



## MANAGEMENT DISCUSSION & ANALYSIS REPORT

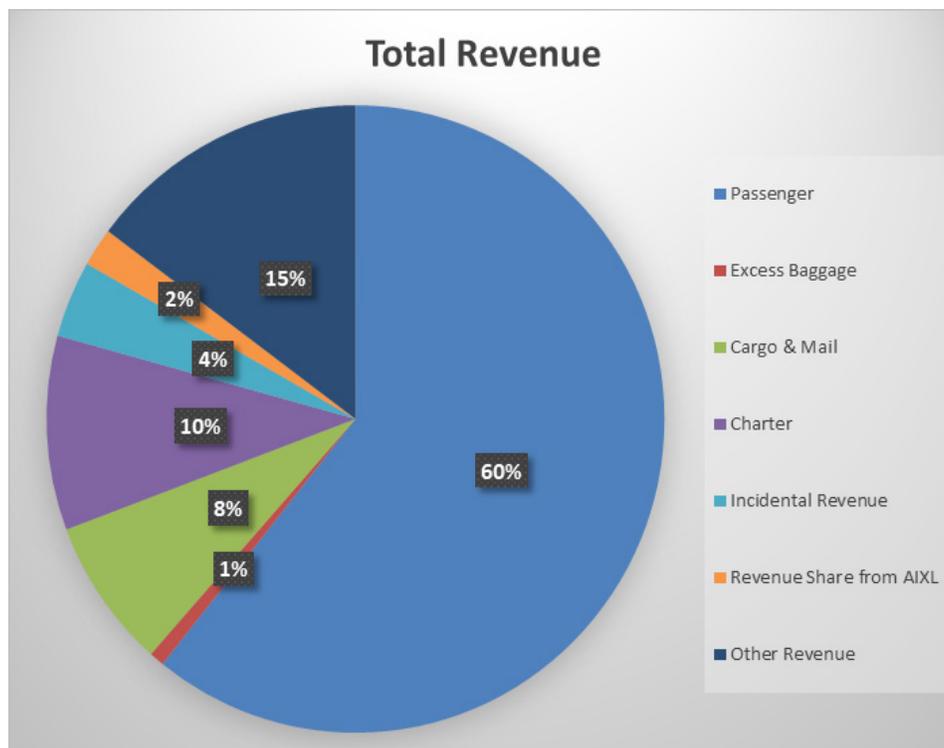
### 1. ANALYSIS OF THE FINANCIAL / PHYSICAL PERFORMANCE

#### STAND-ALONE

The Financial Performance of the Company during FY 2020-21 was highly impacted due to the COVID pandemic which adversely affected the operations of the Company. There was an overall reduction of around 63% in the ASKMs in FY 2020-21 when compared to FY 2019-20. This had a cascading impact on the financial performance of the Company during the year as given below.

#### I. REVENUE

- Total Revenue decreased from Rs.285,244.4 Million in 2019-20 to Rs.121,040.5 Million during 2020-21 (decrease of Rs.164,203.9 Million)
- Operating Revenue decreased from Rs.277,106.1 Million in 2019-20 to Rs.103,433.0 Million during 2020-21 (decrease of Rs.173,673.1 Million)
- Passenger Revenue decreased from Rs.226,197.0 Million in 2019-20 to Rs.73,721.3 Million during 2020-21 (decrease of Rs.152,475.7 Million)

