-	-	-	**4,104.6**	4,104.6
3.	Investment Property - Buildings	102.4	-	-	-	102.4	21.0	2.0	-	-	23.0	**79.4**	81.4
TOTAL FOR INVESTMENT PROPERTY		**4,398.7**	**-**	**-**	**-**	**4,398.7**	**21.0**	**2.0**	**-**	**-**	**23.0**	**4,375.7**	**4,377.7**
INTANGIBLE ASSETS :													
A.	COMPUTER SOFTWARE	950.3	-	-	-	950.3	755.6	130.4	-	-	886.0	**64.3**	194.7
B.	OTHERS	383.6	-	-	-	383.6	383.6	-	-	-	383.6	**-**	-
TOTAL FOR INTANGIBLE ASSETS		**1,333.9**	**-**	**-**	**-**	**1,333.9**	**1,139.2**	**130.4**	**-**	**-**	**1,269.6**	**64.3**	**194.7**
TOTAL ASSETS		305,467.2	18,234.4	4,688.9	228,477.7	547,490.4	45,610.2	43,381.5	134.0	-	88,857.7	**458,632.7**	259,857.0
Capital Work-in-Progress		726.7	274.4	-	-	1,001.1	-	-	-	-	-	**1,001.1**	726.7
Intangible Assets under Development		12.5	-	-	-	12.5	-	-	-	-	-	**12.5**	12.5
GRAND TOTAL		**306,206.4**	**18,508.8**	**4,688.9**	**228,477.7**	**548,504.0**	**45,610.2**	**43,381.5**	**134.0**	**-**	**88,857.7**	**459,646.3**	**260,596.2**

1 During the year, the Company has capitalized translation difference of Rs.874.0 Million (Previous Year : Rs.4,047.0 Million) arising on settlement and reporting of long term monetary items. Additions to "Aircraft Fleet, Rotables & Repairables" includes Exchange Rate Fluctuations (Net of Debit & Credit) on underlying loans in foreign currency : Rs. 874.0 Million (Previous Year: Rs. (4,047.0 Million).

2 37 Aircraft (Carrying Value of Rs.197,807.2 Million) taken on lease earlier, were transferred to "Property, Plant & Equipment" during the year upon discharge of loan to lenders. However, the title of 15 Aircraft have not yet been transferred due to the cross default clause in other facilities.

3 Borrowing costs capitalized during the year are Rs.35.0 Million (Previous Year : Rs.21.0 Million)

4 Depreciation includes debit of Rs.459.7 Million (Previous Year : Debit of Rs.454.6 Million) to Capital Reserve.

5 As per Accounting Policy, the Company has carried out impairment of assets as required under Ind AS 36.

6 Special tools included in "Property, Plant & Equipment" under the sub head "Others" are being Depreciated at year wise total Block Amount.

7 Leasehold land on long term basis with the option to extend the same are identified as perpetual lease and are not amortised during the period of Lease.

8 "Intangible Asset - Others" represents Membership Fees for joining Star Alliance.

9 Object D'art reflected in "Property, Plant & Equipment" Note as a separate line item are old assets and have been fully depreciated retaining residual value Rs.1 each.

* Property, Plant & Equipment identified for transfer to AI Engineering Services Ltd. (Refer Note 30(iv))

^ Object D'art planned to be transferred to AIAHL / NGMA

@ Land and Building identified for monetization amounting to Rs.3,181.9 Million (Previous Year : Rs.68,066.3 Million) have been reclassified as Asset Held for Sale

NOTE "2" : NON-CURRENT INVESTMENTS

(Rupees in Million)

	Particulars	As at March 31, 2021	As at March 31, 2020
1	**INVESTMENTS at Cost**		
1.1	**EQUITY INSTRUMENTS - UNQUOTED**		
A	**IN SUBSIDIARIES**		
i)	78,000,000 Equity Shares (Previous Year :78,000,000 Equity Shares) of Rs. 100 each fully paid up in Air India Express Limited.	**7,800.0**	7,800.0
	SUB TOTAL	**7,800.0**	7,800.0
B	**IN JOINT VENTURE**		
	40,424,975 Equity Shares (Previous Year : 40,424,975 Equity Shares) of Rs.10 each fully paid up in Air India SATS Airport Services Private Ltd.	**436.2**	436.2
	(40,419,975 Equity Shares of Rs.10 each issued at a premium of Rs.0.79 per share)		
	SUB TOTAL	**436.2**	436.2
	TOTAL INVESTMENT at Cost (A)	**8,236.2**	8,236.2
2.	**INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI)**		
2.1	**EQUITY INSTRUMENTS (QUOTED)**		
	375,407 Equity Shares (Previous Year : 375,407 Equity Shares) of EUR 0.48 each fully paid up in Orange S.A. (formerly known as France Telecom)	**338.2**	346.0
	SUB TOTAL	**338.2**	**346.0**
2.2	**EQUITY INSTRUMENTS WITH OTHERS / STRUCTURED ENTITIES (UNQUOTED)**		
	TRADE INVESTMENTS		
i)	2,617,098 Equity Shares (Previous Year : 2,617,098 Equity Shares) of MAR 10 each fully paid up in Air Mauritius Ltd.	**131.4**	131.4
ii)	2,301,244 Equity Shares (Previous Year : 2,301,244 Equity Shares) of MAR 10 each fully paid up in Air Mauritius Holding Ltd.	**45.5**	45.5
		176.9	176.9
	Less : Provision for Diminution	**176.9**	176.9
iii)	12,500,000 Equity Shares (Previous Year : 12,500,000 Equity Shares) of Rs. 10 each fully paid up in Cochin International Airport Limited. #	**415.6**	477.2
	(Includes 2,500,000 Equity Shares of Rs.10 issued and subscribed at a premium of Rs.40 per share)		
iv)	325 Equity Shares (Previous Year : 302 Equity Shares) of EUR 5.00 ^ each fully paid up in SITA (Societe Internationale de Telecommunications Aeronautiques). (23 Shares (Previous Year : 25 shares) allotted during the year))	**0.1**	0.1

v) 890,139 Depository Certificates of SITA Information Network Computing N.V. ^ (Previous Year : 890139)	**42.7**	42.7
vi) 1195 class B Shares (Previous Year : 2299 Shares) of BHT 100 ^ each fully paid up in Aeronautical Radio of Thailand Ltd. (1104 Shares redeemed during the year)	**0.2**	0.4
vii) 50 Equity Shares (Previous Year : 50 Equity Shares) of EUR 152.45 each ^ fully paid up in Association Sportive Du Golf Isabella.	**0.4**	0.4
SUB TOTAL	**459.0**	**520.8**
2.3 <u>DEBENTURES (UNQUOTED)</u>		
6% Debenture Bonds of Banco De Roma face value EUR 15.49 ^	*** 0.0**	* 0.0
guaranteed by the Government of Italy (Deposited with Civil Aviation Department, Italy) (* Rs.3,057.69)		
SUB TOTAL	**-**	**-**
TOTAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI) (B)	**797.2**	866.8
TOTAL INVESTMENTS (A + B)	**9,033.4**	**9,103.0**

Aggregate amount of unquoted investments	**8,872.1**	**8,933.9**
Aggregate provision for diminution in value of investments	**176.9**	176.9
Aggregate amount of quoted investments Market value : Rs.338.2 Million (Previous Year : Rs.346.0 Million)) (Equivalent to EUR 3.9 Million (Previous Year : EUR 4.2 Million))	**338.2**	346.0

\# Fair valuation of Investments carried out at net asset value based on latest available Audited Financial Statements of the entity.

^ Investments carried at cost.

NOTE "3" : TRADE RECEIVABLES

(Rupees in Million)

Particulars	**Non-current**		**Current**	
	As at March 31, 2021	**As at March 31, 2020**	**As at March 31, 2021**	**As at March 31, 2020**
Considered Good - Unsecured *	**-**	-	**11,368.1**	13,756.1
Trade Receivables having significant increase in credit risk	**-**	-	**2,624.0**	1,128.6
Trade Receivables - Credit Impaired	**8,337.2**	10,283.9		
	8,337.2	10,283.9	**13,992.1**	14,884.7
Less : Allowance for Significant increase in credit risk	**-**	-	**2,624.0**	1,128.6

Particulars	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Less : Allowance for Credit Impaired	**8,337.2**	10,283.9	**-**	-
TOTAL	**-**	**-**	**11,368.1**	**13,756.1**

a) Also refer Note 57(i) for further details.

* Trade Receivables amounting to Rs.828.4 Million (Previous Year Rs. 81.8 Million) are backed by Bank Guarantees.

NOTE "4" : LOANS

(Rupees in Million)

Particulars	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Security Deposits				
Considered Good - Unsecured	**4,477.2**	4,039.9	**86.3**	175.5
Considered Doubtful	**47.7**	45.2	**-**	-
	4,524.9	4,085.1	**86.3**	175.5
Less : Allowance for Doubtful Deposits	**47.7**	45.2	**-**	-
	4,477.2	4,039.9	**86.3**	175.5
TOTAL	**4,477.2**	**4,039.9**	**86.3**	**175.5**

NOTE "5" : OTHER FINANCIAL ASSETS

(Rupees in Million)

Particulars	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
1 **Advances Recoverable from Parties**				
Unsecured Considered Good	**-**	-	**332.4**	567.2
Unsecured Considered Doubtful	**75.1**	69.1	**-**	-
	75.1	69.1	**332.4**	567.2
Less : Allowance for Doubtful Advances	**75.1**	69.1	**-**	-
(A)	**-**	-	**332.4**	567.2
2 **Advances Recoverable from Employees ^**				
Unsecured Advances Considered Good	**204.6**	102.5	**478.7**	563.1
Unsecured Considered Doubtful	**182.6**	182.6	**-**	-
	387.2	285.1	**478.7**	563.1

Particulars		Non-current		Current	
		As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
	Less : Allowance for Doubtful Advances	**182.6**	182.6	**-**	-
	(B)	**204.6**	102.5	**478.7**	563.1
3	**Advance to Subsidiary Companies** *				
	Unsecured Considered Good	**11,537.8**	10,362.7	**-**	-
	(C)	**11,537.8**	10,362.7	**-**	-
4	Deposit-Others (having maturity of more than 12 months) ***	**22.1**	203.7	**-**	-
	Less : Allowance for Doubtful Deposits	**1.8**	1.9	**-**	-
	(D)	**20.3**	201.8	**-**	-
5	**Interest Accrued on**				
	i) Fixed Deposits	**-**	9.1	**107.1**	44.7
	ii) Loan to Employees	**1.7**	0.6	**2.7**	7.6
	iii) Advances to Subsidiary Companies **	**-**	-	**1,029.8**	984.3
	(E)	**1.7**	9.7	**1,139.6**	1,036.6
6	**Other Non-Trade Receivables ^**				
	Unsecured Considered Good	**-**	-	**889.1**	707.7
	Unsecured Considered Doubtful	**1,827.6**	1,874.6	**-**	-
		1,827.6	1,874.6	**889.1**	707.7
	Less : Allowance for Doubtful Non Trade Receivables	**1,827.6**	1,874.6	**-**	-
	(F)	**-**	**-**	**889.1**	**707.7**
	TOTAL (A + B + C + D + E + F)	**11,764.4**	**10,676.7**	**2,839.8**	**2,874.6**

* Details of Advances given to Subsidiary Companies are as under :

Name of the Subsidiary Company	As at March 31, 2021	As at March 31, 2020
1. Air India Express Limited	**11,537.8**	10,362.7
Total	**11,537.8**	**10,362.7**

** Details of Interest Accrued on Advances to Subsidiary Companies are as under :

Name of the Subsidiary Company	As at March 31, 2021	As at March 31, 2020
1. Air India Express Limited	**1,029.8**	984.3
Total	**1,029.8**	**984.3**

*** Includes Rs.1.8 Million (Previous Year : Rs.1.9 Million) towards blocked fund in bank accounts for repatriation.

^ Previous Year figure has been regrouped by Rs.171.8 Million on account of transfer of Pilot Training Cost Recoverable alongwith doubtful provision from “Other Non-trade Receivables” to “Advances Recoverable from Employees”.

NOTE “6” : OTHER NON-FINANCIAL ASSETS

(Rupees in Million)

Particulars	Non-Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Capital Advances				
Unsecured Considered Good	**114.4**	89.6	**-**	-
Doubtful	**21.2**	21.2	**-**	-
	135.6	110.8	**-**	-
Less : Allowance for Doubtful Advances	**21.2**	21.2	**-**	-
(A)	**114.4**	89.6	**-**	-
Advances other than Capital Advances				
Unsecured Considered Good	**38.1**	0.2	**3,544.9**	6,230.6
Doubtful	**451.8**	630.2	**-**	-
	489.9	630.4	**3,544.9**	6,230.6
Less : Allowance for Doubtful Advances	**451.8**	630.2	**-**	-
(B)	**38.1**	0.2	**3,544.9**	6,230.6
Non-Trade Receivable				
Unsecured Considered Good	**-**	-	**-**	493.4
Doubtful	**493.1**	12.5	**-**	-
	493.1	12.5	**-**	493.4
Less : Allowance for Doubtful Non-Trade Receivable	**493.1**	12.5	**-**	-
(C)	**-**	-	**-**	493.4
Other Advances				
Unsecured Considered Good				
Prepaid Expenses	**114.0**	79.9	**1,204.0**	768.5
Balances with Statutory / Government Authorities	**-**	-	**5,178.9**	5,771.9
(D)	**114.0**	79.9	**6,382.9**	6,540.4
TOTAL (A + B + C + D)	**266.5**	169.7	**9,927.8**	13,264.4

NOTE "7" : INCOME TAX ASSETS (NET)

(Rupees in Million)

Particulars	Non-Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Advance Payment of Income Tax and TDS (net of provision for taxation)	**1,046.2**	1,918.1	**-**	746.2
TOTAL	**1,046.2**	1,918.1	**-**	746.2

NOTE "8" : INVENTORIES *

(Rupees in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Stores and Spare Parts **	**12,779.7**	15,319.9
Loose Tools	**67.7**	60.2
	12,847.4	15,380.1
Less : Provision for Obsolescence / Inventory Reconciliation	**6,242.5**	6,107.2
	6,604.9	9,272.9
Goods-in-Transit - Stores and Spare Parts	**21.7**	198.4
TOTAL	**6,626.6**	9,471.3

* Valued at cost or NRV whichever is lower

** Stores and Spare Parts includes an amount of Rs.1,274.7 Million (Previous Year : Rs.1,367.5 Million) as Work Order Suspense account which represents inventories lying with a subsidiary company i.e. Air India Engineering Services Ltd. and Rs.238.4 Million (Previous Year : Rs. 180.9 Million) with third party for repair work for Air India Ltd.

* Refer Note 18.1 for inventories hypothecated as security against bank borrowings.

NOTE : "9" : CASH AND CASH EQUIVALENTS

(Rupees in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
<u>Cash and Cash Equivalents</u>		
1. **Balances with Banks :**		
a) In Current Accounts	**3,335.4**	5,943.1
b) In Deposit Accounts (Original maturity less than 3 months)	**1,943.7**	259.3
2. Cheques, Drafts on Hand	**-**	26.0
3. Cash on Hand	**15.0**	20.0
TOTAL (A + B)	**5,294.1**	6,248.4

NOTE : "10" : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(Rupees in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
Other Bank Balances		
1. Margin money deposits	**5,053.1**	5,085.7
2. Deposits - Others	**2,007.0**	1,770.0
(Maturity within 12 Months)		
TOTAL	**7,060.1**	6,855.7

NOTE "10.1" : ASSETS HELD FOR SALE

(Rupees in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
1. **Properties ^**	**70,830.8**	70,677.5
Less : Diminution in Value of Assets	**1,869.1**	94.3
	68,961.7	70,583.2
2. **Investment in Subsidiary Companies**		
a) 138,424,200 Equity Shares of Rs.10 each fully paid up in AI Airport Services Limited	**1,384.2**	1,384.2
(Previous Year :138,424,200 Equity Shares)		
b) 166,666,500 Equity Shares of Rs.10 each fully paid up in AI Engineering Services Limited	**1,666.7**	1,666.7
(Previous Year : 166,666,500 Equity Shares)		
c) 40,225,000 Equity Shares of Rs 100/- each fully paid up in Alliance Air Aviation Limited	**4,022.5**	4,022.5
(Previous Year : 40,225,000 Equity Shares)		
d) 11,060,000 Equity Shares of Rs.100 each fully paid up in Hotel Corporation of India Limited	**1,106.0**	1,106.0
(Previous Year : 11,060,000 Equity Shares)		
	8,179.4	8,179.4
3. **Advance to Subsidiary Companies (net) ***		
a) AI Engineering Services Limited	**15,043.7**	14,942.5
b) Alliance Air Aviation Limited	**20,586.2**	17,060.7
c) Hotel Corporation of India Limited	**4,092.9**	3,433.8
	39,722.8	35,437.0
4. **Others ****	**18,058.4**	35,864.7
Less : Diminution in Value of Assets	**-**	11.4
	18,058.4	35,853.3
TOTAL	**134,922.3**	150,052.9

* Advances to Subsidiary Companies includes Interest Accrued amounting to Rs.3,257.2 Million (PreviousYear Rs.3,088.7 Million)

** Others includes :

2 B777-300 SESF aircraft along with one Spare Engine, QEC Kit, VTC Encriptor and other assets amounting to Rs.NIL (Previous Year : Rs.35,514.2 Million) (Refer Note 31(v))

7 old aircraft including engines and APU amounting to Rs.10,959.7 Million (Previous Year : Rs. NIL)

MRO Nagpur Facility amounting to Rs.6,740.0 Million (Previous Year : Rs. NIL) (Refer Note 30(v))

^ The Charges over immovable properties are not yet released from ROC as NOC from few banks is awaited. (Refer Note 18.1)

NOTE "11" : SHARE CAPITAL

(Rupees in Million)

Particulars	As at March 31, 2021	As at March 31, 2020
A. AUTHORISED		
35,000.0 Million Equity Shares of Rs.10 each (Previous Year : 35,000.0 Million Equity Shares of Rs.10 each)	**350,000.0**	350,000.0
	350,000.0	350,000.0
B. ISSUED, SUBSCRIBED AND FULLY PAID-UP SHARES		
32,665.22 Million Equity Shares of Rs. 10 each (Previous Year : 32,665.21 Million Equity Shares of Rs.10 each)	**326,652.2**	326,652.1
TOTAL	**326,652.2**	326,652.1

B.i) Reconciliation of number of shares :

	(Number of Shares in Millions)		(Share Value Rupees in Millions)	
Particulars	**2020-21**	**2019-20**	**2020-21**	**2019-20**
Equity Shares at the beginning of the year	**32,665.21**	32,665.21	**326,652.1**	326,652.1
Add : Equity Shares Allotted during the year	**0.01**	-	**0.1**	-
Equity Shares at the end of the year	**32,665.22**	32,665.21	**326,652.2**	326,652.1

ii) Terms/rights attached to equity shares :

The Company has single class of shares i.e. Equity Shares having a par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share and is entitled to dividend declared, if any. The paid up equity shares of the Company rank pari-pasu in all respects, including dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after all the creditors have been paid. The distribution will be in proportion to the number of equity shares held by the shareholders.

iii) Share Holding Pattern :

The Company is a Government Company with 100% shares (Previous Year : 100% shares) held by the President of India and his nominees, through administrative control of Ministry of Civil Aviation.

iv) Non-Cash, Bonus shares & Shares bought back :

Aggregate number and class of shares allotted as fully paid-up in previous year pursuant to contracts without payment being received in cash, bonus shares and shares bought back for a period of 5 years immediately preceding the balance sheet date NIL (previous year NIL).

