



CHAIRMAN'S MESSAGE

Dear Shareholders,

At the outset, I wish you and your family the best of health and well-being !

It is my privilege to present to you the 14th Annual Report of the Company, for the year 2020-21.

I wish to now present the Civil Aviation scenario globally and within India to give a brief background and thereafter, the results of Air India Limited for the financial year 2020-21.



CIVIL AVIATION SCENARIO

WORLD

The year 2020-21 brought the continuously booming global aviation industry to sudden and sharpest fall due to world wide spread of COVID-19 pandemic. The COVID-19 pandemic delivered the largest shock to aviation industry since the Second World War. The year began with shocking decline in international passenger traffic by record 94% in the first month of FY 2020-21. The slowdown was comparable to the adverse impact caused by 9/11 terrorist attacks and 2007- 08 global financial crisis. The recovery since then is very slow due to various travel restrictions imposed on international travel and then the fear of second and third wave of the pandemic caused major hurdles in the recovery path.

The net loss suffered by airline industry during 2020 was USD 137.7 billion, which not only dwarfed the USD 30 billion loss during the financial crisis in 2008 and 2009 but took the aviation market to the level of year 2000. As per IATA, the full year passenger traffic demand for 2020 fell by 64% (international-84%, domestic-30%) compared to 2019, by far the sharpest traffic decline in aviation history.

While the industry was expected to improve in 2021, the road to recovery is expected to be long and difficult. Passenger figures are not expected to return to 2019 levels until 2024 at the earliest, with domestic markets recovering faster than international services. The optimism, that the speed of vaccination would lead to a prompt and early recovery in global air travel have been dashed due to second and third waves of the pandemic. The international air travel was limited to countries signing Air Bubble Agreements.

INDIA

The year 2020-21 began with imposition of nation-wide lockdown from 25th March 2020 to restrain global outbreak of COVID-19 pandemic bringing Indian aviation market to complete standstill. Thereafter, the year witnessed multiple extensions in lockdown/restrictions imposed by Central/State Governments leading aviation into major unprecedented slump. The imposition of lockdowns in the different parts of the world as well, led to a severe dent on the business of the Company. Air India had to cease all scheduled domestic and international operations in compliance with the directions issued by the DGCA in the aftermath of the pandemic.

Air India has always been standing by the nation during any crisis. The international borders were sealed all over globe resulting in Indians getting stranded all over the world. The Company, as usual, rose up to the occasion and on the directions of the Government, conducted some essential air operations to mitigate the hardship brought about by the unprecedented pandemic times. This included the operation of non-scheduled flights under the 'Vande Bharat Mission' from 7th May 2020 to evacuate stranded fellow citizens throughout the globe. Air India's brave hearts of Captains, Cabin Crew, Doctors, Engineers and Commercial staff scripted a selfless rescue act going beyond their call of duty to successfully complete the evacuation of Indian nationals stranded abroad.



The Indian authorities permitted restricted domestic operation from 25th May 2020. In addition, Air India also operated special charter flights on domestic and certain international sectors to facilitate the movement of essential medical and other supplies, vaccines to various parts of the country and the world. As the international borders were sealed, the Government of India signed bubble agreement with 28 countries purely to serve 3rd/4th freedom market.

The total number of flights operated and passengers carried under Vande Bharat Mission flights and air bubble agreements, from 07th May 2020 to 31st March 2021 is given below:

Particulars	Vande Bharat Mission	Air Bubble
Number of flights operated	2868	6884
Total Number of Passengers carried to/from India	364290	1155882

Air India is still operating International flights under the Bubble agreements.

Performance of the Company

Stand-alone Results

During the financial year 2020-21, the Company had incurred a net loss of Rs.7,083.91 crore against Rs.7,982.82 crore in the year 2019-20, representing a decrease of Rs.898.91 crore. The number of passengers carried during 2020-21 decreased to 6.2 million against 22.1 million during 2019-20.

The financial performance of the Company during FY 2020-21 was highly impacted due to the COVID-19 pandemic which adversely impacted the operations of the Company. There was an overall reduction of around 63% in ASKMs in FY 2020-21 as compared to FY 2019-20. This had a cascading impact on the financial performance of the Company during the year 2020-21. There was a decrease in the closing exchange rate from Rs.75.66/USD in FY 2019-20 to Rs.73.11/USD in FY 2020-21. Due to this as compared to foreign exchange loss of Rs.3,328 crore in FY 2019-20, there was a foreign exchange gain of Rs.899 crore in FY 2020-21.