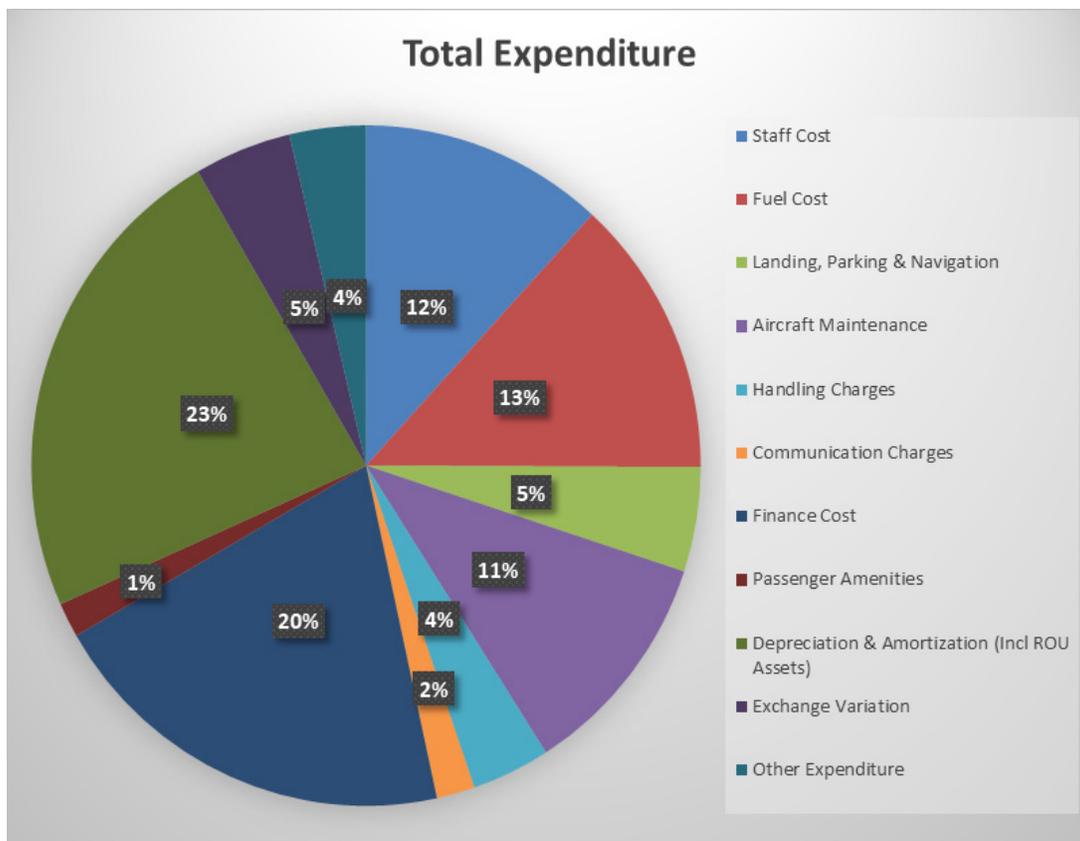


#### II EXPENDITURE

- The Total Expenditure incurred during the year was Rs.190,833.3 Million as compared to the previous year's figure of Rs.362,901.7 Million (decrease of Rs.172,068.4 Million)
- Operating Expenses decreased from Rs.323,709.1 Million during 2019-20 to Rs.152,469.6 Million during 2020-21 (decrease of Rs.171,239.5 Million)



- There was a decrease in staff cost by 30% from Rs.32,253.7 Million in 2019-20 to Rs. 25,557.1 Million during 2020-21.
- Fuel cost decreased by 73% from Rs.93,992.7 Million in 2019-20 to Rs.25,358.7 Million during 2020-21.
- There was an overall foreign exchange impact of Rs.41,270.0 Million during the FY 2020-21 when compared to the previous year. This was because the closing exchange rate was Rs.73.11/USD in FY 2020-21 as compared to Rs.75.66/USD in FY 2019-20. Due to this as compared to a foreign exchange loss of Rs.32,280.0 Million in FY 2019-20, there was a foreign exchange gain of Rs.8,990.0 Million in FY 2020-21.