NOTE "12" : OTHER EQUITY

(Rupees in Million)

	Particulars	As at March 31, 2021	As at March 31, 2020
1.	**Share Application Money Pending Allotment ***		
	Balance as per Last Balance Sheet	**0.1**	-
	Add : Additions during the year	**-**	0.1
		0.1	0.1
	Less : Shares allotted during the year	**0.1**	-
		-	0.1
2.	**CAPITAL RESERVE**		
	Balance as per Last Balance Sheet	**7,314.5**	7,587.6
	Add : Additions during the year **	**78.7**	186.6
		7,393.2	7,774.2
	Less : Transfer to the Statement of Profit and Loss to offset Depreciation (Refer Note 24)	**459.7**	459.7
	Closing Balance	**6,933.5**	7,314.5
3.	**OTHER RESERVES**		
	Foreign Currency Monetary Item Translation Difference Account (FCMITDA)		
	Balance as per last Balance Sheet	**(322.4)**	(2,759.1)
	Add : Exchange gain/(loss) during the year	**-**	(315.1)
		(322.4)	(3,074.2)
	Less : Amortization during the year	**322.4**	2,751.8
	Closing Balance	**-**	(322.4)
4.	**Surplus / (Deficit)**		
	Balance at the beginning of the reporting period	**(708,759.8)**	(626,936.3)
	Add : Transition impact of Ind AS 116 - Leases	**-**	(2,223.0)
	Restated balance at the beginning of the reporting period	**(708,759.8)**	(629,159.3)
	(Loss) for the year	**(70,174.2)**	(77,657.3)
	Re-measurements of the Defined Benefit Plans through Other Comprehensive Income	**(595.5)**	(1,943.2)
	Net deficit	**(779,529.5)**	(708,759.8)

Particulars	As at March 31, 2021	As at March 31, 2020
5. Fair value changes on Equity Instruments through Other Comprehensive Income		
Opening Balance	**564.4**	792.1
For the year	**(69.4)**	(227.7)
	495.0	564.4
TOTAL (1+2+3+4+5)	**(772,101.0)**	(701,203.2)

* **Share Application Money :**

Share application money amounting to Rs.NIL (Previous Year: Rs.0.1 Million) represents money paid by the Government of India towards capital infusion.

** Represents MRO Allowance received from GE towards construction of Test Cell Facility at Nagpur.

NOTE "13" : BORROWINGS - NON CURRENT

(Rupees in Million)

Particulars	Non-Current		Current *	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
I Debentures (Unsecured)	**55,000.0**	55,000.0	**74,000.0**	74,000.0
II Term Loans				
a) from Banks (Unsecured)	**-**	-	**-**	3,662.2
b) from Other Parties (Unsecured)	**110.7**	118.4	**13.5**	13.9
TOTAL	**55,110.7**	55,118.4	**74,013.5**	77,676.1

13.1 Debentures

a) 129,000 Redeemable, Unsecured Non-convertible Debentures of face value of Rs.1 Million each (Previous Year : 129,000 Debentures of face value of Rs.1 Million each), are guaranteed by Government of India. Maturity Profile and Rate of interest are as set out below :

(Rupees in Million)

Month of Redemption	Amount to be Redeemed	Rate of Interest
Dec-2031	4,714.0	9.08%
Nov-2031	10,086.0	9.08%
Sep-2031	15,000.0	10.05%
Dec-2030	4,714.0	9.08%
Nov-2030	10,086.0	9.08%
Dec-2029	4,714.0	9.08%
Nov-2029	10,086.0	9.08%
Dec-2028	4,714.0	9.08%
Nov-2028	10,086.0	9.08%
Dec-2027	4,714.0	9.08%

Month of Redemption	Amount to be Redeemed	Rate of Interest
Nov-2027	10,086.0	9.08%
Sep-2026	40,000.0	9.84%
Total	**129,000.0**	

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

c) Current borrowings includes 74,000 Redeemable, Unsecured Non-convertible Debentures of face value of Rs.1 Million each amounting to Rs.74,000.0 Million (Previous Year : Rs. 74,000.0 Million) identified for tranfer to SPV Air India Asset Holding Limited by way of Novation Agreement (Refer Note 28(iii) (b))

13.2(a) Total Unsecured Term Loan from Banks of Rs.NIL (Previous Year Rs.3,662.2 Million) has been guaranteed by the Government of India.

13.2(b) Unsecured Term Loan from Others of Rs.124.2 Million (Previous Year Rs.132.3 Million) are guaranteed by the Government of India.

(Rupees in Million)

Equal Number of Loan Installments	Amount of Loan as at March 31, 2021	Discounted As per Ind AS as at March 31, 2021	Rate of Interest	Starting Month of Repayment	Month of Maturity
38	163.9	84.8	Interest Free	Oct-1990	Oct-2039
31	66.7	39.4	Interest Free	Oct-1987	Mar-2037
TOTAL	**230.6**	**124.2**			

13.3 Disclosure as regards Bank wise rate of interest and period of default is not made due to complexity of data & confidentiality clause with the banks. (Also refer Note 15)

* Current maturities of long term borrowings have been grouped under the head Other Current Financial Liabilities (Refer Note No.15)

NOTE "14" : TRADE PAYABLES

(Rupees in Million)

Particulars	Non Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro enterprises and small enterprises	-	-	**157.8**	267.1
Total outstanding dues of creditors other than micro enterprises and small enterprises *	-	-	**92,558.2**	100,667.7
TOTAL	-	-	**92,716.0**	100,934.8

* Trade Payable includes :

Net payable to Joint Venture AI-SATS Rs. 612.2 Million net of TDS (Previous Year : Rs. 1,344.7 Million)

Net payable to wholly owned subsidiary company AI Airport Services Ltd. (AIASL) Rs.808.5 Million (Previous Year : Rs. 1,833.0 Million) (Refer Note 28(iii) (a))

Also Refer Note No.51 - Identification of Micro and Small Enterprises.

NOTE "15" : OTHER FINANCIAL LIABILITIES

(Rupees in Million)

Particulars	Non Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Other Liabilities				
a) Current maturities of long-term debts *	**-**	-	**74,013.5**	77,676.1
b) Interest accrued but not due on borrowings	**-**	-	**6,290.6**	5,452.8
c) Interest accrued and due on borrowings **	**-**	-	**11,519.4**	7,728.2
d) Other Liabilities (Net) ***	**51.3**	43.5	**55,620.2**	52,205.0
TOTAL	**51.3**	43.5	**147,443.7**	143,062.1

* For details of Current maturities of long term debts Refer Note 13.

** **Interest accrued and due includes :**

Rs.340.6 Million (Previous Year : Rs.663.1 Million) being interest on Secured Loans repayable on demand from Banks (Refer Note 18).

Rs.11,178.8 Million (Previous Year : Rs. 7,065.1 Million) being interest on Unsecured Loans repayable on demand from Banks (Refer Note 18).

*** **Other Liabilities (Net) includes :**

Rs.21,595.2 Million (Previous Year : Rs.18,275.0 Million) towards Guarantee Fee Liability.

Rs.18,481.9 Million (Previous Year : Rs.19,399.5 Million) towards Provision for Employees including JDC impact and dues to Employee Provident Fund Trust (Refer Note 47).

Rs.6,902.0 Million (Previous Year : Rs.4,702.8 Million) towards Delayed Payment Interest to Oil Marketing Companies.

NOTE "16" : PROVISIONS

(Rupees in Million)

Particulars	Non Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Provision for Employee Benefits (Refer Note 48)				
a) Gratuity	**5,859.2**	6,489.1	**1,064.2**	1,024.0
b) Leave Encashment	**3,510.3**	3,963.8	**537.6**	503.5

Particulars	Non Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
c) Post Employment Medical and Other Benefits	**13,366.5**	12,787.6	**917.7**	645.3
(A)	**22,736.0**	23,240.5	**2,519.5**	2,172.8
Other Provisions				
a) Re-delivery of Aircraft (Refer Note 45)	**13,664.4**	14,336.0	**-**	-
(B)	**13,664.4**	14,336.0	**-**	-
TOTAL (A + B)	**36,400.4**	37,576.5	**2,519.5**	2,172.8

NOTE “17” : OTHER NON FINANCIAL LIABILITIES

(Rupees in Million)

Particulars	Non Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
a) Forward Sales (Net) [Passenger / Cargo]	**-**	-	**26,946.2**	22,090.6
b) Advance from customers (Net) *	**-**	-	**4,338.5**	39,909.9
c) Others Liabilities (Net) **	**-**	-	**1,060.7**	3,399.8
d) Frequent Flyer Programme (Refer Note 58)	**1,121.0**	401.9	**589.9**	834.1
TOTAL (A + B)	**1,121.0**	401.9	**32,935.3**	66,234.4

* Advance from customers (Net) includes Rs.NIL (Pevious Year : Rs.37,398.6 Million) pertaining to 2 B777-300 SESF Aircraft.

** Other Liabilities (Net) includes Govt. Taxes / Statutory Dues amounting to Rs.688.8 Million (Previous Year : Rs.2,942.9 Million)

NOTE “18” : BORROWINGS - CURRENT

(Rupees in Million)

	Particulars	As at March 31, 2021	As at March 31, 2020
I	**Loans repayable on demand :**		
	a) from Banks (Secured) #	**83,783.5**	74,479.2
	b) from Banks (Unsecured) #	**147,022.0**	150,030.2
	c) from Other Parties (NSSF) (Unsecured)	**76,360.0**	26,360.0
	TOTAL	**307,165.5**	250,869.4

1. Secured loans repayable on demand from Banks are to the tune of Rs.22,931.0 Million (Previous Year Rs.22,724.3 Million). Details are as under :

Sr. No.	Name of the Lender	As at March 31, 2021	As at March 31, 2020
1	Indian Bank (earlier known as Allahabad Bank)	**2,250.0**	2,250.0
2	Bank of Baroda	**13,500.0**	13,140.0
3	Canara Bank	**2,000.0**	2,000.0
4	State Bank of India	**2,179.0**	2,184.3
5	UCO Bank	**2,750.0**	2,750.0
6	PNB (Bill Discounting)	**252.0**	400.0
	TOTAL (1)	**22,931.0**	22,724.3

The loans to the tune of Rs.22,931.0 Million (Previous Year : Rs.22,724.3 Million) are secured by Hypothecation of 20 aircraft, 2 engines, 11 immovable properties at market value, FRP Assets, Inventory and Book Debts & Fixed Deposit with State Bank of India held as margin money. (Previous Year : 27 aircraft, 2 engines, 11 immovable properties and all Current Assets). In case of 10 properties (offered under FRP) to State Bank of India / SBI Cap Trustee Company Limited as Facility Agent / Security Trustee are not released by Indian Bank (earlier known as Allahabad Bank) (WCF Lender) for STL of Rs.2,250.0 Million as of 31.03.2021.

2. Secured loan repayable on demand from Bank is to the tune of Rs.60,852.5 Million (Previous Year Rs.51,754.9 Million). Details of Secured Loans from Banks are as under :

Sr. No.	Name of the Lender	As at March 31, 2021	As at March 31, 2020
1	Investec Bank	**17,985.1**	35,865.2
2	First Gulf Bank	**-**	15,889.7
3	State Bank of India	**26,050.0**	-
4	Punjab National Bank	**9,050.9**	-
5	Union Bank of India	**7,766.5**	-
	TOTAL (2)	**60,852.5**	51,754.9
	TOTAL (1 + 2)	**83,783.5**	74,479.2

The loans to the tune of Rs.60,852.5 Million (Previous Year : Rs.51,754.9 Million) are secured by Hypothecation of 7 aircraft (Previous Yeat : 6 aircraft) at market value.

3. Unsecured loans repayable on demand from Bank of Rs.147,022.0 Million (Previous Year : Rs.150,030.2 Million) has been guaranteed by the Government of India to the extent of Rs.143,352.8 Million (Previous Year : Rs.143,927.6 Million).

Sr. No.	Name of the Lender	As at March 31, 2021	As at March 31, 2020
1	Bank of Baroda	**21,750.0**	21,750.0
2	Bank of Baroda	**15,000.0**	15,000.0
3	Bank of Baroda OD NYC *not guaranteed by GOI	**3,669.2**	3,770.4
4	Bank of India	**15,000.0**	15,000.0
5	Federal Bank	**240.0**	-

6	Indusind Bank	**4,212.8**	4,212.8
7	Punjab national Bank	**22,500.0**	22,500.0
8	Punjab National Bank	**15,000.0**	15,000.0
9	Punjab National Bank	**4,400.0**	-
10	Uco Bank	**10,000.0**	10,000.0
11	Uco Bank	**8,250.0**	8,250.0
12	Union Bank of India (earlier known as Andhra Bank)	**7,000.0**	7,000.0
13	Punjab & Sind Bank	**2,000.0**	2,000.0
14	Punjab & Sind Bank	**8,000.0**	8,000.0
15	Punjab & Sind Bank	**5,000.0**	5,000.0
16	State Bank of India	**5,000.0**	
17	SBI (Bill Discounting) *not guaranteed by GOI	**-**	2,332.2
18	SCB/FAB/Meshreq Bridge Loan	**-**	10,214.8
	TOTAL	**147,022.0**	150,030.2

4 During the year, the Company has availed unsecured loans of Rs.50,000.0 Million at an interest rate of 7.49% per annum from NSSF which is repayable on disinvestment or 5 years from loan disbursement date, whichever is earlier.

Disclosure as regards Bank wise rate of interest and period of default is not made due to complexity of data & confidentiality clause with the banks. (Also refer Note 13 & 15)

NOTE "19" : REVENUE FROM OPERATIONS

(Rupees in Million)

Particulars		2020-21	2019-20
i) Scheduled Traffic Services			
1 Passenger		**73,721.3**	226,197.0
2 Excess Baggage		**949.3**	1,449.4
3 Mail		**794.3**	535.7
4 Cargo		**8,611.3**	14,850.6
	(A)	**84,076.2**	243,032.7
ii) Non-Scheduled Traffic Services			
1 Charter		**12,096.6**	16,111.1
2 Block Seat Arrangement		**55.5**	1,048.0
	(B)	**12,152.1**	17,159.1
iii) Other Operating Revenue			
1 Handling and Servicing		**718.0**	1,987.9
2 Manufacturers Credit		**81.8**	674.4
3 Incidental ^		**4,002.5**	10,752.0
4 Revenue Share from Air India Express Ltd. (Wholly Owned Subsidiary Company)		**2,402.4**	3,500.0
5 Revenue Share from Air India Airport Services Ltd.		**213.6**	342.5

(Wholly Owned Subsidiary Company)		
Less : Transferred to AIAHL	**(213.6)**	(342.5)
(C)	**7,204.7**	16,914.3
TOTAL (A + B + C)	**103,433.0**	277,106.1

^ Identified income of Rs.41.4 Million (Previous Year : Rs.72.6 Million) transferred to AIAHL (Refer Note 25)

NOTE "20" : OTHER INCOME

(Rupees in Million)

	Particulars	2020-21	2019-20
1	Interest Income on :		
	a) Bank Deposits	**339.3**	447.1
	b) Others *	**454.6**	595.3
	c) Advances to Subsidiary Companies	**4,287.0**	4,073.0
2	Dividend from Long Term Investments (Trade)	**53.1**	66.5
3	Rental Income	**1,212.5**	976.8
	Less : Transferred to AIAHL	**(1,211.1)**	(975.2)
		1.4	1.6
4	Profit / (Loss) on Sale of Assets and AHFS (Net)	**58.2**	409.0
5	Provisions/Liabilities No Longer Required written back	**3,427.7**	2,545.8
6	Foreign Exchange Gain (Net) **	**8,986.2**	-
	TOTAL	**17,607.5**	8,138.3

* Interest Income on Others includes interest pertaining to discounting of Security Deposits as per Ind AS amounting to Rs.319.6 Million (Previous Year : Rs.286.9 Million)

** Includes impact of foreign exchange gain/loss on bridge loans amounting to Rs.1,674.2 Million (Previous Year : Rs. NIL). Also refer Note 44 for foreign exchange gain/loss relating to Lease Liability.

NOTE "21" : OTHER OPERATING EXPENSES

(Rupees in Million)

	Particulars	2020-21	2019-20
1	Insurance	**1,178.5**	1,581.9
2	Material Consumed - Aircraft	**2,010.7**	5,947.8
3	Outside Repairs - Aircraft	**18,879.1**	32,722.8
4	Navigation, Landing, Housing and Parking	**9,507.9**	19,423.7
5	Handling Charges	**7,250.3**	16,519.8
6	Passenger Amenities	**3,153.8**	9,887.3
7	Booking Agency Commission (Net)	**2,235.2**	6,288.7
8	Communication Charges		

Particulars	2020-21	2019-20
i) Reservation System	**2,418.4**	10,659.3
ii) Others	**1,114.6**	2,108.7
TOTAL	**47,748.5**	105,140.0

NOTE "22" : EMPLOYEE BENEFIT EXPENSES

(Rupees in Million)

	Particulars	2020-21	2019-20
1	Salaries, Wages and Bonus	**14,091.7**	15,859.3
2	Crew Allowances	**3,233.5**	11,449.1
3	Contribution to Provident and Other Funds *	**2,429.8**	1,005.5
4	Staff Welfare Expenses	**890.9**	714.5
5	Provision for Gratuity	**657.0**	740.5
6	Provision for Leave Encashment	**220.7**	1,416.6
7	Provision for Retirement Benefit	**1,033.5**	1,068.2
	TOTAL	**22,557.1**	32,253.7

* Includes an amount of Rs.1,423.6 Million (Previous Year : Rs. NIL) towards provision for PF Trust Investment shortfall (Refer Note 47)

NOTE "23" : FINANCE COST

(Rupees in Million)

	Particulars	2020-21	2019-20
1	Interest on :		
	a) Debentures	**12,162.7**	12,798.7
	b) Short Term and Long Term Loans	**22,293.4**	26,894.1
		34,456.1	39,692.8
	Less: Interest Cost Reimbursement through AIAHL (Refer Note 28(iii))	**6,688.2**	15,574.7
		27,767.9	24,118.1
2	Other Borrowing Costs	**3,979.0**	4,560.5
3	Interest on Right of Use Assets (Refer Note 44)	**3,485.8**	6,675.0
4	Interest on Delayed Payment other than borrowings *	**3,131.0**	3,839.0
	TOTAL	**38,363.7**	39,192.6

* Includes an amount of Rs.113.7 Million (Previous Year : Rs.105.0 Million) interest charged by Subsidiary Company, AIASL on outstanding balances.

a) Exchange rate difference in the nature of interest cost has not been reclassified due to complexity of transactions.