Consolidated Results

The Consolidated Financial Statement represents consolidation of Parent Company's financials with the financials of five Subsidiary Companies viz. Alliance Air Aviation Ltd., Air India Express Ltd., AI Airport Services Ltd., AI Engineering Services Ltd and Hotel Corporation of India Ltd and one Joint Venture with AISATS.

The consolidated net loss of the group for 2020-21 was Rs.7,641.86 crore which was less by Rs.51.51 crore as compared to the previous year's loss of Rs.7,693.37 crore.

Our well trained human resources as well as continued patronage from public is our greatest strength. Air India group has the privilege of having flown over 3 million passengers under 'Vande Bharat Mission' since its launch on 7th May 2020. One of our subsidiaries, Air India Express Ltd. posted good performance and has been recognised as 'Iconic Brand' for the year 2021 by The Economic Times, one of the country's most respected business publications.

Challenges

With the onset of the COVID-19 pandemic at the beginning of the financial year 2020-21 and the ensuing lockdown, the aviation industry was severely impacted and the business was difficult to say the least. With the commencement of repatriation flights from across the globe under the 'Vande Bharat Mission' Air India was standing beside the common man as well as business enterprises. In spite of the challenges of a world numbed by the pandemic, Air India mobilised all its resources to fly back Indians stranded all over the world.



Though the second wave of COVID-19 led to reduction in flights and consequently revenues of the Company, various measures/steps have been continued by the Company to partially offset the adverse financial impact arising out of these difficult times viz. the introduction of salary/allowance cuts across the board for all employees, suspension of all post retirement contractual engagements, introduction of concept of Shorter Working Week, encouraging the employees to take advantage of Leave Without Pay Scheme.

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 re-assessed. The rapidly growing vaccinated population, advancement in COVID testing; the re-opening of the borders followed by elimination of quarantine measures would hold the key in restoration of normalcy of operations for airlines in the future.

Disinvestment of the Company

The third attempt at disinvestment of Air India commenced with Department of Investment and Public Assets Management (DIPAM) issuing a fresh Preliminary Information Memorandum (PIM) on 27th January 2020 for the strategic disinvestment of Air India by way of the 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 Air India Express Limited (AIXL) and 50% in AISATS. This exercise was also adversely impacted by the outbreak of COVID-19 pandemic in India starting mid of March 2020. Considering the prevailing situation arising out of COVID-19, the last date of submission of EoI had to be periodically extended and the last date for receipt of EoI was 14th December 2020. On the due date, Expression of Interest was received from multiple parties.

Air India Specific Alternative Mechanism (AISAM) approved the highest price bid of M/s.Talace Pvt. Ltd., a wholly owned subsidiary of M/s.Tata Sons Pvt. Ltd for sale of 100% equity shareholding of GoI in Air India along with equity shareholding of Air India in AIXL and AISATS. The winning bid is for Rs.18,000 crore as Enterprise Value consideration for AI (100% shares of AI along with AI's shareholding in AIXL and AISATS). The Share Purchase Agreement has been executed on 25th October 2021 and it is expected that the transaction will be completed in near future.

ACKNOWLEDGEMENT

I take this opportunity to thank the Government of India, especially our administrative Ministry of Civil Aviation and Ministry of Finance for their unstinted support. I also acknowledge the support extended by all other authorities including banks and regulatory agencies and assure that we will continue our course on a growth trajectory taking Air India to greater heights. I would like to thank my colleagues on the Board for the valuable guidance.

I would like to thank all the employees of this Company for their exemplary efforts to show the world the strength and resilience of our team spirit in pursuit of excellence and for always rising to the occasion to uphold the image of Air India.

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

Sd/-
Rajiv Bansal

**VISION**

To be the leader in Indian aviation and India's Ambassador to the world.

MISSION**Leadership****Customer**

- Provide safe, reliable and on-time services
- Deliver the highest quality of service around the world
- Be the epitome of Indian hospitality

Processes

- Continuously improve standards of safety and efficiency
- Operate and maintain a young and modern fleet
- Provide the best and most efficient network
- Create economic value

People

- To be the employer of choice
- Build a highly motivated and professional team
- Maintain highest degree of transparency and ethics
- Be a responsible corporate citizen

India's Ambassador

- Be India's flag carrier in spirit and action
- Provide seamless travel within India and the world
- Connect Indians worldwide

Values

- Zeal to excel and zest for change
- Integrity and fairness in all matters
- Respect for dignity and potential of individuals
- Strict adherence to commitments
- Ensure speed of response
- Foster learning, creativity and team-work
- Loyalty and pride in the Company