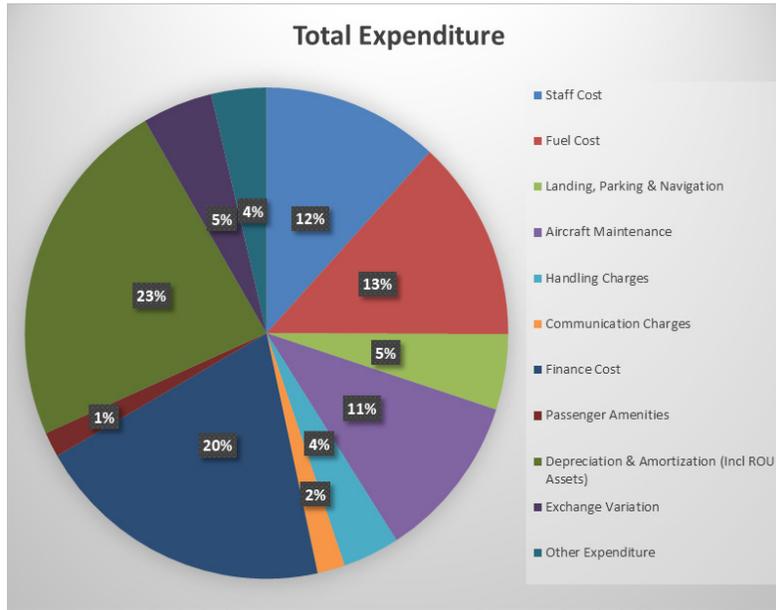
## CONSOLIDATED

### I. REVENUE

- Total Revenue decreased from Rs.328,306.2 Million in 2019-20 to Rs.134,064.9 Million during 2020-21, a decrease of 59.2%.
- Passenger Revenue decreased from Rs.275,357.5 Million in 2019-20 to Rs.91,153.9 Million during 2020-21, a decrease of 66.9%.
- Other Revenue decreased from Rs.13,309.4 Million during 2019-20 to Rs.4,475.8 Million during 2020-21, decrease of 66.4%.
- Group Operating Loss was Rs.39,519.1 Million in 2020-21 as against the Operating Loss of Rs.24,070.3 Million during previous year 2019-20.

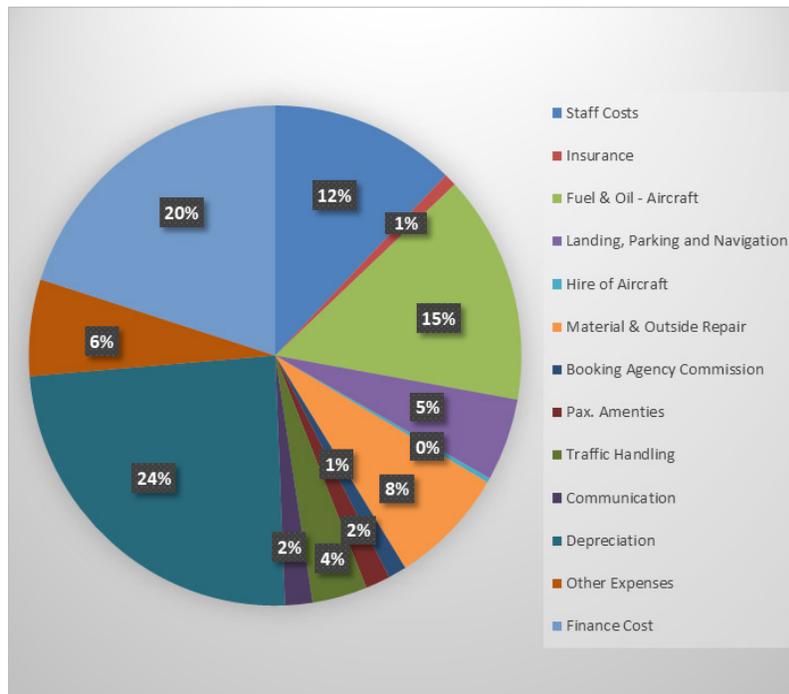


- Group has shown Consolidated Net Loss for 2020-21 at Rs.76,418.6 Million which was less by Rs.515.1 Million as compared to the previous year's loss of Rs.76,933.7 Million.



## II. EXPENDITURE

- There was a decrease in Total Expenses by 48.8 % from Rs.389,737.4 Million during 2019- 20 to Rs.199,648.5 Million during 2020-21.
- There was a decrease in Staff Cost by 31.5% from Rs.35,498.8 Million in 2019-20 to Rs.24,322.5 Million during 2020-21.
- Fuel Cost had decreased by 72.8% from Rs.108,879.7 Million during 2019-20 to Rs.29,593.4 Million during 2020-21.





## 2. MEASURES TO IMPROVE PERFORMANCE

### 2.1 Going Concern

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. 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 has reached the concluding stage.

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.

### 2.2 Product Development

Frequent Flyer Programme (Loyalty Programme)

Premier Clubs

The Flying Returns Programme of the Company has four levels of membership viz. Base, The Silver Edge Club, The Golden Edge Club and The Maharajah Club (the highest Tier). Membership of the Maharajah Club, Golden Edge Club and Silver Edge Club is on the basis of earning 75,000 miles, 50,000 miles and 25,000 miles, respectively, in a span of twelve months.

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

Membership of Silver Edge Club entitles members to the privileges such as Bonus Flying Returns points, additional baggage allowance, upgrade vouchers and priority check-in.