NOTE “24” : DEPRECIATION AND AMORTIZATION EXPENSE

(Rupees in Million)

	Particulars	2020-21	2019-20
1	Depreciation of Tangible Assets	**19,177.8**	13,329.7
2	Depreciation of Right of Use Assets	**25,752.8**	29,919.4
3	Depreciation of Investment Property	**2.0**	2.0
4	Amortization of Intangible Assets	**50.2**	130.4
	(A)	**44,982.8**	43,381.5
	Less : Recoupment from Capital Reserve (Refer Note 12)	**459.7**	459.7
	(B)	**459.7**	459.7
	TOTAL (A- B)	**44,523.1**	42,921.8

NOTE “25” : OTHER EXPENSES

(Rupees in Million)

	Particulars	2020-21		2019-20	
1	Travelling Expenses				
	i) Crew		**1,029.7**		2,555.1
	ii) Others		**186.3**		475.8
2	Rent ^		**892.9**		991.5
3	Rates and Taxes * ^		**153.4**		429.9
4	Repairs to : ^				
	i) Buildings		**145.9**		171.3
	ii) Others		**1,152.6**		1,039.5
5	Hire of Transport		**483.0**		775.4
6	Electricity & Heating Charges ^		**239.6**		459.6
7	Water Charges ^		**45.6**		27.6
8	Directors’ Sitting Fees		**0.2**		0.5
9	Publicity and Sales Promotion		**366.9**		884.3
10	Printing and Stationery		**56.5**		135.4
11	Legal Charges		**158.0**		126.8
12	Payments to the Auditors’ (Refer Note 52)				
	i) Audit Fees		**16.5**		16.5
	ii) Other Expenses		**2.3**		2.3
13	Provision for Bad & Doubtful Receivables and Advances		**26.9**		979.3
14	Bad Debts and Advances Written Off		**2,095.3**		-
15	Provision for Obsolete Inventory		**266.2**		32.8
16	Provision for Diminution in Value of Assets Held for Sale		**1,774.8**		94.3

17	Expenses on Block Seat Arrangements		**34.8**		778.1
18	Foreign Exchange Loss (Net) **		**-**		32,283.6
19	Loss on Sale of Investment		**-**		0.5
20	Bank Charges / Credit Card Discounts		**688.1**		2,638.2
21	Professional / Consultation Fees & Expenses		**244.8**		542.1
22	Miscellaneous Expenses		**2,221.9**		3,372.2
23	**Identified Income to be Transferred to AIAHL (Refer Note 28(iii))**				
	i) Revenue Share	**-**		545.8	
	iI) Rental Income	**-**		1,424.8	
		-		1,970.6	
	Less : Revenue Share (Refer Note 19)	**-**		342.5	
	Less : Rental Income (Refer Note 20)	**-**		975.2	
		-		652.9	
	Less : Identified cost to be recovered from AIAHL ^	**-**		64.6	
			-		588.3
	TOTAL		**12,282.2**		49,400.9

* Includes Rs.NIL (Previous Year : Rs. 221.8 Million) settled under Sabka Vishwas (Legacy Dispute Resolution) Scheme 2019 of Govt. of India

** Includes exchange variation on bridge loans amounting to Rs.NIL (Previous Year : Rs. 5,654.8 Million). Also refer Note 44 for exchange variation relating to Lease Liability.

^ Includes identified cost of Rs.77.6 Million (Previous Year : Rs.137.2 Million) transferred to AIAHL

Details of Identified cost to be recovered from AIAHL for the period 1st Apr 2020 to 31st March 2021 included in the following respective heads :

Particulars	2020-21	2019-20
Rates & Taxes	**21.4**	32.4
Ground Rent - AI Building	**0.2**	-
Repairs to Buildings	**2.5**	11.8
Repairs to Others	**15.4**	14.8
Electricity & Heating Charges	**34.1**	72.7
Water Charges	**4.0**	5.5
Incidental (Refer Note 19)	**(41.4)**	(72.6)
TOTAL	**36.2**	**64.6**

Notes forming part of the Standalone Financial Statements of Air India Limited for the year ended 31st March 2021

(Rupees in Million except otherwise stated)

26. Contingent Liabilities (to the extent not provided for):

Claims against Company not acknowledged as debts (excluding interest and penalty, in certain cases) and the required information, in compliance of Ind AS 37, are as under:

			(Rs in million)
No	**Description**	**Balance as on 31st March 2021**	**Balance as on 31st March 2020**
(i)	Pax Claims on account of Misc. Commercial Reasons.	**739.6**	405.6
(ii)	Income Tax Demand Notices received by the Company which are under Appeal	**183.4**	1,122.4
(iii)	Customs Duty, Octroi, Entry Tax, Service Tax, VAT and GST demanded by the Tax Authorities	**15,187.2**	10,292.5
(iv)	Property Taxes/House Tax demanded by the Municipal Authorities	**134.5**	107.7
(v)	Claims of Airport Operators/Oil Companies (*)	**795.1**	1,250.0
(vi)	Other Claims on account of Staff/Civil/Arbitration/ Labour Cases pending in Courts	**1,620.2**	1,627.4
(vii)	Additional Govt Guarantee Fee (**)	**24,123.0**	20,769.9
	Total	**42,783.0**	35,575.5

<u>Explanatory Statement in respect of Contingent Liabilities</u>

Claims of Airport Operators/Oil Companies (*): Represents the unreconciled difference in the reconciliation of balances with respective parties.

Government Guarantee Fee (**): The Company has taken up the issue of waiver of guarantee fee and related penal charges with the Ministry of Finance through the Ministry of Civil Aviation. As regards the penal charges on the delayed payments of Guarantee Fee, the Company has disclosed a Contingent Liability for the same amounting to Rs 24,123.0 million (PY: Rs. 20,769.9 million).

27. Commitments:

(i) **Capital Commitments**

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

Particulars		**(Rs in Million)**
	As on 31st March 2021	**As on 31st March 2020**
Aircraft Related	**2,637.6**	5,645.1
Others	**12.5**	607.9
Total	**2,650.1**	6,253.0

(ii) **Other Long-Term Commitments**

Corporate Guarantees, Letters of Comfort given by the Company on behalf of its Subsidiary Companies:

Particulars	**(Rs in Million)**	
	As on 31st March 2021	**As on 31st March 2020**
Air India Express Ltd	**9,419.6**	**8,530.8**
Alliance Air Aviation Ltd	**4,400.6**	**4,554.4**

Against the above Guarantees given by Company, guarantee fee/commission has been charged by the Company at the rate of 0.5%.

28. Disinvestment of Air India Limited

(i) Background to Disinvestment

a) The Government of India (GoI) had given an 'In-Principle' approval for the Strategic Disinvestment of Air India by way of transfer of management control and sale of 100% equity share capital of Air India held by GoI which will include AI's shareholding interest of 100% in AIXL and 50% in AISATS. The GoI has appointed the Transaction Advisor, Legal Advisor and Asset Valuer to guide the GoI and to carry forward the process of Disinvestment.

b) A Special Purpose Vehicle (SPV) was created for warehousing accumulated working capital loans not backed by any asset along-with four subsidiaries AIATSL, AIASL, AIESL, HCI, non-core assets, paintings and artifacts and other non-operational assets. Accordingly, AIAHL, Air India Assets Holding Ltd (AIAHL) was formed.

c) The First Preliminary Information Memorandum (PIM) was published in March 2018 to invite the Expression of Interest (EoI) from interested parties to bid for the Disinvestment of the Company. However, no bids were received for this EoI. The Air India Specific Alternate Mechanism (AISAM) in its meeting held on 18th June 2018 decided that the option of strategic disinvestment of Air India should be brought before AISAM, for deliberating the future course of action in this regard, once the global economic indicators including oil prices and the forex regime stabilizes.

d) Accordingly, in the meantime, in line with the above decisions conveyed by AISAM, and in view of the deteriorating financial health of Air India Ltd, a Strategic Revival Plan was formulated to take AI back on the path of profitability. The main modalities/directions of this Plan were discussed in the meeting chaired by the then Hon'ble Finance Minister to discuss the "Plan for Operational & Financial Efficiency in Air India" on 7th September 2018 and in the subject meeting, apart other measures suggested to improve the functioning of Air India, it was decided that Debt amounting to Rs 294,640.0 million to be transferred from Air India Ltd to AIAHL viz Air India Assets Holding Ltd effective 1st October 2018.

e) A Framework Agreement has been executed between Air India Ltd and AIAHL on 23rd November 2020 to give effect to the various transactions relating to AIAHL. The agreement covers the issue of payment of identified loans from the funds to be provided by AIAHL, novation of the NCDs, transfer of the four Subsidiary Companies, the transfer of identified assets/liabilities, transfer of the proceeds of monetization of properties etc to AIAHL.

f) Accordingly, the various decisions of the GoI on the disinvestment of AI, amounts to vesting to AIAHL of debt to the extent of Rs 294,640.0 million against transfer of subsidiaries, non-core assets, paintings and artifacts. The specially formed SPV-AIAHL has therefore accepted liabilities of Air India against the Investments/Assets being transferred. The exact value would be determined only after the actual monetization of properties and transfer of subsidiaries is completed.

(ii) Revised Preliminary Information Memorandum (PIM) Issued for the Strategic Disinvestment of Air India Ltd in January 2020

As the overall outlook for aviation sector was stable, the Govt decided to renew the process of disinvestment of AI and accordingly, Department of Investment and Public Assets Management (DIPAM) has issued a fresh PIM on 27th January 2020 for the strategic disinvestment of Air India Ltd including AI's shareholding interest in Air India Express Ltd (AIXL) and AISATS.

As per the PIM there is a provision that further debt (to be determined on the basis of the bids received) would be allocated to AIAHL. Similarly, the current & non-current liabilities of AI & AIXL would be reallocated to AIAHL such that the liabilities retained in AI & AIXL would be equal to the current and non-current assets of AI and AIXL.

The process of disinvestment of Air India has reached at an advanced stage and the Government has announced the successful bidder.

(iii) Transactions with AIAHL relating to Disinvestment of Air India Ltd

a) In line with the decision of AISAM, a Company by the name of Air India Assets Holding Ltd (AIAHL) has been incorporated with 100% shareholding held by the Government. This entity is an SPV specially formed for the purpose of acquiring from Air India Limited

   i) Its shares held in AIASL, AAAL, AIESL and HCI

   ii) Paintings artifacts and other non-operational assets as may be decided by Air India Ltd and the Government of India

   iii) Core/Non-core assets as may be decided by Air India Ltd and the Government of India

   iv) Immoveable properties whether leasehold or freehold

   v) Accumulated working capital loans not backed by any asset and

   vi) Other assets / liabilities or of its subsidiaries, as may be decided by Air India Ltd/ Government of India

b) Pursuant to the decisions taken in the various AISAM meetings stated above, Air India began the exercise of transfer of identified debt amounting to Rs 294,640.0 million as on 1st October 2018. However, in view of lenders approval for transfer not forthcoming, the debt transfer could not take place and the debt continued to be in the books of Air India Limited. In view of these constraints, the Ministry of Finance approved a refinancing strategy for the identified debt. Based on the meeting held on 30th May, 2019 in the Ministry of Finance, it was decided that AIAHL would raise finances through the issue of Bonds for Rs 220,640.0 million and the novation of GoI guaranteed Non-Convertible Debentures (NCDs) of Rs 74,000.0 million issued by Air India Ltd to AIAHL.

c) Consequent to the issuance of Bonds by AIAHL, AI received from AIAHL Rs 219,850.0 million during FY 2019-20 towards repayment of the Loans.

d) Pending the novation of NCDs of Rs 74,000.0 million, Air India serviced the interest for the year on the same amounting to Rs 6,707.0 million, which was reimbursed by AIAHL to Air India during the year.

e) As seen from Paragraph (a) above along with the transfer of debt of Air India to AIAHL, certain assets of Air India are also part of the transfer to AIAHL. Some of these assets which are part of the proposed transfer are earning income including rental income, licensee fee, lease amount, revenue sharing or other revenues. These assets will be monetized and the proceeds received after 1st October 2018 are to be credited to AIAHL through an escrow mechanism for ultimately servicing the transferred debts.

f) Air India, as on 31.03.2020, had identified 111 properties as non-core assets for monetization purposes. During the year, 1 more property at Kolkata has been constructed and provided by a third party which has also been taken to AHFS. Further, during the year, buildings amounting to Rs 202.7 million, on CTE Hyderabad land (already classified as AHFS) have also been transferred to AHFS. Out of these properties, 31 properties have already been sold and 5 properties have already been surrendered back to the respective allotting authorities. The 74 properties are reflected in 'Assets held for Sale/Transfer/Surrender' and remaining 2 properties under 'Investment Properties' as given hereunder:

Particulars	No of Properties	Net Block Value As on 31.03.2021 (Rs in Million)
Assets Held for Sale (Net of Diminution provided) (*)	**74**	**68,961.7**
Investment Properties (**)	**2**	**4,373.7**

(*) Includes one property valued at cost given by third party.

(**) Being redeveloped under an agreement prior to monetization.

Further, out of the above stated 74 properties included in Assets Held for Sale, 36 properties having a Net Book Value Rs 1,869.1 million as on 31st March, 2021 have further been identified for surrender to the respective allotting authorities and the proceeds of the same will be transferred to AIAHL. However, since in such properties most of the allotting authorities, with whom negotiations are on, have not indicated to offer any compensation to Air India Ltd citing that no such provisions are there in the respective lease deeds etc. the company as a matter of prudence and conservatism has provided for diminution in the value of these properties and brought them down to Re 1/- in the books of accounts. In case any compensation is received as a consequence of the on-going negotiations with them, the same shall be accounted for as and when received by the company.

g) As per the Framework Agreement the beneficial interest in the identified assets remains with Air India until the legal effective date of transfer. Since the properties are still in the name of Air India, the Company i.e. Air India will be disposing off these properties and the sale proceeds of the same will be transferred to the AIAHL through the escrow mechanism as and when received. Air India will be recognizing the gains/loss on such sale in its financial statements. The Rental Income and the Revenue Sharing arrangements with the Subsidiary Company viz. AIASL is accounted for as income in the books of Air India. However, as per the Framework Agreement AI shall pay AIAHL such identified income (net of cost) on or after 1st October 2018, and hence the same has been adjusted in the Statement of Profit & Loss (refer Note 19, 20 and 25).

h) As part of the proposal of transfer of debt to AIAHL, the investments in Subsidiary Companies including investment in Equity Shares and any balance receivable from the Subsidiaries will be transferred to the AIAHL. Accordingly, the investment in Subsidiary Companies along with receivables relating to the Subsidiary Companies which are proposed to be transferred to AIAHL, have been presented as "Assets held for Sale". Therefore, the following Subsidiary Companies balances will be transferred to the AIAHL:

(Rs in Million)					
No	**Name of Subsidiary Company**	**Investments**		**Net Receivables**	
		As on 31.3.2021	**As on 31.3.2020**	**As on 31.3.2021**	**As on 31.3.2020**
a)	Alliance Air Aviation Ltd (AAAL) (Formerly known as Airline Allied Services Ltd (AASL))	4,022.5	4,022.5	20,586.2	17,060.7
b)	AI Airport Service Ltd (AIASL) (Formerly known as Air India Air Transport Services Ltd (AIATSL))	1,384.2	1,384.2	-	-
c)	AI Engineering Services Ltd (AIESL)	1,666.7	1,666.7	15,043.7	14,942.5
d)	Hotel Corporation of India Limited (HCI)	1,106.0	1,106.0	4,092.9	3,433.8
	Total	**8,179.4**	**8,179.4**	**39,722.8**	**35,437.0**

The Net amount payable to AIASL of Rs 808.5 million (PY: Rs 1,833.0 million) has been included in "Trade Payables" as only receivables from subsidiary Company have been classified as "Assets Held for Sale" in line with the Framework Agreement.

i) The Framework Agreement executed between AI and AIAHL lists out the obligations of both the parties. The legal transfer of the Subsidiaries and non-core assets would follow the due process and requires approvals of the relevant authorities. It is agreed by both parties that on completion of all the obligations by AI listed in the Framework Agreement, the same would be full and adequate consideration for the obligations of AIAHL. As the entire process of transfer of Subsidiaries, Assets and novation of NCDs is not completed in the FY 2020-21, the receipt of funds from SPV and the proceeds of Assets monetized have been credited to an account "Receipts from AIAHL Towards Restructuring A/c" (RFATR). The balance in this account of Rs 217,549.5 million (PY: Rs 218,434.8 million) has been shown as a separate line item between "Equity" and "Liabilities" in the Financial Statements. After the entire transaction is completed the balance in the RFATR A/c will be transferred to "Other Equity".

j) Similarly, the amounts due to AIAHL have been shown in the Financial Statements under the head "Liabilities" in the account namely "AIAHL Intermediary Settlement A/c".

k) Two accounts have been opened to record the transactions relating to AIAHL namely "Receipts from AIAHL Towards Restructuring (RFATR) A/c" and "AIAHL Intermediary Settlement A/c as on 31st March 2021 are summarized below:

No	Particulars	(Rs in Million)
(I)	**Receipts from AIAHL towards Restructuring (RFATR) A/c**	
	Receipts from AIAHL towards Repayment of Loans	219,850.0
	Add: Amount to be adjusted from monetization proceeds	790.0
	Total amount received towards repayment of identified Loans	**220,640.0**
	Less: Monetization proceeds from the sale/advance of identified properties	2,205.2
	Net Balance in RFATR A/c as on 31.03.20	**218,434.8**
	Less: Monetization proceeds from the sale/advance of identified properties in FY 2020-21	885.3
	Net Balance in RFATR A/c as on 31.03.21	**217,549.5**

No	Particulars	(Rs in Million)	
(II)	**Details of AIAHL Intermediary Settlement A/c**		
	Total amount of identified Loans repaid		2,20,640.0
Less:	Receipts from AIAHL towards Repayment of Loans		2,19,850.0
Less:	Reimbursement received from AIAHL towards Interest/Other Charges		30,637.4
	Balance		**(29,847.4)**
Add:			
a)	Interest due from AIAHL	28,574.7	
b)	Maintenance expenses recoverable from AIAHL	64.6	
c)	Salary etc recoverable from AIAHL	1.6	
d)	Legal Charges recoverable from AIAHL	43.4	**28,684.3**
Less:			
a)	Rent payable to AIAHL	(1,424.8)	
b)	Revenue Sharing amount payable to AIAHL	(545.8)	
c)	Monetization proceeds payable to AIAHL (Rs 2205.2 million less Rs 312.7 million directly transferred to AIAHL)	(1,892.5)	**(3,863.1)**
	Net Amount Receivable/(Payable) from/to AIAHL as on 31.03.20		**(5,026.2)**
	Opening Balance as on 01.04.2020		**(5,026.2)**
Add:			
a)	Money transferred to AIAHL during the year for Rentals	588.2	
b)	Maintenance expenses recoverable from AIAHL	36.2	
c)	Payment to various vendors on behalf of AIAHL	7.1	
d)	Salary etc recoverable from AIAHL	0.9	**632.4**
Less			
a)	Rent Income from Properties during FY 2020-21 credited to AIAHL	(1,211.1)	
b)	AIASL Revenue Sharing credited to AIAHL	(213.6)	
c)	Excess Interest (net) charged for Period Prior to 01.10.2018	(18.7)	
d)	Being the difference between the funds received (Rs 6,719.2 million) less interest debited (Rs 6,707.0 million) during the year in respect of servicing of interest on NCDs of Rs 74,000 million	(12.2)	
e)	Interest earned on NCD FD's created out of funds for interest servicing for Rs 74,000 million NCD - Oct 2018 to Nov 2020 credited to AIAHL	(30.1)	**(1,485.7)**
	Net Amount Receivable/(Payable) from/to AIAHL as on 31.03.21		**(5,879.5)**

I) The above amount due to AIAHL will be reconciled after adjustment of all expenses incurred by Air India towards novation of Bonds of Rs 74,000.0 million, maintenance cost of properties, transfer charges, exchange adjustments if any, and impact of Net Receivables from Subsidiary

Companies like AIESL, AAAL, HCI and AIASL as well as any reimbursements received from AIAHL.

m) The effect of all the decisions of various AISAM meetings and decisions of the Government stated above are reflected in the Financial Statements as summarized below:

i) Out of the identified loans proposed to be transferred to AIAHL, loans amounting to Rs 220,640.0 million have been repaid out of the amount of Rs 219,850.0 million received from AIAHL during the previous year and the same is being reflected in the RFATR A/c.

ii) During FY 2018-19 and 2019-20, Air India received a reimbursement of Rs 30,637.4 million from AIAHL towards interest and other loan related costs paid by Air India on the identified loans. Further, during the current year FY 2020-21, AIAHL has also reimbursed an amount of Rs 6,688.2 million (net of Excess Interest charged for Period Prior to 01.10.2018 of Rs 18.7 million) towards interest paid by AI on the NCDs of Rs 74,000.0 million pending their novation to AIAHL.

iii) The Rental Income of Rs 1,424.8 million in FY 2019-20 and Rs 1,211.1 million in FY 2020-21 received from the identified properties and the Revenue Sharing of Rs 545.8 million for the period from 1st October 2018 to 31st March 2020 payable to AIAHL and Rs 213.6 million in FY 2020-21 and related cost amounting to Rs 64.6 million in FY 2019-20 and Rs 36.2 million in FY 2020-21 recoverable from AIAHL has been adjusted in the Statement of Profit & Loss (refer Note 19, 20 & 25).

iv) As stated above in 28(iii)(f), the book values of the 74 (PY: 84) identified properties amounting to Rs 68,961.7 million (PY: Rs 70,583.2 million) appearing under “Assets held for Sale” and the book values of 2 identified properties amounting to Rs 4,373.7 million (PY: Rs 4,375.7 million) are appearing under “Investment Properties”.

v) The aggregate value of investments in 4 subsidiaries amounting to Rs 8,179.4 million (PY: Rs 8,179.4 million) and the net receivables from the Subsidiaries along with interest accrued thereon amounting to Rs 39,722.8 million (PY: Rs 35,437.0 million) are classified as “Assets held for Sale”.

vi) Assets held for sale/transfer/surrender identified to be transferred to the AIAHL have also been carried at book value (net of diminution wherever provided) as on 31st March 2021. The gain/loss on assets which have been sold from 1st October 2018 to 31st March 2021 have been accounted for in the Financial Statements of AI.

29. Impact of COVID-19 on Air India Ltd

The global outbreak of COVID-19 pandemic and the nation-wide lockdown imposed from 25thMarch 2020 and followed by multiple extensions in lockdown/ restrictions imposed by Central/State Governments had a major impact on the aviation industry. Similar lockdowns were imposed in the different parts of the world as well, leading to a severe dent on the business of the Company. AI had to cease all scheduled domestic and international operations in compliance with the directions issued by the DGCA in the aftermath of the pandemic.

The suspension of all air traffic during this period saw the revenues of the Company plummeting and at the same time, committed and obligated expenditure such as loan repayments, payments to aircraft lessors, salaries etc had to be met during this period leading to a further dent in the already strained financial position of the Company.

Nevertheless, the Company, during this period, on the directions of the Government, conducted some essential air operations to mitigate the hardships brought forward by the unprecedented pandemic times. This included the operation of non-scheduled flights under the Vande Bharat Mission to evacuate stranded fellow citizens throughout the globe. In addition, AI also conducted special charter flights on domestic and some international sectors to facilitate the movement of essential medical and other supplies to various parts of the country and the world. Subsequently, the DGCA also permitted resumption of domestic operations in a calibrated manner with effect from 25th May 2020.

In light of the COVID 19 pandemic, GOI restrictions on domestic and international flights and the second wave of COVID, it is very difficult to assess the air passenger and cargo traffic volume for the coming years. This has directly affected the operations and revenues of aviation sector including AIL.

However, on its own part, the Company during the COVID period has introduced various measures/ steps to partially offset the adverse financial impact arising out of these difficult times. These include the introduction of salary/allowance cuts across the board for all employees, suspension of all post retirement contractual engagements, introduction of the concept of shorter working week, encouraging the employees to take advantage of the Leave without Pay Scheme etc. The Company also engaged its aircraft lessors in negotiations to secure cuts in lease payments, exercised strict control over vendor payments to ensure best possible use of scarce funds availability.

The estimates of recovery from the impact of COVID-19 have been made by various stakeholders and in most cases, normalcy is projected to return by only within 4 to 5 years. The rapidly growing vaccinated population, advancement in COVID testing, the re-opening of borders followed by elimination of quarantine measures would hold the key in restoration of normalcy of operations for airlines in the future.

The Company has also assessed the impact of COVID-19 on the impairment in the carrying value of its assets, inventories, receivables etc appearing in its financial statements. In developing the assumptions and estimates relating to the future uncertainties in the economic conditions manifested by the pandemic, the Company has relied on various internal and external sources of information. Based on the current indicators of future economic conditions, the management expects to fully recover the carrying value of all its assets. However, given the uncertainties, the final impact on the Company's Financial Statements and Cash Flows cannot be predicted at this time and in future may differ from that estimated as at the date of approval of these financial statements. Further, the impact assessment does not indicate any adverse impact on the ability of the Company to continue as a Going Concern.

The COVID-19 pandemic is still impacting all economic activities worldwide in varied ways and any current estimates to mitigate its impact need to be continuously monitored and reassessed. The management will continue to closely monitor any material changes based on the future economic conditions.

30. Property, Plant and Equipment, ROU and Investment Properties

i) ROU Assets (Land Leasehold) in the previous included one property for which the title deed was not available. Details of the same is as under:

						(Rs in Million)
Particulars	**31.03.2021**			**31.03.2020**		
	Area (Sq Mtrs)	**Gross Block**	**Net Block**	**Area (Sq Mtrs)**	**Gross Block**	**Net Block**
Land Leasehold (*)	**-**	**-**	**-**	**76,874.0**	**180.0**	**180.0**

(*) Transferred to Assets held for Sale during the year.

ii) Air India was allotted leasehold land measuring 1,00,021.60 sq. mtrs. by CIDCO at Nerul for Staff Housing Colony. On the above referred land, Air India had constructed 508 flats on a portion of land admeasuring 28,626 sq. mtrs and it has been decided to sell these flats to the employees of the Company and organizations under the control of Ministry of Civil Aviation. In terms of the Orders of Hon'ble High Court at Bombay (the Court), the Company issued allotment letters to 334 allottees out of 508 flats. However, title to the underlying land can only be conveyed by a tripartite conveyance deed between Societies, Air India and CIDCO which is not yet done. Pending conveyance of title of land in favour of the registered societies and completion of all legal formalities necessary adjustments have been made on the Ind AS Transition date (1st April 2016). The value of this property is being carried as on 31st March 2021 as given hereunder:

a) Net Value of 334 flats (including cost of land) amounting to Rs.1,483.9 million allotted in earlier years were transferred to Assets held for Sale.

b) Carrying Value of the balance 174 flats and the vacant land amounting to Rs.4,174.5 million (PY: Rs 4,176.2 million) being depreciated cost has been shown under Investment Property.

Necessary entries for the sale of the flats will be made on the completion of the legal formalities.

The Company had also paid an advance of Rs. 24.6 million (PY: Rs. 24.6 million) to CIDCO for purchase of another plot of lease hold land at Nerul for the purpose of construction of staff quarters. The possession of the plot allotted by CIDCO in this regard has not been handed over to the Company and no agreement / lease deed has been executed till date. The same continues to be shown as "Assets held for Sale-Others".

The monetization proceeds would be credited to AIAHL, through escrow mechanism.

iii) 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.

iv) The Board of Directors had in principle decided that the Core Engineering Assets namely MRO at Trivandrum, Hyderabad and Hangars at Delhi, Mumbai, Kolkata, Chennai and Hyderabad and all Engineering facilities including workshop equipment and buildings at all airports would be transferred to AIESL/AIAHL after approval/NOC from the Authorities concerned. Pending finalization of all related issues in this matter, these assets are appearing in PPE Note in their respective heads and the necessary adjustments shall be carried out when these issues are finally settled.

v) The Board of Air India had given in principle approval for transfer of core engineering assets of Air India including MRO SEZ Nagpur Unit to AIESL. The MRO at Nagpur consists of Airframe maintenance facility, Engine Test facility for GE / GEnx engines which has already been commissioned and an Engine workshop which is under construction. As authorized by the Board, Air India had made necessary application to the Development Commissioner of MIHAN SEZ Unit and Chairman of Maharashtra Airport Development Company Ltd. (MADCL), Nagpur for the transfer of Nagpur MRO. The Company has received approval for change of entrepreneur from Air India to AIESL on 8th April, 2021 and is in the process of executing the documents / agreements.

As at the end of Financial Year 31st March, 2021, the book value of assets of MRO Nagpur, which includes Airframe maintenance facility, Engine Test facility and under construction Engine workshop amounts to Rs 6,740.0 million (PY: Rs Nil) [including Engine Workshop CWIP amounting to Rs 1,134.7 million (PY: Rs Nil)], have been transferred from PPE to Assets held for Sale.

Further, in addition to Airframe maintenance facility and Engine Test facility, Air India had plans to purchase 19 acres of open land adjacent to MRO Facility for future expansion. Air India had already paid an advance of Rs 82.8 million towards the same pending allotment of land. During the current financial year, the Board had directed that Air India may pay the balance amount of

Rs 31.2 million taking allotment of land in the name of Air India Assets Holding Limited (AIAHL) as co-developer after seeking necessary approval from MADCL, Nagpur. Air India has already paid balance amount of Rs 31.2 million and total amount will be recovered from AIAHL through Receipts from AIAHL towards Restructuring A/c. (RFATR) on receiving approval from MADC, Nagpur, which is still awaited. Pending approval, the total advance of Rs 114.0 million paid to MADCL, Nagpur for this land has been reflected as Advance paid to MADCL.

vi) Disclosure under IND-AS 40"Investment Property"

					(Rs in Million)
No	**Particulars**	**2020-21**		**2019-20**	
		Properties Earning Rent	**Properties not Earning Rent**	**Properties Earning Rent**	**Properties not Earning Rent**
A	**Rent Earned**	**35.5**	**-**	26.6	-
B	**Operating Expenses**				
i)	Security Services	**-**	**3.6**	-	3.1
ii)	Property Taxes	**-**	**2.6**	-	2.6
iii)	Lease Premium	**-**	**-**	-	24.6

vii) The removal of charge on the Aircraft taken under finance lease, fully repaid during the previous year, is under process as lenders have not yet given the NOC for the title transfer due to cross-default clause in other facilities.

31. Assets Held for Sale (AHFS)

Assets held for sale mainly includes:

i) Immovable Properties in respect of which the Board has accorded its approval for sale/monetization. Hence, these properties have been transferred to "Assets Held for Sale A/c" at lower of their carrying value and fair value less cost to sell. "Assets held for Sale" include certain properties for which title deeds are not available. The details of areas, book values (after diminution wherever applicable) are as under:

							(Rs in Million)
S. No.	**Particulars**	**31.03.2021**			**31.03.2020**		
		Area (Sq Mtrs)	**Gross Block**	**Net Block**	**Area (Sq Mtrs)**	**Gross Block**	**Net Block**
1.	**Land/Buildings Freehold**	**17,606.2**	**305.7**	**305.7**	18,682.8	344.8	344.8
	Less: Diminution Provided	**-**	**305.7**	**305.7**	-	-	-
	Net Total (1)	**17,606.2**	**0.0**	**0.0**	18,682.8	344.8	344.8
2.	**Land/Buildings Leasehold**	**153,642.7**	**56,475.9**	**56,475.9**	153,642.7	56,475.9	56,475.9
	Less: Diminution Provided	**-**	**305.4**	**305.4**	-	-	-
	Net Total (2)	**153,642.7**	**56,170.5**	**56,170.5**	153,642.7	56,475.9	56,475.9
	Total (1+2)	**171,248.9**	**56,170.5**	**56,170.5**	172,325.5	56,820.7	56,820.7

ii) In terms of decision taken, as per the records of the discussions held in the Ministry of Finance on 1st June 2017for the development of assets of AI located at Vasant Vihar Housing Colony, 121410 sq mtrs Rs 51,295.1 million (PY: Rs 51,295.1 million) and Baba Kharag Singh Marg Land 14326.38 sq mtrs Rs 4,770.7 million (PY: Rs 4,770.7 million), these properties have been handed over to the Ministry of Urban Development (MoUD). The MoUD has been entrusted with the overall responsibility of sale of these two properties by the Government and the monetization proceeds will be transferred to AIAHL.

iii) During FY 2020-21, the company has provided for a diminution in the value of 34 (PY: 2) properties under AHFS amounting to Rs 1,774.8 million (PY: Rs 94.3 million), which has been accounted for in the Statement of Profit and Loss. The total diminution provided against AHFS properties amounts to Rs 1,869.1 million.

iv) For the purpose of disclosure of non-availability of title deeds in Note No 30 (i) and 31 (i) in respect of Land & Buildings included in AHFS, ROU, Investment Properties and PPE, certain properties for which photocopies are available or for which registration formalities are yet to be completed have not been included. Efforts are being made by the Company to obtain duplicate certified copies of such title deeds and other relevant records of properties in cases where original title deeds are not in possession of the Company. Further, the Company is also in the process of completing registration formalities in respect of such properties.

v) Two Boeing-777-300 ER aircraft, which were procured on behalf of Government of India and were classified as Assets Held for sale have been transferred to Government of India during the year.

32. Vayudoot

After carrying out all disbursements as per the directions of the Ministry of Civil Aviation pertaining to the merger of Vayudoot with Air India Ltd, a balance amount of Rs 28.2 million (PY: Rs. 28.2 million) remains which has been reflected in the books of accounts of AI as “Liability” under “Vayudoot Settlement Account”. However, necessary decision regarding the adjustment of this outstanding amount can be taken only when certain Contingent Liabilities relating to Vayudoot Ltd which continue to be disclosed in the Accounts of the AI are settled. This is mainly because these may lead to future liabilities for AI as they mainly pertain to legal cases pending against Vayudoot.

33. Physical Verification & Reconciliation

The Physical Verification of Assets is done on a rotational basis so that every asset is verified in block of two years and the discrepancies observed in the course of the verification adjusted in the year in which report is finalized. The current Physical Verification exercise carried out is for the Biennial Year 2020-22. The physical verification of aircraft and non- aircraft stores was conducted by five outsourced firms at Mumbai, Kolkata, Delhi, Chennai & Hyderabad for the Biennial Year 2020-22. The details of the same are as under:

i) Fixed Assets:

a) Physical Verification and Reconciliation of major assets constituting around 98% viz. Airframes, Aero-engines, APUs and Simulators is carried out at the end of each year. The physical verification and reconciliation as on 31st March, 2021 of major assets with the records of Finance and Engineering Department has been completed and no major discrepancies have been reported.

b) The Physical Verification and Reconciliation of assets other than above constituting around 2% of the gross block as on 31st March 2021 including assets migrated in the fixed assets register at block level as one item for which line item identification is under progress for the biennial period 2020-22. Further, the physical verification of the assets for the biennial period 2018-20 was completed in the previous year. However, necessary action on the Physical Verification Report of the biennial period 2018-20 is still under progress and necessary action on the same will be taken on the receipt of approval from the competent authority for shortages identified, at a book value of around Rs 111.7 million.

ii) Inventory:

Physical Verification of Aircraft/Non-aircraft Inventory (except inventory lying with the third parties and some inventory lying in engineering workshops) for the biennial period 2020-22 has been completed and shortage of Rs 3.4 million (PY: Rs 32.2 million) and excesses of Rs. 1.7 million (PY Rs.15.5 million) have been observed. Pending approval from the Competent Authority a provision amounting to Rs.3.4 million (PY 29.8 million) for shortages have been made. Further, it has been proposed to also cover the inventory of phased out fleet of B-737-200 for physical verification in the biennial period 2020-22.

34. Effect of changes in Exchange rates (Ind AS-21)

i) Transactions relating to Foreign Inventory Procurements and closing balances of certain foreign currency monetary items have not been translated at the date of transaction, as required under Ind AS, due to complexity of transactions. The impact of translation of the same is not ascertained; however, the same is not likely to be material.

ii) The Company has not adopted Appendix B to Ind AS 21 – Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. However, the effect on account of non-adoption of this amendment is not likely to be material.

35. Confirmations/Reconciliations

i) The reconciliation of receivables and payables including, suspense/control ledgers and staff related accounts is under process. Impact, if any, of consequential adjustment arising out of reconciliation will be dealt with in the year of completion of Reconciliation (also refer Note 39).

ii) The Company has sought the confirmation of balances for major receivables, payables, advances and inventory lying with third parties. However, only some of the parties have responded. Wherever the balances confirmed by the parties are not in agreement with the books, reconciliation of difference is under process.

iii) Tax Deducted at source (TDS) credits in respect of Income Tax and Provident Fund liability in respect of both employees' and employer's contribution are still pending to be reconciled with tax credit statement (Form 26AS) and Employees' Provident Fund Trusts books respectively.

36. Bank Accounts Confirmation

(i) The Company has requested for confirmation/Bank Statements/Direct confirmation as on 31st March 2021 to Statutory Auditors. The Company has obtained confirmation/bank statements in respect of bank accounts/fixed deposits/loan accounts except for 9 bank accounts (PY: 17 bank accounts) carrying aggregate balance of Rs. 2.2 million (PY: Rs 30.6 million). However, as per the Statutory Auditors they have not received the confirmations directly in respect of 139 bank accounts (PY: 219 Bank Accounts) carrying aggregate debit balance of Rs 1,589.2 million (PY: Rs 2,892.2 million) and 1 bank account (PY: Nil) carrying aggregate credit balance of Rs 3,669.2 million (PY: Nil). Fixed Deposit accounts carrying aggregate balance of Rs 1,158.7 million (PY: Rs 1,280.1 million) and Loans taken from 11 banks (PY: 1 bank) carrying balance amounting to

Rs 73,405.0 million (PY: Rs 3,662.0 million) as on 31st March 2021.

(ii) As on 31st March 2021, the Company has inoperative Bank accounts carrying a total balance of Rs 11.7 million (PY: Rs 5.8 million).

37. Internal Control

The Company is in the process of strengthening the internal audit process so as to ensure the coverage of all the areas as envisaged in the Minimum Audit Programme and ensure effective internal controls at stations, regional offices, user departments and Central Accounts Office. To comply with the same, Independent Chartered Accountants firms have been appointed by the Company. System for uniform and timely accounting in SAP as well as other software, including interface with each other, is under process of being strengthened.

38. Inventories

i) The Work Order Suspense account includes items of Rs 1,274.7 million (PY: Rs 1,367.5 million) out of which provision has been made for Rs 1,153.8 million (PY: Rs 1,065.6 million) for all the items irrespective of work completion status upto September 2020, items in completed status upto March 2021, heavy checks upto December 2020 and in-transit checks/express checks upto March 2021.

ii) Pending reconciliation/rectification, provision of Rs 252.5 million (PY: Rs 147.6 million) has been made towards the inventory balances lying under various intermediary /suspense accounts under RAMCO system for which consumption/issue/scrappage has not been updated until 31st March 2021. The amount lying in such accounts as at 31st March 2021 is Rs 534.7 million (PY: Rs. 472.7 million).

iii) 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 the inventory consumed during the year to the total inventory. The total of FDI expensed out during the year amounts to Rs 377.2 million (PY: Rs 959.9 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.