The membership base of the Clubs as on 31 March 2021 was as under:

The Maharaja Club	1,831
Golden Edge Club	3000
Silver Edge Club	13,117

Flying Returns Programme: Total Flying Returns membership (Including Club Members) as on 31 March 2021 was 30,82,822.

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

Increased check-in baggage allowance, tele check-in, personalized check-in counters at select airports, priority for confirmation from the wait-list, priority baggage handling, family pool and wide array of special offers.

Membership is offered even to children aged 2 to 12 years. Members can do many things online - update profile, claim missing miles, redeem miles for flights and upgrades, etc.

Apart from earning, redeeming and upgrading on Air India, Flying Return members can also earn, redeem and upgrade on all 26 Star Alliance partner carriers and get access to more than 1000 airport lounges worldwide. Members can also accrue points while traveling on select flights of our code share partner airlines.

Besides airlines, there are Non-airline partners like SBI Co Brand Cards and Citibank etc. and Members can transfer reward points from our non-airline partners to Flying Returns.

### 2.3 Marketing Initiatives

With the onset of the COVID-19 pandemic at the beginning of Financial Year 2020-21 and the ensuing Lock-Down, the aviation industry was severely impacted and 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 the backdrop of circumstances surrounding the travel industry and uncertainty of demand recovery, the Marketing strategy for the financial year was primarily focussed towards restoring customer confidence to build and incentivize traffic.

The incentives were targeted to reward travel agents for better performances; passengers were incentivized directly so as to make Air India their preferred choice. Corporate/Travel Management Companies were given special terms to promote Air India. Some of the promotional initiatives undertaken by Air India in the Financial Year 2020-2021 are detailed below:

- Performance based incentives were given to travel agents in India for achieving set milestones and exceeding previous year revenues.
- Corporate customers were directly incentivised with special incentive and other soft benefits for their continuous patronage.
- Several Short terms incentive schemes were conceptualized and implemented, directly targeting the passengers to make Air India their preferred choice, like: Extension of ticket validity till December 2021 and an option to change transfer the ticket to another individual, lower fares were



offered to Armed forces, war windows, students, senior citizens etc.

- Various promotional campaigns were run to bring awareness about schedule of VBM/Air Bubble flights, fares and to communicate safety measures undertaken by Air India while operating VBM/Air Bubble flights.
- A targeted awareness campaign was run to promote new flights from New Delhi, Bengaluru and Hyderabad to the USA.
- Exclusive charter flights were promoted by Air India at Foreign Destinations through its General Sales Agents to divert traffic from competitors towards Air India.
- Air India also supported a myriad of travel & tourism events, which were held during the financial year 2020-21.

Special promotions:

- Unlock your destination Domestic: A number of sectors in the domestic market were opened after the lockdown was lifted. A promotion campaign was done to bring awareness of the schedule of the reopened flights.
- Unlock your destination International: A promotion campaign was done to bring awareness about the schedule & fares of the VBM/Air Bubble flights.
- Delhi/Mumbai/Delhi campaign: As multiple numbers of flights were introduced back on Delhi/Mumbai/Delhi sector, a separate promotion was done for this.
- Special campaign for Delhi/Newark/Delhi: Since Delhi/Newark was a new sector for Air India; a separate promotion was done to bring awareness about this new market.
- Special awareness campaign: Localised campaigns were run to promote new return flights launched from Bengaluru to San Francisco and Hyderabad to Chicago.

Cargo

Despite the unprecedented challenges being faced by the industry due to the COVID 19 pandemic and an overall slump in the economy, AI uplifted a total of approx. 31885 tons of cargo on its Domestic Network & about 43576 tons across the International Network - which includes cargo uplifts to many *Off-line stations* like Johannesburg, Auckland, Kiev, Wuhan, Hanoi etc, where AI operated a number of flights under the Vande Bharat mission.

Further, the following initiatives were undertaken in FY 2020-21 for maximizing the Cargo Revenue:

**Cargo Charter operations :** In order to bring in the much needed medical goods in the country, due to the ongoing pandemic, AI operated a number of Cargo charters primarily between India - China- India & India - Hongkong - India routes.

**Freighters:** To cater to the huge demand and earn maximum revenue, a number of flights as 'Cargo Only aircraft' were deployed on both domestic and International routes. AI operated a total of about 26 Freighters on its potential Domestic sectors - like CCU-IMF, CCU-IXA and MAA-IXZ. Similarly, on the international front, about 46 flights were operated as Cargo Freighters which were primarily between India - Seoul, India - Hongkong & India- Singapore routes.