39. Status of Reconciliation with Airport Operators

A) **Reconciliation related**

i) The reconciliation with various Airport Operators has been carried out during the year and the status of the same as on 31st March 2021is given hereunder:

(Rupees in Million)

No	Name of Airport Operator	Balance Payable as per Air India Ltd as on 31.03.2021	Balance Receivable as per Airport Operators as on 31.03.2021	Difference
1	Airport Authority of India (AAI)	17,707.4	23,233.4	(5,526.0)
2	Mumbai International Airport Ltd (MIAL)	1,951.4	2,139.5	(188.1)
3	Delhi International Airport Ltd (DIAL)	2,014.6	1,960.6	54.0

(Rupees in Million)				
No	**Name of Airport Operator**	**Balance Payable as per Air India Ltd as on 31.03.2021**	**Balance Receivable as per Airport Operators as on 31.03.2021**	**Difference**
4	Cochin International Airport Ltd (CIAL)	179.4	179.4	-
5	Greater Hyderabad International Airport Ltd (GHIAL)	515.0	529.2	(14.2)
6	Bangalore International Airport Limited (BIAL)	103.2	103.2	-
7	Kannur International Airport Limited (KIAL)	8.7	8.7	-
8	Adani Airport, Mangalore	7.5	7.5	-
9	MIHAN Nagpur	1.6	49.6	(48.0)

ii) The major reasons for the difference are due to payments/credits given by AI up to 31st March 2021 for which accounting effect by the Airport Operators is yet to be given and the difference due to disputes in rates applied for landing and parking charges, ground handling, royalty, space rentals, service tax on electricity charges, etc., wherever not provided for, which are not as per terms of the Agreements. In the case of some Airport Operators, wherever un-reconciled difference is there, the same has been disclosed as Contingent Liability.

iii) The company has provided for the interest on the outstanding of airport operators based on the invoice/information wherever made available by airport operators. The same are under verification/reconciliation through external consultants and adjustments, if any, shall be taken in the year of finalization of such verification/reconciliation.

iv) The balances in respect of AAI are in the process of reconciliation. The differences are mainly on account of effect of, 'Umbrella Agreement' signed between AI and AAI in FY 2018-19, MoU relating to revenue sharing of Cargo Complex Mumbai and TDS credits not considered by AAI. The process of reconciliation and adjustment in regard to these issues is going on at all Regions with AAI and necessary effect for the same will be given on the completion of the reconciliation of all balances with AAI. However, the un-reconciled difference of Rs 49.5 million (PY: Rs 780.7 million) has been disclosed as Contingent Liability.

v) An airport operator has raised invoice of Rs. 834.2 million towards parking charges and Rs.281.7 million towards Passenger Boarding Bridge (PBB) charges. A part of the parking charges has been disputed by the company on account of eligible credit for dedicated parking bays not given and the unusual circumstances arising out of COVID 19. Further, the company has also disputed the levy of PBB charges due to prolonged grounding of aircraft in view of lockdown situation arising out of COVID-19 and the airport being closed. The Company is in the process of ascertaining/ reconciling the same with the airport operator. However, on a prudence basis, the Company has made provision for full amount as invoiced by the airport operator.

B) **Other Matters**

i) The company expects a reimbursement from an Airport Operator, of Rs 37.0 million (PY: Rs Nil) against property tax for construction of New Hanger at NEC, Mumbai for the period 2015-2021, on account of the differential amount of property tax between the old and new rates.

The necessary adjustments shall be carried out on confirmation from the Airport Operator.

ii) Other financial liabilities (Note 15) includes Rs.1,206.7 million in respect of levy on security handling income, which is payable to various airport operators. The obligation of making payment to the airport operators is dependent upon the recovery of the levy from the customer airlines. Necessary adjustments will be carried out on the reconciliation of the liability to airport operators vis-à-vis the recoverable from customer airlines is under process by the Company.

40. Segment Reporting:

i) The Company is engaged in airline related business which is the only reportable segment. The details of geographical area wise revenue earned (derived by allocating revenue to the area in which the sales were made) are given hereunder:

			(Rs in Million)
	Particulars	**2020-21**	**2019-20**
a)	USA/Canada	**9,603.3**	32,171.1
b)	UK/Europe	**4,407.3**	25,902.7
c)	Asia (excluding India), Africa and Australia	**7,180.5**	29,992.5
d)	India	**82,241.9**	189,039.8
	Total	**103,433.0**	277,106.1

ii) Major revenue-earning asset of the Company is the aircraft fleet, which is flexibly deployed across its worldwide route network. Other non-current assets (other than financial instruments) located outside India are not material, hence, not disclosed.

iii) There are no customers contributing to operating revenue exceeding 10% of total revenues in current year as well as previous year.

41. Related Party Transactions:

Disclosure of the names and relationship of the Related Parties as required under IndAS-24are as under:

A. Key Management Personnel & Relatives:

i) **Key Management Personnel & Relatives:**

	Name	**Particulars**
(A)	**Whole-Time Directors**	
1	Shri Ashwani Lohani	Chairman & Managing Director (Ceased to be CMD effective 14th February 2020)
2	Shri Rajiv Bansal	Chairman & Managing Director (Appointed as CMD effective 14th February 2020)
3	Shri Vinod Hejmadi	Director – Finance
4	Ms. Amrita Sharan	Director-Personnel (Appointed on the Board effective 14th July 2020)
5	Ms. Meenakshi Mallik	Director-Commercial (Appointed on the Board effective 14th July 2020)
6	Capt. Rajwinder Singh Sandhu	Director Operations (Appointed on the Board effective 24th July 2020)

(B)	Government Nominee Directors	
7	Shri Praveen Garg	Additional Secretary & Financial Advisor, Ministry of Civil Aviation. (Appointed on the Board effective 30th August, 2019 and ceased to be on the Board effective 18 February 2020)
8	Shri Vimalendra Anand Patwardhan	Joint Secretary & Financial Advisor, Ministry of Civil Aviation. (Appointed on the Board effective 18th February 2020)
9	Shri Satyendra Kumar Mishra	Joint Secretary, Ministry of Civil Aviation.
10	Shri Arun Kumar	Additional Secretary & Financial Advisor, Ministry of Civil Aviation. (Ceased to be on the Board effective 10th July 2019)
(C)	**Independent Directors**	
11	(Dr.) Shri Ravinder Kumar Tyagi	Ceased to be on the Board effective 31st May 2020
12	(Dr.) Shri Syed Zafar Islam	Ceased to be on the Board effective 31st May 2020
13	Shri Y.C. Deveshwar	Ceased to be on the Board effective 11st May 2019
14	Shri Kumar Mangalam Birla	Ceased to be on the Board effective 7th August 2021
15	Smt. Purandeswari Daggubati	

ii) **Transactions with Key Managerial Personnel**

a) There are no transactions with key managerial personnel other than Remuneration and Perquisites to Chairman & Managing Director, Functional Directors and Sitting fees to Independent Directors.

b) No loans or credit transactions were outstanding with Directors or officers of the Company or their Relatives as at 31st March, 2021 (PY: Rs Nil).

iii) **Key Managerial Remuneration**

(a) Salary and Allowances

No	Particulars	(Rs in Million)	
		2020-21	2019-20
(a)	***Chairman & Managing Director***		
	Salaries & Allowances (including value of perquisites 2020-21: Rs Nil (PY: Rs 0.03 million)	**3.3**	1.7
(b)	***Functional Directors***		
i)	Salaries & Allowances (including value of perquisites 2020-21: Rs 0.14million (PY: Rs 0.04 million)	**15.9**	3.0
ii)	Contribution to Provident Fund	**1.0**	0.2
(c)	***Independent Directors***		
	Sitting Fees paid to Independent Directors	**0.2**	0.5

Note: Transactions such as providing airline related services in the normal course of business are not included above.

(b) Employee Benefits Obligations relating to KMP (Functional Directors)

			(Rs in Million)
No	**Particulars**	**2020-21**	2019-20
i)	Gratuity Provision	**6.9**	1.7
ii)	Leave Encashment Provision	**8.7**	2.7
iii)	Salary Outstanding at year end	**1.4**	0.3

B. Name and Relationship of Group Companies and Joint Venture

No	**Particulars**	**Relationship**
i)	Air India Express Ltd (AIXL) (Formerly known as Air India Charters Ltd (AICL))	Subsidiary Company
ii)	AI Airport Services Ltd (AIASL) (Formerly known as Air India Air Transport Services Ltd (AIATSL))	Subsidiary Company
iii)	AI Engineering Services Ltd (AIESL)	Subsidiary Company
iv)	Alliance Air Aviation Ltd (AAAL) (Formerly known as Airline Allied Services Ltd (AASL))	Subsidiary Company
v)	Hotel Corporation of India Ltd (HCI)	Subsidiary Company
vi)	Air India SATS Airport Services Pvt Ltd	Joint Venture (JV)

Transactions with Group Companies

			(Rs in Million)
No	**Transactions**	**2020-21**	**2019-20**
1	**Air India Express Ltd (AIXL)**		
a)	**Expenditure**		
b)	**Revenue**		
i)	Revenue Sharing with Air India Ltd	2,402.4	3,500.0
ii)	Interest Cost Reimbursement by Subsidiaries	1,029.8	984.3
iii)	Handling & Servicing	62.1	163.2
iv)	Others	163.2	172.7
c)	**Closing Balance as on 31st March** **- Advances** **- Investments**	 12,567.6 7,800.0	 11,347.0 7,800.0
2	**Alliance Air Aviation Ltd (AAAL)**		
a)	**Expenditure**		
i)	Staff Cost Pay and Allowances	-	6.7
ii)	Staff Cost Travelling Expenses	1.8	1.3
b)	**Revenue**		
i)	Interest Cost Reimbursement by Subsidiary	1,614.0	1,446.3
ii)	Handling & Servicing	33.2	76.6

iii)	Others	163.5	206.5
c)	**Closing Balance as on 31st March** **- Advances** **- Investments**	 20,586.2 4,022.5	 17,060.7 4,022.5
3	**Hotel Corporation of India Ltd (HCI)**		
a)	**Expenditure**		
i)	Pax Amenities	80.9	403.0
ii)	Others	66.3	109.6
b)	**Revenue**		
i)	Interest Cost Reimbursement by Subsidiary/Others	351.9	260.8
ii)	Others	0.1	0.3
c)	**Closing Balance as on 31st March** **- Advances** **- Investments**	 4,092.9 1,106.0	 3,433.8 1,106.0
4	**AI Airport Services Ltd (AIASL)**		
a)	**Expenditure**		
i)	Handling Charges	1,232.0	3,430.5
ii)	Interest Paid to Subsidiary	113.7	105.0
iii)	Others	84.9	136.3
b)	**Revenue**		
i)	Revenue Sharing with Air India	213.6	342.5
ii)	Others	38.9	83.5
c)	**Closing Balance as on 31st March** **- Liability** **- Investments**	 808.5 1,384.2	 1,833.0 1,384.2
5	**AI Engineering Services Ltd (AIESL)**		
a)	**Expenditure**		
i)	Outside Repairs Aircraft	6,251.3	10,321.5
ii)	Others	9.6	174.2
b)	**Revenue**		
i)	Interest Cost Reimbursement by Subsidiary	1,291.3	1,381.7
ii)	Others	515.0	605.9
c)	**Closing Balance as on 31st March** **- Advances** **- Investments**	 15,043.7 1,666.7	 14,942.5 1,666.7
6	**Joint Venture Air India SATS Airport Services Pvt Ltd**		
a)	For transactions with JV AI-SATS refer Note 42(i)		
Also Refer Note No 27 (ii) for Other Commitments.			

C. **Transactions with Provident Fund Trusts**

(Rs in Million)				
Particulars	**2020-21**		**2019-20**	
	PF Contribution during the Year	**Outstanding as on 31.03.2021**	**PF Contribution during the Year**	**Outstanding as on 31.03.2020**
PF Trusts Dues	915.2	504.4	951.1	2,541.8

(Also refer Note No 47(vi))

D. **Major Transactions with Govt/Govt Related Entities**

S. No	Name	Relationship
1	Airport Authority of India	Central PSU
2	Indian Oil Co Ltd	Central PSU
3	Hindustan Petroleum Co Ltd	Central PSU
4	Bharat Petroleum Co Ltd	Central PSU
5	Air India Assets Holding Co Ltd	Central PSU
6	National Small Savings Fund (NSSF)	Govt Department
7	Govt of India	Promoter

The details of the major transactions of Revenue and Expenditure of the Company with Govt Related Entities are given hereunder:

(Rs in Million)						
No	**Name of Entity**	**Nature of Transactions**	**2020-21**		**2019-20**	
			Balance as on 31st Mar'2021	**Amount of Transactions during the year**	**Balance as on 31stMar' 2020**	**Amount of Transa-ctions during the year**
1	Airport Authority of India	Airport Usage Charges	**17,707.4**	**3,511.8**	15,920.0	4,268.2
2	Indian Oil Co Ltd	Fuel and ATF Purchases	**21,548.6**	**11,015.0**	23,447.0	41,312.5
		Interest on delayed payments	**3,602.7**	**1,503.0**	1,466.8	1,466.8
3	Hindustan Petroleum Co Ltd	Fuel and ATF Purchases	**7,241.6**	**2,824.5**	7,576.0	9,831.7
		Interest on delayed payments	**1,440.8**	**468.0**	491.1	491.2
4	Bharat Petroleum Co Ltd	Fuel and ATF Purchases	**7,781.0**	**2,981.1**	8,610.6	8,203.6

(Rs in Million)						
No	Name of Entity	Nature of Transactions	2020-21		2019-20	
			Balance as on 31st Mar'2021	Amount of Transactions during the year	Balance as on 31st Mar' 2020	Amount of Transa-ctions during the year
		Interest on delayed payments	**1,828.8**	**520.9**	569.8	569.9
5	Govt of India - Various Ministries and Departments	SESF Flights Revenue	**902.6**	**7,865.1**	6,478.6	9,082.0
		Charter Revenue – Others	**314.9**	**996.1**	926.7	2,711.1
		Mail Revenue	**352.2**	**851.0**	204.8	594.2
		Loan from National Small Savings Fund (NSSF)	**76,360.0**	**50,000.0**	26,360.0	-
		Advance from DRDO	**1,260.0**	**1,260.0**	-	-
		Interest on Loan from NSSF	**2,513.1**	**3,817.7**	2,240.6	2,240.6
6	Air India Assets Holding Co Ltd	Reimbursement of Interest on AI Loans carved out to AIAHL	**-**	**-**	-	17,637.4
		Rental Income and Revenue Sharing net off related cost to be transferred to AIAHL	**-**	**1,388.5**	-	1,906.0
		Monetization Proceeds to be transferred to AIAHL	**-**	**885.3**	-	2,205.2
		Other misc. transactions	**-**	**22.9**	-	45.0
		Funds received from AIAHL for repayment of identified Loans	**-**	**-**	-	219,850.0

						(Rs in Million)
No	Name of Entity	Nature of Transactions	2020-21		2019-20	
			Balance as on 31st Mar'2021	Amount of Transactions during the year	Balance as on 31stMar' 2020	Amount of Transa-ctions during the year
		Balance in AIAHL Intermediary Settlement A/c	**5,879.5**	**-**	5,026.2	-
		Interest earned on NCD FD's		**30.1**	-	-
7	Govt of India	Equity Infusion from Govt	**326,652.2**	**0.1**	326,652.1	-
		Share Application money pending allotment	**-**	**-**	-	0.01
		Advance received for 2 SESF Aircraft	**-**	**-**	37,398.6	2,723.4
		Sale of 2 SESF Aircraft	**-**	**44,148.4**	-	-
		Guarantee Fee	**21,595.2**	**2,577.5**	18,275.0	3,428.5

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

42. Interest in Joint Venture Air India SATS Airport Services Pvt Ltd

i) **Disclosure relating to AI-SATS**

			(Rs in Million)
No	**Transactions**	**2020-21**	**2019-20**
a)	**Expenditure**		
i)	Handling Charges	**1,398.6**	2,893.8
b)	**Revenue**		
i)	Asset Usage Charges	**100.9**	42.6
ii)	Dividend	**-**	12.1
iii)	Others	**262.1**	429.8
c)	**Payable as per AI Books**	**612.2**	1,344.7
d)	**Investments as at 31st March 2021**	**436.2**	436.2

The Company has entered into Joint Venture (JV) agreement with SATS, Singapore in the equity ratio of 50:50 to provide ground handling services to airlines at certain airports and this was in pursuance of GOI notification on the ground handling policy.

ii) **Capital Commitments and Contingent Liabilities in respect of Company share in AI-SATS Joint Venture**

(**Rs in million)**

No	Particulars	31st March, 2021	31st March, 2020
1.	*Estimated amount of contracts remaining to be executed in respect of PPE and Other Intangible Assets*	34.1	27.9
2.	*Company's exposure in respect of performance bank guarantee issued to various parties*	244.3	244.6
3.	*Claims against the Company not acknowledged as debts.*		
4.	*Taxation matters:*		
(i)	Income Tax Appeals being contested by the JV	509.0	210.4
	Less: Payment under protest in respect of these Appeals	(75.4)	(75.4)
(ii)	Other Income Tax Matters	109.5	109.5
	Less: Payment under protest in respect of these Appeals	26.7	-
5.	*Other than Taxation matters*		
(i)	Demand against the ESIC	11.0	11.4
	Less: Payment under protest in respect of these Demands	(4.3)	(1.7)

43. In compliance with Ind AS – 27 'Separate Financial Statements', the required information is as under:

No	Particulars	Country of Incorporation	Percentage (%) of Ownership Interest	
			As at 31st March 2021	As at 31st March 2020
(A)	**Subsidiary Companies**			
i)	Air India Express Ltd (AIXL) (Formerly known as Air India Charters Ltd (AICL))	India	100 %	100 %
ii)	AI Airport Services Ltd (AIASL) (Formerly known as Air India Air Transport Services Ltd (AIATSL)) *	India	100 %	100 %
iii)	AI Engineering Services Ltd (AIESL) (Formerly known at Air India Engineering Services Ltd) *	India	100 %	100 %
iv)	Alliance Air Aviation Ltd (AAAL) (Formerly known as Airline Allied Services Ltd (AASL)) *	India	100%	100%
v)	Hotel Corporation of India Ltd (HCI) *	India	80.38 %	80.38 %
(B)	**Joint Venture (JV)**			
i)	Air India SATS Airport Services Pvt Ltd	India	50 %	50 %

* (Refer Note28(iii)(h) for Investments in Subsidiary presented as Asset held for Sale.)

44. Ind AS 116 Leases

The Company's leased asset classes primarily consist of leases for Aircrafts, Engines and Leasehold Land. In respect of other leases for various residential/commercial premises/vehicles/office equipment etc. (with option to purchase/renew but title of the same may or may not eventually be transferred) which are scattered at various locations/stations/regions, the management is in the process of collating the necessary information for evaluating the applicability of the Lease standard. Pending evaluation these have not been considered as ROU under Ind AS 116 and rent of the same has been charged systematically to the Statement of Profit &Loss within the lease period. The management is of the view that the impact of this is not expected to be material.

a) **Disclosures under Ind AS 116:**

(i) Maturity Analysis of Lease Liabilities in respect of Aircraft on Lease

		(Rs in Million)
Maturity Analysis of Contractual Undiscounted Cash Flows (Principal Portion)	**As at 31st March, 2021**	**As at 31st March, 2020**
Less than one year	30,976.9	34,454.4
One to Five years	116,092.8	129,191.3
More than Five years	45,412.5	75,462.6

(ii) Amounts recognized in Statement of Profit and Loss and Net Impact of Ind AS 116

		(Rs in Million)
Particulars	**2020-21**	**2019-20**
Interest on Lease Liabilities in Finance Costs	3,067.9	6,255.3
Interest on Re-delivery	417.9	419.6
Depreciation on ROU Assets	25,752.8	29,919.4
Foreign Exchange Loss/(Gain) on account of year-end revaluation (on Lease Liability including Redelivery)	(7,305.5)	20,014.8
Total amount recognized in Statement of Profit and Loss for FY 2020-21	21,933.1	56,609.2

(iii) Amounts recognized in Statement of Cash Flows

		(Rs in Million)
Particulars	**FY 2020-21**	**FY 2019-20**
Total Cash Outflows for Leases	30,970.2	32,423.2

45. Re-Delivery of Aircraft

Provision for re-delivery charges is made to meet the contractual maintenance and return conditions on aircraft held under operating leases. Such provisions are made based on management estimate of number of hours or cycles each engine will have flown at the return date, the cost of performing the required restoration work at that future date and discount rates commensurate with the expected obligation maturity schedules. Judgment is exercised by management given the long-term nature of assumptions that go into the determination of the provision. The assumptions made in relation to the current year are consistent with those in the previous year. Expected timing of resulting outflow of economic benefit is FY2021 to 2030.

The movement in provision made is as given below:

		(Rs in Million)
Particulars	**FY 2020-21**	**FY 2019-20**
Opening Balance	**14,336.0**	7,572.2
Add/(Less): Additional/(Reversal) Provisions during the year	**(627.2)**	5,104.9
Add: Interest accretion on Provisions	**417.9**	419.6
Add/(less) Foreign Exchange Impact	**(462.3)**	1,239.3
Closing balance	**13,664.4**	14,336.0

46. Subsidiary Companies

The Four Subsidiary Companies of the Air India Ltd (excluding AIASL) namely AAAL, AIXL, AIESL and HCI are having accumulated losses and the net worth of these companies has eroded as on 31st March 2021. The Company wise position of these subsidiaries is given hereunder:

i) Air India Express Ltd (AIXL): The primary mandate of Air India Express Ltd is to operate low-cost, direct, international services to Middle East / South East Asian destinations to serve expat population / migrant workers at competitive fares.

The Financial Statements for FY 2020-21 of AIXL have been prepared on a Going Concern basis, though the Net worth of the Company is negative, due to following factors / reasons:

- The Company has recorded a net profit (including profit from insurance claim Rs.2,501.0 Million) of Rs. 1,001.0 Million during the FY 2020-21. The Company had achieved a net profit of Rs. 4,999.3 Million during the previous year FY 2019-20.
- With the finalization of Accounts for FY 2020-21, the Company has recorded Cash Profit of Rs.5,013.2 Million (including profit from insurance claim) and Operating profit of Rs.748.8 Million during the year. The Company has consistently earned profit for 5 years from FY 2015-16 to 2019-20 in a row through continuous improvement in efficiency and productivity of manpower and resources.
- As a result of the much-improved financial performance over the past six years, the Company's Net worth is fast approaching to positive figure. The Company should have achieved 'positive net worth' by the close FY 2022, but for the dramatic down turn in the air travel industry attributable to the COVID 19 pandemic the revenue had declined substantially. As the recovery of operations / traffic is expected to take about 12-18 months at least, it is now projected that the Company would become net worth positive by the end of FY 2023-24.
- The Company has initiated several cost-cutting measures to cope with the drastically reduced opportunities to operate scheduled services on account of travel bans implemented by most countries especially those in which the Airline has significant on-line presence.

- Commencing from 7th May 2020, the Airline had operated repatriation flights aimed at bringing distressed Indian nationals back to their homes under the Vande Bharat Mission (VBM) and through Air Bubble arrangement between countries.
- The Company has been constrained to temporarily place on hold the Medium to Long term fleet and network plan that had been developed on account of the pandemic situation and the on-going disinvestment exercise.
- The Company is hoping to renew the IOSA Registration which serves as measure of the Airline's adherence to Assurances and Quality of Services.
- The Company has 7 Aircraft on Finance Lease (Aircraft loan) as on 1st April 2020. Out of 7 Aircrafts, Company has repaid the dues towards 4 Aircraft loan during the fiscal year 2020-21 and balance 3 aircrafts will be cleared during the financial year 2021-22. All the 16 Aircrafts would be free from debt in FY 2021-22.
- The Company has adequate funds at its disposal and the Management is confident of securing additional financing, as required, for the next 12 months to enable the Company to meet its debts and obligations as they fall due. Accordingly, the financial statements of the Company have been prepared on a Going Concern basis.

ii) AIESL is the largest MRO set up in India that can serve as a one-stop-shop for all aircraft engineering requirements. At present, in India, major checks of every commercial wide body aircraft of Indian Operators are done by AIESL. The Company has got hangar facilities available in all major airports in Mumbai, Delhi, Chennai, Hyderabad, Kolkata, Trivandrum and Nagpur. AIESL commenced its operations from January 2015 after receiving its DGCA License.

Further to the above, Government of India under its recent initiatives under its 'Make in India' program, has reduced the GST rate from 18% to 5% w.e.f. 1st April, 2021, which is likely to boost up the revenue from MRO Services.

During the Financial Year 2020-21, the MRO Revenue from outside parties (i.e. other than revenue from group companies) has increased from Rs. 1,836.4 million in 2019-20 to Rs. 4,075.8 million in 2020-21, resulting an increase of 122% as compared to previous year.

AIESL has posted a Net Profit (including OCI) of Rs 119.4 million in FY 2020-21, as compared to the Net Profit (including OCI) of Rs 242.4 million (Re-casted) in FY 2019-20. Hence, in spite of impact due to pandemic, the company could maintain its profitability. With the Make in India thrust of the Govt. of India which will ensure that maintenance of aircraft is within the country, the rapid growth of Aviation in the country and large number of aircraft orders by Indian carriers, AIESL is best poised for taking advantage of the growth in maintenance activities and MRO business within India. In view of this AIESL is likely to earn enhanced revenues and be profitable in the near future.

iii) Alliance Air Aviation Ltd (AAAL): The company (being a wholly-owned subsidiary of Air India) has full support from the government of India to make the company fully operational after the disinvestment of Air India and also the company has taken various measures to improve its operational efficiencies and cost control measures. Since the company expects improvement in Operational and Financial Performances and the company has support from the government of India to make the company fully operational, hence the financial statements of the company have been prepared on the "Going Concern" basis in spite of having accumulated losses and net-worth being eroded.

The company has emerged as a major player in the Government of India's premier scheme UDAN, which connects to various Tier II and Tier III cities with the development of unserved / underserved airports. The growth in Tier II and Tier III cities is still largely untapped and Alliance

Air is likely to emerge as one of the largest players with its young ATR 72-600 fleet suitable for serving these smaller airports.

The company has strategized itself to invest major resources in Government of India's UDAAN scheme. The performance of the airline under UDAAN has been excellent wherein the company has been operationally positive. The total UDAAN route won by the Company now stands at 109. Out of allotted routes, the company operated 73 routes as on 31st March 2021, which were 61 routes till 31st March 2020. Out of the total route operated by AAAL in 2020-21, around 56% were under UDAN scheme. Alliance Air by deploying more resources on UDAAN sectors is moving towards profitability, as AAAL has been achieving operating profit on operation under UDAAN scheme. The Company has actively participated in UDAAN - 4.1 and awaiting final allotment.

Alliance Air is in the threshold of turnaround and poised to lead the regional connectivity in India in the next decade and be a leading regional carrier of Asia. Alliance Air is on its way to reverse the trend of adverse financial parameters in this financial year 2021-22 and there after further consolidate the gains.

iv) Hotel Corporation of India Ltd (HCI): HCI is primarily engaged in the business of owning, operating & managing Hotels and Flight Catering services. The Company has been facing severe liquidity crunch and its financial and operating performance has been affected in recent years due to a number of external and internal factors.

The Company faces significant uncertainties due to COVID-19 which have impacted the operations of the Company adversely starting from the month of March 2020. Management has assessed the impact of existing and anticipated effects of COVID -19

However, in spite of the negative Net Worth of the Company as at 31st March2021, considering the continuous support of the Holding Company and the Government, the Company is and will continue to be able to meet its financial obligations as they fall due. Accordingly, the Company has prepared its accounts on a "Going Concern" basis. Various initiatives have also been taken by the management for improving the operational performance of the Company and increasing the revenues of the Company which are given hereunder:

a) The Holding Company, Air India Limited (AIL)and Government of India is continuously supporting the Company by way of financial assistance in the form of equity infusion and providing financial assistance as and when required by HCI.

b) AIL has been continuously supporting the Company by giving business which contributes to the operational revenue of the Company - nearly 80% of the revenue earned by the Company is from AIL and this would continue in the future also. The Company has signed Service Level Agreements (SLA) for its various units in Delhi, Mumbai and Srinagar with Air India for providing various services to Air India which are valid upto 31.12.2024. The Company is also in the process of signing a Master Service Agreement (MSA) with Air India. The signed SLAs will form part of the MSA.

c) Also, in the process of disinvestment of AIL, HCI is one of the subsidiaries of AIL which would not be divested and would be transferred to AIAHL. Accordingly, upon disinvestment of AIL, the Company would be administered by AIAHL.

v) The reconciliation/confirmation with the Subsidiary Cos and JV as on 31st March 2021 is given hereunder:

(Rs in million)

No	Name of Subsidiary/JV	Balance (Payable)/ Receivable as per Air India Ltd as on 31.3.2021	Balance (Payable)/ Receivable as per Subsidiary Co. as on 31.3.2021	Difference
1	Air India Express Ltd (AIXL) (Formerly known as Air India Charters Ltd (AICL))	12,567.6	(12,567.6)	-
2	Alliance Air Aviation Ltd (AAAL) (Formerly known as Airline Allied Services Ltd (AASL)) *	20,586.1	(20,656.2)	70.1
3	Hotel Corporation of India Ltd (HCI)	4,092.9	(4,092.9)	-
4	AI Airport Services Limited (AIASL) (Formerly known as Air India Air Transport Services Ltd (AIATSL))	(808.5)	808.5	-
5	AI Engineering Services Ltd (AIESL) (Formerly known as Air India Engineering Services Ltd)	15,043.7	(15,043.7)	-
6	Air India SATS (AI-SATS) JV	(612.2)	612.2	-

(*) The difference will be accounted for in the FY 2021-22 as books of AAAL were finalized before AIL.

In view of continuity of the operations of these Subsidiary Companies, the total advances outstanding as stated above are, in the opinion of the management, considered good and realizable in the normal course of business.

47. Payments to and Provisions for Employees:

i) Liability for wage arrears includes Rs 2,076.3 million (Net), (PY Rs. 2,076.3 million Net) arrived on ad-hoc basis towards wage settlement up to period 31st December 2006 pending finalization of actual liability.

ii) In view of Department of Public Enterprises (DPE) guidelines applicable to PSUs no wage revision can be granted to the employees of loss-making PSUs. The Company has been making losses since 1st January 2007 hence no provision has been made towards wage revision/settlement.

iii) Revised Basic Pay on the basis of Justice Dharamadhikari Committee Report

Based on Justice Dharamadhikari Committee (JDC) recommendations, the Revised Basic Pay (RBP) had been implemented for all the categories of the employees from different dates. During the year, the company has recalculated the amount and made additional provision of Rs 165.0 million towards this liability. Accordingly, the total provision towards the balances payable to the employees on account of the implementation of the JDC recommendations as on 31st March 2021 now stands at Rs 13,484.1 million (PY: Rs 13,319.1 million). In the opinion of the Company, this provision will substantially cover all liabilities arising on the implementation of the JDC recommendations. Air India has made an adhoc payment in previous years of Rs 258.4 million to employees against the referred provision.

iv) A total amount of Rs 479.4 million (PY: Rs 478.8 million) is recoverable from Pilots as on 31.03.2021 on account of Pilots Training Cost. The same is recoverable in installments as per each individual

Pilot's terms of employment. The same is being reconciled and reviewed for any non- recovery. Further, in view of the pandemic, all pilot recovery has been deferred effective from July 2020 till date.

In addition to the above, there is an outstanding of Rs 171.8 million (PY: Rs 171.8 million) as on 31.03.2021 due to pending litigation in Delhi High Court, and the training cost recovery has been in abeyance as per Stay Order received. Pending decision by the High Court, on a prudence basis, full provision for these amounts has been made in the books of accounts.

v) Liability on Pilots Retrenchment.

During the year, some pilots, whose resignations were accepted by the company, challenged the Company's action in Delhi High Court and the court ordered reinstatement of these pilots with back wages till the date of their reinstatement. Air India has challenged the judgement by way of an SLP. Pending final judgement, Air India has made a provision of Rs. 120.0 million both for Salary and Flying Allowance towards the same.

vi) Ministry of Civil Aviation, Govt. of India, has directed Air India vide its letter dated 21st August, 2021 for the voluntary transfer of the Provident Fund operated through two separate trusts to Employees Provident Fund Organization (EPFO) before disinvestment. Further, as per the said directions, in case of shortfall in liquidation values of investments of the existing PF trusts, the same would be made good by Air India Ltd/ Govt. of India, if need be through budgetary support. Accordingly, the company has made provision amounting to Rs 1,423.6 million towards anticipated shortfall in the realization of investments of the two PF Trusts and the settlement of liabilities.

48. Employee Benefits

i) **General description of Defined Benefit Plan**

a) **Gratuity**: Gratuity is payable to all eligible employees of the Company on superannuation, death, or permanent disablement. in terms of the provisions of the Payment of Gratuity Act.

b) **Post-Retirement Medical Benefits**: The Company has a Post-Retirement Medical Benefit Scheme under which medical benefits are provided to retired employees and their spouse.

ii) **Defined Contribution Plan**

a) **Employees Provident Fund**: The Company has Employees Provident Fund Trusts under the Provident Fund Act 1925, which governs the Provident Fund Plans for eligible employees. The Company as well as the employees contribute 10% of the PF Pay to the Fund out of which Provident Fund is paid to the employees. Also refer to Note 47 (vi).

iii) **Other Long-Term Employee Benefits**

a) **Privilege Leave Encashment**: Privilege Leave Encashment is payable to all eligible employees at the time of retirement upto a maximum of 300 days.

b) **Sick Leave Encashment**: Sick Leave encashment is payable to all eligible employees at the time of retirement upto a maximum of 120 days subject to the condition that the employee should have at least 60 days of Sick Leave to his credit. However, the Company had decided to freeze the encashment of sick leave standing to the credit of all existing employees as on 01.07.2012. Accordingly, provision for sick leave has also been computed at these frozen sick leave numbers.

iv) **Defined Benefit Plans – Gratuity & Post-Retirement Medical Benefits (Unfunded)**

a) **Disclosure as per Ind AS-19 (For Staff in India)**

					(Rs in Million)
	Particulars	Gratuity		Post-Retirement Medical Benefits	
		As at 31.03.21	As at 31.03.20	As at 31.03.21	As at 31.03.20
(A)	**Actuarial Assumptions for the year:**				
	Discount Rate	6.33%	6.04%	6.91%	6.83%
	Salary Escalation Rate	5.50%	5.50%	-	-
	Medical Cost Inflation Rate	-	-	4.00%	4.00%
	Attrition Rate/ Rate of Employee Turnover	2.00%	2.00%	2.00%	2.00%
	Mortality rate during employment	Indian assured lives Mortality (2006-08) Ultimate	Indian assured lives Mortality (2006-08) Ultimate	Indian assured lives Mortality (2006-08) Ultimate	Indian assured lives Mortality (2006-08) Ultimate
	Mortality rate during employment	-	-	Indian Individual AMT (2012-15)	Indian assured lives Mortality (2006-08) Ultimate
(B)	**Other Details**				
	Number of Active Members	8721	9440	7930	8889
	Per Month Salary for Active Members	554.7	600.9	542.8	594.0
	Weighted Average Duration of the Projected Benefit Obligation	6 years	6 years	30	30
	Average Expected Future Service	9 years	8 years	30	30
	Projected Benefit Obligation (PBO)	6748.4	7397.4	14256.7	13402.6
	Prescribed Contribution for Next Year	-	-	-	-
	(12 Month)				
(C)	**Table for Change in Benefit Obligation:**				
	Liability at the beginning of the year	7397.4	7051.1	13402.6	12120.8
	Interest Cost	446.8	538.7	915.4	943.0
	Current service cost	210.3	210.4	118.1	125.2
	Past Service Cost (Vested Benefit)	-	-	-	-

	Benefit paid	-1128.7	-967.5	-952.1	-1164.9
	Actuarial (gain)/loss on obligations - Due to Change in Demographic Assumptions	-	-	1199.5	-
	Actuarial (gain)/loss on obligations - Due to Change in Financial Assumptions	-97.0	160.4	-115.7	1285.6
	Actuarial (gain)/loss on obligations - Due to Experience	-80.3	404.3	-310.9	93.0
	Liability at the end of the year	6748.4	7397.4	14256.7	13402.6
(D)	**Amount Recognized in the Balance Sheet:**				
	Liability at the end of the year	-6748.4	-7397.4	-14256.7	-13402.6
	Fair value of Plan Assets at the end of the year				-
	Funded Status (Surplus/ (Deficit)	-6748.4	-7397.4	-14256.7	-13402.6
	Amount Recognized in the Balance Sheet	-6748.4	-7397.4	-14256.7	-13402.6
(E)	**Net Interest Cost for Current Period**				
	Present Value of Benefit Obligation at the Beginning of the Period	7397.4	7051.1	13402.6	12120.8
	(Fair Value of Plan Asset at the Beginning of the Period)	-	-	-	-
	Net Liability (Asset) at the beginning	7397.4	7051.1	13402.6	12120.8
	Interest cost	446.8	538.7	915.4	943.0
	(Interest Income)	-	-	-	-
	Net Interest Cost for current period	446.8	538.7	915.4	943.0
(F)	**Expense recognized in the P & L Account:**				
	Current service cost	210.3	210.4	118.1	125.2
	Interest cost	446.8	538.7	915.4	943.0
	Expected return on Plan Assets	-	-	-	-

	Net actuarial (gain)/loss to be recognized	-	-	-	-
	Past Service Cost (Vested Benefit)	-	-	-	-
	Adjustment relating to AAAL for earlier period	-	-8.6	-	-
	Expense recognized in the P & L Account	657.1	740.5	1033.5	1068.2
(G)	**Expense recognized in the Other Comprehensive Income (OCI) for Current Period**				
	Actuarial (Gains)/Losses on obligation for the period	-177.3	564.7	772.8	1378.5
	Return on Plan Assets, Excluding Interest Income	-	-	-	-
	Change in Asset Ceiling	-	-	-	-
	Net (Income)/Expense For the period recognized in OCI	-177.3	564.7	772.8	1378.5
(H)	**Balance Sheet Reconciliation:**				
	Opening Net Liability	7397.4	7051.1	13402.6	12120.8
	Expense Recognized in Statement of Profit or Loss	657.0	749.1	1033.5	1068.2
	Expense Recognized in OCI	-177.3	564.7	772.8	1378.5
	NET Liability /(Asset) Transfer In	-	-	-	-
	NET Liability /(Asset) Transfer Out	-	-	-	-
	Benefit Paid	-1128.7	-967.5	-952.1	-1164.9
	Expense recognized in OCI	-	-	-	-
	Net Liability/(Asset) as per Balance Sheet	6748.4	7397.4	14256.7	13402.6
(I)	**Net Interest Cost for Next Year**				
	Present Value of Benefit Obligation at the Beginning of the Period	6748.4	7397.4	14256.7	13402.6
	(Fair Value of Plan Asset at the Beginning of the Period)	-	-	-	-

	Net Liability (Asset) at the End of the period	6748.4	7397.4	14256.7	13402.6
	Interest cost	427.2	446.8	985.1	915.4
	(Interest Income)	-	-	-	-
	Net Interest Cost for Next Year	427.2	446.8	985.1	915.4
(J)	**Expense to be recognized in the Statement of**				
	P & L A/C for Next Year				
	Current service cost	182.2	210.3	208.4	118.1
	Interest cost	427.2	446.8	985.1	915.4
	(Expected Contribution by the Employees)	-	-	-	-
	Expenses recognized	609.3	657.1	1193.5	1033.5
(K)	**Maturity Analysis of the Benefit Payments: From the Employer**				
	Projected Benefits Payable in future Year from the Date of Reporting				
	1st Following Year	1064.1	1024.0	922.7	641.2
	2nd Following Year	646.6	659.9	945.4	661.7
	3rd Following Year	998.6	1057.8	973.4	700.2
	4th Following Year	932.7	1011.4	1000.9	738.3
	5th Following Year	859.5	927.9	1027.3	775.6
	Sum of Years 6 to 10	2469.0	2982.1	5414.5	4310.0
	Sum of Years 11 and above	2918.4	3092.5	-	-
(L)	**Sensitivity Analysis**				
	Projected Benefit Obligation on Current Assumptions	**6748.4**	**7,397.4**	**14256.7**	**13,402.6**
	Delta Effect of +1% Change in Rate of Discounting	-311.9	-356.2	-1315.4	-1346.7
	Delta Effect of -1% Change in Rate of Discounting	348.2	397.7	1577.5	1,661.3
	Delta Effect of +1% Change in Rate of Salary Increase	244.1	287.2	-	-
	Delta Effect of -1% Change in Rate of Salary Increase	-241.8	-283.4	-	-

	Delta Effect of +1% Change in Rate of Employee Turnover	40.5	35.7	-	-
	Delta Effect of -1% Change in Rate of Employee Turnover	-45.0	-39.9	-	-
	Delta Effect of +1% Change in Medical Cost Inflation		-	1707.3	1,693.6
	Delta Effect of -1% Change in Medical Cost Inflation		-	-1305.1	-1,391.8

b) **Risk Table**

These plans typically expose the Company to actuarial risks such as: Investment Risk, Interest Rate Risk, Longevity Risk and Salary Risk.

Investment Risk	As the defined benefit plans are not funded, the Company is not exposed to any investment risk.
Interest Risk	A decrease in the Government Securities bond interest rate will increase the plan liability.
Longevity Risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

v) **Movement of Provisions of Employee Benefits**

(Rs in Million)

Particulars	**Post-Retirement Medical and Other Benefits**	**Leave Encashment**	**Gratuity**
As at 1st April 2020	**13,432.9**	**4,467.3**	**7,513.1**
Add: Created during the year	851.3	220.7	539.0
Less: Paid during the year	-	(640.1)	(1,128.7)
As at 31st March 2021	**14,284.2**	**4,047.9**	**6,923.4**

49. DEFERRED TAX ASSETS / (LIABILITY)

The Company has recognized Deferred Tax Assets in earlier years amounting to Rs 28,425.2 million. In the subsequent years, the Company has continued to carry this balance of Net Deferred Tax Assets and no further amounts have been recognized as a matter of prudence. The details of the same are given below:

i) **Deferred Tax Assets/Liabilities**

			(Rs in Million)
S. No	**Particulars**	**As at 31st March 2021**	**As at 31st March 2020**
(A)	**Deferred Tax Liability**		
(i)	Related to Fixed Assets	**50,688.8**	56,701.7
(ii)	Related to Foreign Currency Monetary Items (FCMI)	**-**	81.1
	Sub-Total (A)	**50,688.8**	56,782.8
(B)	**Deferred Tax Assets**		
(i)	Other Temporary Differences	**16,013.4**	-
(ii)	Unabsorbed Depreciation	**63,100.6**	85,208.0
	Sub-Total (B)	**79,114.0**	85,208.0
	Net Deferred Tax Asset/(Liability)	**28,425.2**	28,425.2

Although, the Company is in the process of evaluating adoption of the concessional tax regime but as a matter of prudence the Company has re-computed Deferred Tax Assets/ Liabilities in consonance with the new concessional tax regime and accordingly computed the above figures at the net tax rate of 25.168%.

ii) **Details of the Total DTA not recognized as on 31st March 2021:**

The Total DTA available against Depreciation/Business/Other Disallowances Losses as on 31st March 2021 are Rs 195,839.7 million (PY: Rs 200,738.1 million). Out of this available DTA amount, the Company has only recognized DTA amounting to Rs 79,114.0 million (PY: Rs 85,208.0 million) (Gross) as detailed above against Other Temporary Differences and Unabsorbed Depreciation Losses only. Accordingly, as at 31st March 2021 the Company still has got total unrecognized DTA amounting to Rs 116,725.7 million (PY: Rs 115,530.1 million), which as a matter of prudence has not been recognized in the books. The details of the unrecognized DTA balances are given below:

			(Rs in Million)
S. No.	**Particulars**	**As at 31st March, 2021**	**As at 31st March, 2020**
(i)	Other Temporary Differences	**-**	17,904.1
(ii)	Unabsorbed Depreciation	**33,096.5**	7,792.9
(iii)	Brought Forward Business Losses	**83,629.2**	89,833.1
	TOTAL	**116,725.7**	115,530.1

The unused tax losses and unabsorbed depreciation considered above are based on the tax records and returns of the Company and does not consider the potential effect of matters under dispute/litigation with the tax authorities which are currently sub-judice at various levels.

The Govt of India approved the Revival Plan of the Company through which a series of measures were introduced to improve the operational and financial efficiencies as detailed in Note 28 and 53. Further, the Company is under the disinvestment process as approved by the Govt of India which is in an advanced stage of completion. The Company is therefore hopeful of showing improved performance in the future and accordingly, has reasonable certainty that the deferred tax assets recognized will be realized against future profits. Further, the Deferred Tax Assets have been created against Other Temporary differences and subsequently against Carry Forward Depreciation Losses only which are available to the company indefinitely as per the provisions of the Income Tax Act.

iii) **Reconciliation of Effective Tax Rate**

Reconciliation of tax expense and the accounting profit / (loss) multiplied by India's domestic tax rate as adopted by the Company for the year ended 31st March 2021and 31st March 2020:

				(Rs in Million)
Particulars	**For the year ended 31st March 2021**		**For the year ended 31st March 2020**	
	Rate (%)	**Amount**	**Rate (%)**	**Amount**
Profit/(Loss) Before Tax		(70,174.2)		(77,657.3)
Applicable Tax Rate	31.20%	21,894.4	31.20%	24,229.7
Deferred Tax asset not recognized on above		(21,894.4)	-	(24,229.7)
Tax expense for the year	Nil	Nil	Nil	Nil
Effective Tax Rate	Nil	Nil	Nil	Nil

50. Earnings Per Share

Particulars	**For Year ended 31.03.2021**	**For Year ended 31.03.2020**
Profit/(Loss) After Tax for the year (Rs in Million)	(70,174.2)	(77,657.3)
Weighted Average No. of Equity Shares of Face Value of Rs 10 each	32,665,214,849	32,665,210,000
EPS (Rs. per Share) (Basic)	(2.15)	(2.38)
EPS (Rs. per Share) (Diluted)	(2.15)	(2.38)

51. The Micro and Small Enterprises Development Act

Information as required to be furnished as per Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

Amount remaining unpaid to supplier covered under MSMED Act at the end of the year.

(Rs in Million)

Particulars	**As at 31st March, 2021**	**As at 31st March, 2020**
Principal	**157.8**	**267.1**
Interest	**Nil**	**Nil**
Total	**157.8**	**267.1**
The amount of interest paid by the buyer in terms of section 16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	**-**	**-**

The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act.	**-**	**-**
The amount of interest accrued and remaining unpaid at the end of each accounting year.	**-**	**-**
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	**-**	**-**

Note: There have been delays in making payments to some of these enterprises, however, in the opinion of the management the interest is not expected to be material.

52. Remuneration to Auditors

The details of the audit fees and expenses of the Auditors: -

		(Rs in Million)
Particulars	**2020-21**	2019-20
Audit Fee for the year*	**16.5**	16.5
Other Expenses	**2.3**	2.3
Total	**18.8**	18.8

* includes FY 2019-20 arrears of Rs 1.5 million (PY: Rs 3.0 million)

53. Going Concern

The Company has received continuous support from the Government of India (GoI) initially through the introduction of the Turnaround Plan (TAP)/Financial Restructuring Plan (FRP) approved in 2012 and then under the Strategic Revival Plan in FY 2018-19 which has helped the Company to improve its operating and financial parameters.

The objective of the Strategic Revival Plan was to establish a strong competitive and self-sustaining airline which can be strategically divested or listed in the next few years. Focus on increasing the operational efficiencies whereby substantial increase in revenue or cost saving can be achieved. The Revival Plan contained the following major components:

a) Organizational Reforms
b) Financial Package
c) Disinvestment of Subsidiaries
d) Sale of non-core Assets
e) Improving Internal Efficiencies
f) Tapping the human resource potential to the fullest

The Govt. of India has continued to support Air India in various ways to partly ameliorate the strained financial position of the company under the Strategic Revival Plan and also during the COVID Pandemic. This support has been extended in the following measures:

- Loans of Air India Ltd amounting to Rs 294,640.0 million have been approved to be transferred to the Air India Assets Holding Ltd (AIAHL) under the disinvestment plan of Air India Ltd. Out of this amount Loans amounting to Rs 220,640.0 million have already been paid off in FY 2019-20 and the process of transferring the balance amount of Rs 74,000.0 million is underway.

- The Govt has during FY 2020-21 renewed the GoI Guarantee Support for various existing AIL Working Capital Loans and the Govt has issued fresh Govt support for raising new Working Capital Loans from Banks and NSSF amounting to Rs 59,640.0 million. The Govt has continued its support during FY 2021-22.
- The Govt has further renewed the GoI Guarantee for USD 819 million (Rs 61,500.0 million) for aircraft bridge loans for 7 aircraft in December 2020.
- Further, the Govt during the COVID period asked AI to operate Passenger Flights to international destinations under the Vande Bharat Mission and therefore Air India Ltd and its Subsidiary Companies got much needed relief and liquidity.

The Company has regularly received Equity Infusion from the GoI. Hence, it is evident that the GoI is committed to pursue the path of disinvestment and through various steps taken above is aiding the Company in clearing its balance sheet and as mentioned in the PIM for disinvestment there may be further re-allocation of debts and liabilities of the Company. Further steps taken by the Company and also the GoI in light of the process of disinvestment have been discussed in detail in Note 28. All these steps are aimed at creating a positive environment for the Disinvestment of the company, which is in a very advanced stage and the Government has announced the successful bidder.

In view of the above and the financial support from the Govt of India and various measures taken by the Company to improve its operational efficiencies and revenue enhancing measures, cost control measures undertaken etc. the Company expects improvement in its Operational and Financial Performance, in the near future and hence, the Financial Statements of the Company have been prepared on the ‘Going Concern’ basis.

54. Impairment of Assets

The Company has carried out an assessment of the impairment of its non-financial assets as on the Balance Sheet date in accordance with Ind AS 36. For the purpose of such impairment testing, all assets of the Company have been considered as a single Cash Generating Unit (CGU) and the value in use has been determined based on the future projections/forecast having regard to the Revival Plan for Operational & Financial Efficiency as described in detail in Note 28 & 29. Based on such assessment, there is no impairment in the carrying value of the assets to be recognized at this stage.

Further, the Company has also assessed the impact of COVID on the impairment in the carrying value of its assets, inventories, receivables etc appearing in its financial statements. In developing the assumptions and estimates relating to the future uncertainties in the economic conditions manifested by the pandemic, the Company has relied on various internal and external sources of information. Based on these estimates, the Company as of now expects to recover the carrying value of all its assets.

55. Capital Management:

The objective of the Company is to maximize the shareholders' value by maintaining an optimum capital structure. Management monitors the return on capital as well as the debt equity ratio and makes necessary adjustments in the capital structure for the development of the business.

During the financial year ended 31st March 2021, no significant changes were made in the objectives, policies or processes relating to the management of the Company’s capital structure.

Debt-Equity Ratio:

(Rs in Million)		
Particulars	**As at 31st March 2021**	**As at 31st March 2020**
Long term Borrowings	55,110.7	55,118.4
Short term borrowings	307,165.5	250,869.4
Current maturity of Long-term Borrowings	74,013.5	77,676.1
Current maturities of Finance Lease Obligations	-	-
Total Debt (A)	**436,289.7**	**383,663.9**
Equity Share Capital	326,652.2	326,652.1
Other Equity	(772,101.0)	(701,203.2)
Share Application money pending Allotment	-	0.1
Total Equity (B)	**(445,448.8)**	**(374,551.1)**
Debt Equity Ratio (A/B)	**(1.0)**	**(1.0)**

Note: The Company is highly leveraged due to negative Net Worth and the nature of the business due to which the Debt Equity Ratio is negative.

Pursuant to adoption of Ind AS 116, Finance Lease Obligations has been reclassified from borrowings and presented as a part of lease liabilities which are not considered as debt.

56. Fair Value Measurement and Financial Instruments

i) **Financial instruments – by category and fair value hierarchy**

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

a) **As on 31st March 2021**

(Rs in Million)								
Particulars	**Note**	**Carrying Value**			**Fair value measurement using**			
		FVTPL	**FVTOCI**	**Amortized Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial Assets								
Non-Current								
a) Investments	2		797.2	8,236.2	9,033.4	338.2	459.0	8,236.2
b) Loans	4			4,477.2	4,477.2			4,477.2
c) Other Financial Assets	5			11,764.4	11,764.4			11,764.4
d)Trade Receivables	**3**			-	-			-
Current								
a) Trade Receivables*	3			11,368.1	11,368.1			11,368.1
b) Cash and Cash Equivalents*	9			5,294.1	5,294.1			5,294.1
c) Bank Balance other than (b) above*	10			7,060.1	7,060.1			7,060.1
d) Loans *	4			86.3	86.3			86.3

e) Others Financial Assets	5			2,839.8	2,839.8			2,839.8
Total Financial Assets			**797.2**	**51,126.2**	**51,923.4**	**338.2**	**459.0**	**51,126.2**
Financial liabilities								
Non-Current								
a) Borrowings#	13			55,110.7	55,110.7			55,110.7
b) Lease Liabilities				152,018.6	152,018.6			152,018.6
c) Others*	15			51.3	51.3			51.3
Current								
a) Borrowings#	18			307,165.5	307,165.5			307,165.5
b) Lease Liabilities				27,328.7	27,328.7			27,328.7
c) Trade Payables*	14			92,716.0	92,716.0			92,716.0
d) AIAHL Intermediary Settlement Account	28(iii)			5,879.5	5,879.5			5,879.5
e) Others*	15			147,443.7	147,443.7			147,443.7
Total Financial Liabilities				**787,714.0**	**787,714.0**			**787,714.0**

Note: The above disclosures do not include balance in RFATR A/c of Rs 217,549.5 million (PY: Rs 218,434.8 million), refer note no 28(iii).

b) **As on 31st March 2020**

(Rs in Million)

Particulars	**Note**	**Carrying Value**			**Fair value measurement using**			
		FVTPL	**FVTOCI**	**Amortized Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial Assets								
Non-Current								
a) Investments	2		866.8	8,236.2	9,103.0	346.0	520.8	8,236.2
b) Loans	4			4,039.9	4,039.9			4,039.9
c) Other Financial Assets	5			10,676.7	10,676.7			10,676.7
d)Trade Receivables	**3**			-	-			-
Current								
a) Trade Receivables*	3			13,756.1	13,756.1			13,756.1
b) Cash and Cash Equivalents*	9			6,248.4	6,248.4			6,248.4
c) Bank Balance other than (b) above*	10			6,855.7	6,855.7			6,855.7
d) Loans *	4			175.5	175.5			175.5
e) Others Financial Assets	5			2,874.6	2,874.6			2,874.6

Total Financial Assets			**866.8**	**52,863.1**	**53,729.9**	**346.0**	**520.8**	**52,863.1**
Financial liabilities								
Non-Current								
a) Borrowings#	13			55,118.4	55,118.4			55,118.4
b) Lease Liabilities				184,416.1	184,416.1			184,416.1
c) Others*	15			43.5	43.5			43.5
Current								
a) Borrowings#	18			250,869.4	250,869.4			250,869.4
b) Lease Liabilities				27,684.2	27,684.2			27,684.2
c) Trade Payables*	14			100,934.8	100,934.8			100,934.8
d) AIAHL Intermediary Settlement Account				5,026.2	5,026.2			5,026.2
c) Others*	15			143,062.1	143,062.1			143,062.1
Total Financial Liabilities				**767,154.7**	**767,154.7**			**767,154.7**

Note: The above disclosures do not include balance in RFATR A/c of Rs 218,434.8 million, refer note no 28(iii).

Notes:

(#) The companies' borrowings and advances to Subsidiaries have been contracted at market rate of interest, which resets at regular intervals. Accordingly, the carrying value of such borrowings (including interest accrued) approximates fair value.

(*) The carrying amount of trade receivables, trade payables, cash and cash equivalents, bank balance other than cash and cash equivalents and other financial assets and liabilities approximates the fair values, due to their short-term nature.

- The fair values for loan were calculated based on discounted cash flow using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable.
- There have been no transfers between level 1, level 2 and level 3 for the year ended 31st March 2021 and 31st March 2020.

ii) **Valuation Technique used to determine Fair Value:**

The specific valuation techniques used to value financial instruments include:

- For unquoted Equity Shares, Net Assets Value (NAV) from the latest available Financial Statements of the entity.
- The Fair Value of remaining financial instruments is determined using Discounted Cash Flow method.

57. Financial Risk Management Objective and Policies

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

i) Credit Risk

ii) Liquidity Risk

iii) Market Risk – (a) Foreign Currency and (b) Interest Rate

The Company operates to various international destinations in multi-currency, dynamic and challenging environment The Company's principal financial liabilities comprise of loans and borrowings, trade and other payables. The Long term borrowing for the aircraft purchase is mainly US Dollar related. A part of the borrowings for the working capital are US Dollar denominated. Nearly 70% of the Company's expenses are related to the US Dollar. The main purpose of these financial liabilities is to finance aircraft acquisition, receivable and cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, liquidity risk, market risk and Commodity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a treasury team. The Treasury Team provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedure and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objective.

i) **Credit Risk**

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

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

The maximum exposure to the credit at the reporting date is primarily from trade receivables. Trade receivables are mostly from travel agents including IATA Agents and General Sales Agents, Government Parties and Credit Card Companies which are typically unsecured as no coverage is held by the Company and are derived from revenue earned from customers. General Sales/ Cargo Agents dues are secured by Bank Guarantees by Airline and/or IATA. The Company does monitor the economic environment in which it operates. The Company manages its credit risk through credit approvals, establishing credit limits and continuously monitoring credit worthiness of agents to whom the Company brands credit terms in the normal course of the business.

The Company sells majority of its passenger/cargo services against credit worthiness and financial guarantees made by agents (customers) to IATA though individual guarantees are also taken in certain cases. The Company also extends credit to the Government on flights operated and which are realized over a period of time depending on budgetary provisions made by the Govt to the respective departments

The Company uses expected credit loss model to assess the impairment on financial Instruments. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivable. The provision matrix considers available internal credit risk factors such as the Company's historical experience for customers. Based on the business environment in which the Company operates, management considers that the trade receivable is in default (credit impaired) if the payments are more than 36 months past due (in case of IATA dues more than 6 months past dues)

The Companies exposure to credit risk for Trade Receivables is as follows:

(Rs in Million)				
Particulars	**As at 31/03/2021**		As at 31/03/2020	
	Gross Carrying Amount	**Loss Allowance**	Gross Carrying Amount	Loss Allowance
Debts not due	**2,679.7**	**-**	1,937.8	-
Debts over due	**19,649.6**	**10,961.2**	23,230.8	11,412.5

Movement in the allowance for impairment in respect of Trade Receivables:

(Rs in Million)		
Particulars	**For the year ended 31st March 2021**	For the year ended 31st March 2020
Balance at the beginning of the Year	**(11,412.5)**	(10,789.0)
Movement during the year	**451.3**	(623.5)
Balance at the end of the Year	**(10,961.2)**	(11,412.5)

ii) **Liquidity Risk**

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

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

The Company has been experiencing liquidity problems due to delayed equity infusion by the Govt and the high debt burden

The Company believes that its liquidity position, including total cash and cash equivalent and bank balances of Rs 12,354.2 million as at 31st March 2021 (PY: Rs 13,104.1 million) anticipated future internally generated funds from operations, and its fully available, revolving undrawn credit facility will enable it to meet its future known obligation in the ordinary course of business provided there is equity infusion and assistance from the Government. However, if liquidity needs were to arise, the Company believes it has access to financing arrangement, value of unencumbered assets, which should enable it to meet its ongoing capital, operating, and liquidity requirement. The Company will continue to consider various borrowing or leasing options to maximize liquidity and supplement cash requirement as necessary. However, the Company relies on Government support to conserve its liquidity position.

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

a) Day to day funding, managed by monitoring future cash flows to ensure that requirement can be met.

b) Maintaining rolling forecast of the Company's liquidity position on the basis of expected cash flows.

c) Maintaining diversified credit lines.

Exposure to Liquidity Risk

The following are the remaining contractual maturities of financial liabilities at the reporting date.

The contractual cash flow amount is gross and undiscounted (except Lease Liabilities), and excludes interest accrued

As at 31st March 2021	Carrying Amount as per Trial Balance	Contractual Cash Out Flows (Rs in Millions)						
		Upto 1 year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	More than 5 years	Total
Borrowings								
a) Non-Convertible Debentures (Note - 13)	129,000.0	74,000.0	-	-	-	-	55,000.0	129,000.0
b) Long Term Borrowings (Note - 13)								
- From Banks (Unsecured)								
- From Other Parties	124.2	13.5	7.6	11.4	15.2	19.1	57.4	124.2
c) Short Term Borrowings (Note - 18)								
- From Banks (Secured)	83,783.5	83,783.5	-	-	-	-	-	83,783.5
- From Banks (Unsecured)	147,022.0	147,022.0	-	-	-	-	-	147,022.0
- From Other Parties (Unsecured)	76,360.0	76,360.0	-	-	-	-	-	76,360.0
d) Lease Liabilities	179,347.3	27,328.7	29,371.9	29,420.8	27,691.6	25,465.9	40,068.4	179,347.3
e) Trade Payables (Note - 14)								
Trade Payables	92,716.0	92,716.0	-	-	-	-	-	92,716.0
Other Financial Liabilities (Note - 15)								
a) Interest Accrued but not due on borrowings	6,290.6	6,290.6	-	-	-	-	-	6,290.6
b) Interest Accrued and due on borrowings	11,519.4	11,519.4	-	-	-	-	-	11,519.4
c) Other Liabilities	55,671.5	55,620.2	-	-	-	-	51.3	55,671.5
Totals	781,834.5	574,653.9	29,379.5	29,432.2	27,706.8	25,485.0	95,177.1	781,834.5

As at 31st March 2020	Carrying Amount as per Trial Balance	Contractual Cash Out Flows (Rs in Millions)						
		Upto 1 year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	More than 5 years	Total
Borrowings								
a) Non-Convertible Debentures (Note - 13)	129,000.0	74,000.0	-	-	-	-	55,000.0	129,000.0
b) Long Term Borrowings (Note - 13)								
- From Banks (Unsecured)	3,662.2	3,662.2	-	-	-	-	-	3,662.2
- From Other Parties	132.3	14.0	9.0	8.0	8.0	7.0	86.3	132.3
c) Short Term Borrowings (Note - 18)								
- From Banks (Secured)	74,479.2	74,479.2	-	-	-	-	-	74,479.2
- From Banks (Unsecured)	150,030.2	150,030.2	-	-	-	-	-	150,030.2
- From Other Parties (Unsecured)	26,360.0	26,360.0	-	-	-	-	-	26,360.0
d) Lease Liabilities	212,100.3	27,684.0	28,004.0	28,601.0	28,955.0	27,481.0	71,375.3	212,100.3
Trade Payables (Note - 14)								
a) Trade Payables	100,934.8	100,934.8	-	-	-	-	-	100,934.8
Other Financial Liabilities (Note - 15)								
a) Interest Accrued but not due on borrowings	5,452.8	5,452.8	-	-	-	-	-	5,452.8
b) Interest Accrued and due on borrowings	7,728.2	7,728.2	-	-	-	-	-	7,728.2
c) Other Liabilities	52,248.5	52,205.0	-	-	-	-	43.5	52,248.5
Totals	**762,128.5**	**522,550.4**	**28,013.0**	**28,609.0**	**28,963.0**	**27,488.0**	**126,505.1**	**762,128.5**

iii) **Market risk**

Market risk is that the fair value and future cash flows of financial instrument will fluctuate because of changes in market prices. Market risk comprises two type of risk namely: currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

a) **Interest Rate Risk**

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

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

		(Rs in Million)
Particulars	**As at 31st March 2021**	**As at 31st March 2020**
Variable-rate instruments		
Long Term Borrowings from Bank (Secured & Unsecured, including current maturities)	-	-
Short term borrowings	21,654.3	68,072.3
Finance lease obligation (including current maturities)	-	-
Total Variable Rate Instruments	**21,654.3**	**68,072.3**

Interest Rate Sensitivity Analysis

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

		(Rs in Million)
Increase / (decrease) in the interest on foreign currency term loans-from others and on finance lease obligation.	**Statement of Profit and losses**	
	Increase by 0.50 %	**Decrease by 0.50 %**
- For the year ended 31stMarch 2021	108.3	(108.3)
- For the year ended 31st March 2020	340.4	(340.4)

b) **Currency Risk**

Currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to multi currencies on its operations and hence is exposed to the effects of fluctuation in the prevailing foreign currency rates on its financial position and cash flows. Exposure arises primarily due to exchange rate fluctuation between the functional currency and other currencies from the Company's operating, investing and financing activities.

Exposure to Foreign Currency Risk

The summary of quantitative data about the Company's exposure to currency risk, as expressed in Indian Rupees, as at 31st March 2021 and 31st March 2020 are as below:

As at 31st March 2021											**(Rs in Million)**
Particulars	**USD**	**EUR**	**GBP**	**AED**	**OMR**	**SGD**	**THB**	**CHF**	**QAR**	**AUD**	**OTHERS**
Financial Assets											
Trade Receivables	**8,417.8**	**609.7**	**339.7**	**447.7**	**330.1**	**40.2**	**76.7**	**29.7**	**71.8**	**(20.2)**	**2,535.3**
Cash and Cash equivalents	**452.7**	**362.0**	**63.0**	**8.6**	**0.6**	**40.4**	**82.4**	**4.3**	**-**	**145.1**	**421.9**
Bank Balances other than above	**865.4**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**56.0**	**16.3**
Loans	**3,778.8**	**44.3**	**1.8**	**11.0**	**-**	**4.0**	**0.9**	**0.1**	**0.4**	**-**	**-**
Other Financial Assets	**786.4**	**21.3**	**6.6**	**3.7**	**1.0**	**5.1**	**0.1**	**-**	**-**	**16.9**	**24.2**
Total Financial Assets	**14,301.1**	**1,037.3**	**411.1**	**470.9**	**331.7**	**89.7**	**160.0**	**34.2**	**72.2**	**197.8**	**2,997.7**
Financial Liabilities											
Borrowings	**21,776.3**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other Financial Liabilities	**1,197.1**	**100.0**	**35.2**	**19.6**	**3.3**	**2.8**	**(3.5)**	**0.4**	**1.1**	**13.6**	**29.8**
Trade Payables	**24,356.6**	**375.4**	**360.7**	**68.6**	**55.1**	**13.4**	**61.6**	**(1.6)**	**5.7**	**126.6**	**341.6**
Total Financial Liabilities	**47,330.0**	**475.4**	**395.9**	**88.2**	**58.4**	**16.2**	**58.1**	**(1.2)**	**6.8**	**140.2**	**371.4**

As at 31st March 2020											**(Rs in Million)**
Particulars	USD	EUR	GBP	AED	OMR	SGD	THB	CHF	QAR	AUD	OTHERS
Financial Assets											
Trade Receivables	11,828.0	936.4	35.1	289.4	87.0	55.0	43.2	27.4	10.1	42.9	1,093.3
Cash and Cash equivalents	438.9	794.0	337.5	9.5	31.5	19.2	11.6	3.0	-	99.4	588.1
Bank Balances other than above	872.6	-	-	-	-	-	-	-	-	45.9	63.1
Loans	3,552.2	64.0	1.6	12.4	-	4.3	1.2	0.1	0.4	0.1	76.1
Other Financial Assets	3,865.9	26.1	21.3	4.2	1.0	5.0	0.1	-	-	15.5	30.5
Total Financial Assets	20,557.5	1,820.5	395.5	315.5	119.5	83.5	56.1	30.5	10.5	203.8	1,851.1
Financial Liabilities											
Borrowings	69,531.7	-	-	-	-	-	-	-	-	-	-
Other Financial Liabilities	2,276.8	34.8	67.0	16.7	3.4	2.7	0.9	-	1.1	9.5	93.8
Trade Payables	10,291.8	(10.8)	567.5	263.8	(64.0)	82.9	(240.6)	(5.5)	4.2	214.1	433.3
Total Financial Liabilities	82,100.3	24.0	634.5	280.5	(60.6)	85.6	(239.7)	(5.5)	5.3	223.6	527.1

Foreign Currency Sensitivity Analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against below currencies at 31st March 2021 and 31st March 2020 would have affected the measurement of financial instruments denominated in foreign currency and affected Statement of Profit and Loss by the amounts shown below. This analysis is performed on foreign currency denominated monetary financial assets and financial liabilities outstanding as at the year end. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

				(Rs in Million)
0.5% Depreciation / Appreciation in Indian Rupees against following foreign currencies:	**Statement of Profit and Loss for the year ended 31 March 2021**		**Statement of Profit and Loss for the year ended 31 March 2020**	
	Gain/ (loss) on Appreciation	**Gain/ (loss) on Depreciation**	**Gain/ (loss) on Appreciation**	**Gain/ (loss) on Depreciation**
USD	**165.1**	**(165.1)**	307.7	(307.7)
EUR	**(2.8)**	**2.8**	(9.0)	9.0
GBP	**(0.1)**	**0.1**	1.2	(1.2)
AED	**(1.9)**	**1.9**	(0.2)	0.2
OMR	**(1.4)**	**1.4**	(0.9)	0.9
SGD	**(0.4)**	**0.4**	0.0	(0.0)
THB	**(0.5)**	**0.5**	(1.5)	1.5
CHF	**(0.2)**	**0.2**	(0.2)	0.2
QAR	**(0.3)**	**0.3**	(0.0)	0.0
AUD	**(0.3)**	**0.3**	0.1	(0.1)
Other	**(13.1)**	**13.1**	(6.6)	6.6

Note: USD: United States Dollar, GBP: Great British Pound, AED: Arab Emirates Dirhams, OMR: Omani Riyal, THB: Thai Baht, CHF: Swiss Franc, SGD: Singapore Dollar, EUR: Euro, AUD: Australian Dollar, QAR: Qatari Riyal.

58. Frequent Flyer Programme (FFP)

The Company has a Frequent Flyer Programme under which members who travel on revenue tickets earn miles per travel as per Frequent Flyer Program (FFP). Such miles can be redeemed either on Air India or Star Alliance carriers as per the redemption chart. As per FFP program, the life of these miles is 3 years, and if a Member does not use these miles within 3 years such miles get lapsed. The unredeemed miles which has not lapsed, at the end of the Financial Year are provided for. Due to Covid, life of all expiring miles as on 31st March 2021 was extended till 31st December, 2021.

The company has carried out Actuarial Valuation for unredeemed miles of flying returns as on 31st March, 2021 and the movement of the same is as under:

		(Rs in Million)
Details of FFP Provision	**As at 31st March, 2021**	As at 31st March, 2020
Opening Balance	**1,236.0**	828.7
Add: Additions during the year	**474.9**	407.3
Closing Balance	**1,710.9**	1,236.0

59. IND AS 115: Performance Obligations and remaining Performance Obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Remaining performance obligation estimates are subject to change and are affected by the several factors, including terminations of contract, changes in scope of contracts etc.

The aggregate value of performance obligations that are completely or partially unsatisfied as at 31st March, 2021, is Rs 28,657.1 million (PY: Rs 23,326.6 million) and forward sales of which performance obligation are completely unsatisfied as at the end of reporting period is Rs 26,946.2 million (PY: Rs 22,090.6 million) which has been classified as "Forward Sale under Current Liabilities", as detailed in table given below:

		(Rs in Million)
Particulars	**As at 31st March, 2021**	**As at 31st March, 2020**
Contractual Liabilities Forward Sales		
Opening Balance	**22,090.6**	24,690.1
Add: Additions	**88,300.0**	232,769.2
Less: Revenue Recognized	**(83,444.4)**	(235,368.7)
Closing Balance towards Forward Sales (A)	**26,946.2**	22,090.6
Add: Provision for FFP (Refer Note 58) (B)	**1,710.9**	1,236.0
Aggregate value of Performance Obligations (A+B)	**28,657.1**	23,326.6

60. Other Matters related to Legal Suits and Data Breach

a) Cairns Energy Law Suit

Cairn Energy PLC and Cairn UK Holdings Ltd (both UK entities and collectively called 'Cairn Energy') are seeking to execute an arbitral award of USD 1.2 billion plus interest and other expenses, against the Government of India (GoI) in a tax related dispute. Cairn Energy has initiated proceedings against the GoI in the US for an Order recognizing and confirming the award and a money judgement against the GoI for the same. The Suit is pending for effecting service of process as per the Hague Service Convention.

The petitioners have stated that Air India being a fully owned GoI company, is an "alter ego" of the GoI and have hence filed a petition in New York on Air India Limited stating that AI is liable for the amount recoverable from GoI by the petitioners. The petition was served in AILs New York office on 18th May 2021. Air India is contesting the suit in the Court of New York

b) Devas Law Suit

Devas (Mauritius) Ltd, Devas Employees Mauritius Pvt Ltd, Telecom Devas Mauritius Ltd are companies incorporated in Mauritius (Mauritius Entities) and are shareholders in Devas Multimedia Pvt Ltd (Devas), an India incorporated entity. In 2005, Devas signed an agreement with Antrix (a GoI company under the Department of Space), wherein it leased transponder capacity on two satellites to be built by the latter. In 2011, Antrix annulled the agreement leading to a dispute with GoI. In 2012, Mauritius Entities commenced arbitration against India, under India and Mauritius Bilateral Agreement and the arbitral award of 2020 in this matter was granted in favour of the Mauritius Entities. The award in these cases totals to an amount of USD 673.5 million plus interest. The petitioners as in the case of Cairn Energy are seeking declaratory judgement against AIL as an "alter ego" of the Indian Govt and for adjudging that AIL should be jointly and severally liable for the amount judgement that will be entered into against India.

The above Law Suits against Air India have primarily been filed to satisfy the arbitral awards against the GoI. Air India is defending the petitions filed against it in the courts of New York.

The company does not expect any liability on account of both the above suits.

c) During the year there was a cyber security attack, leading to a possible data breach of passenger information, in the system maintained by a service provider for the company. The service provider has found that there was no abuse of data and no claim from any of the areas has been received. The company therefore does not expect any liability on this account.

61. During the year, an embezzlement of cash came to the notice of the company at its Jalandhar station. While carrying out reconciliation of sales data with Bank Statement for September 2020, it came to notice that sales proceeds from 15th Sept. 2020 to 26th Sept. 2020 amounting to Rs. 2.2 million were not deposited in Bank by the then Station Manager of Jalandhar Station. Later on, cash of Rs. 0.2 million was found lying in the safe which was adjusted against the sale proceeds. Hence, the net amount of Rs. 2.0 million is still recoverable from the said employee. Police complaint has been filed and disciplinary proceedings have also been initiated against the concerned employee which are still underway and based on the outcome of the same, necessary action will be taken. Recovery action is pending.

62. During the year, in respect of two vendors providing engineering services, the company is contesting the invoices raised citing force majeure clause in their agreements. However, as a matter of prudence and conservatism, the company has provided liability on account of these invoices amounting to Rs 1,822.4 million.

63. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

64. Previous Year's figures have been re-casted/regrouped/re-arranged, wherever necessary.

Signatures to the Schedules forming part of the Standalone Financial Statements and to the above notes.

For and on behalf of the Board.

For and on Behalf of
Khandelwal Jain & Co.
Chartered Accountants
FRN : 105049W
Sd/-
(Narendra Jain)
Partner
M.No. 048725

For and on Behalf of
Jagdish Chand & Co.
Chartered Accountants
FRN : 000129N
Sd/-
(Pawan Kumar)
Partner
M.No. 511057

For and on Behalf of
PKF Sridhar & Santhanam LLP.
Chartered Accountants
FRN : 003990S/S200018
Sd/-
(Ramanarayanan J.)
Partner
M.No.220369

Place : New Delhi
Date : 14th October, 2021

For and on behalf of the Board

Sd/-
(Rajiv Bansal)
Chairman & Managing Director
DI No.00245460

Sd/-
(V.S. Hejmadi)
Director-Finance
DI No.07346490

Sd/-
(Kalpana Rao)
Company Secretary
M.No.ACS8194

Place : New Delhi
Date : 14th October, 2021