**Dynamic Pricing:** In order to ensure optimum utilization of the capacities and maximization of revenues, the cargo rates and flights performance were monitored extremely closely and the Cargo rates were revised upwardly /downwardly in line with the market dynamics.



### 3. AWARDS AND RECOGNITION

In spite of the challenges of a world numbed by the pandemic, Air India had mobilised all its resources to fly back Indians stranded all over the world and reaching people back to their home all over the globe. To help the stranded passengers across the globe and other travellers who all are eagerly waiting for authentic information from Air India, our Corporate Communications team has been working 24x7 to disseminating information regarding flight schedules, reservations, eligibility criteria etc., to the external public, including the media through direct communication and social media platforms.

#### Media Handling:

- Time to time dissemination of information to media about the schedule, update, booking etc., of Vande Bharat flights, Air Bubble flights, Lifeline Udaan flights, special medical cargo flights, etc.
- Air India and its employees contributed selflessly in these adverse times to make Mission Lifeline Udaan and Vande Bharat Mission flights a success earning accolades from every quarter. We tried to establish Air India as a True Travel Partner for every traveller and managed to get good coverage across the board for all our efforts during the pandemic.
- Air India added a new feather in its cap with a record-setting non-stop flight between San Francisco and Bengaluru on 11th January, 2021, flying over the Polar route. The flight was operated by an all-women cockpit crew setting new benchmarks in the annals of global civil aviation. With round the clock reporting of this historic flight we ensured exceptional coverage and publicity for the same.
- Air India group has the privilege of having flown over 3 Million passengers under Vande Bharat Mission since its launch on 7th May, 2020. As and when we achieved any major milestone such as 1, 2 and 3 Million passengers, regular updates were given to major media houses across the network.

#### Social Media:

- 24x7 monitoring of social media channels
- Provided all possible information i.e. flight schedule, booking procedure, eligibility criteria, destination specific quarantine rules, fares, refund, waiver rules etc., through our social media channels and stranded people across the world trusted and followed our twitter handle for most authentic information.
- A passenger awareness campaign #FlyTheNewNormal was executed successfully to inform travelling public about the new rules of flying.
- As a CSR activity, covid appropriate behaviour campaign was also running through our social media channels on regular basis.
- Daily updates in the form of infographics, trivia, testimony, etc., were done to answer the queries and interact with travelling public.

#### Branding Initiatives:

- When the pandemic started spreading across the country, all scheduled international and domestic passenger flights were suspended from March 23 and March 25, respectively. Domestic flights were restarted in a limited manner from May 25, 2020 with new rules and regulations. Accordingly, to educate passengers about the new normal of flying and steps taken by Air India for cleanliness and safety of our aircraft regular campaigns were executed through all available channels.
- Even after opening of the operations in staggered manner Air India was facing issues due to



low occupancy, to tackle the same, a new brand campaign #TrueTravelPartner highlighting our USP's and special operations during pandemic, was planned and executed successfully through innovative and attractive videos across all available channels.

Communication to motivate the employees:

- Various achievements of employees and the organisation were highlighted through our in house webzine "Samvaad".
- Short films were prepared and promoted at various forums to acknowledge and showcase the relentless effort of our Air Indians. The same were mailed to all employees and are also promoted through our social media channels.

Awards and accolades:

- The ongoing evacuation of fellow citizens from affected countries by team Air India has been applauded by no less than The Hon'ble President and The Prime Minister of India besides earning worldwide acknowledgement.
- Prime Minister Shri Narendra Modi addressed the 1st episode of 'Mann ki Baat' programme of 2021 on 31st January in which he hailed and accentuated the historic move where Air India's longest direct route flight with the all-women pilot team on January 11 landed in Bengaluru from San Francisco, flying over the North Pole and covering a distance of about 16,000 kilometres.
- Air India won the SKOCH AWARD Platinum for Response to Covid 19 at the 68<sup>th</sup> Skoch virtual summit held on 28th Nov 2020.

#### 4. FLEET SIZE, NETWORK, JOINT VENTURES ETC.

##### 4.1 Fleet Size

Air India Limited Fleet (As on 31 March 2021)				
Aircraft type	Owned	Leased Aircraft		Total
		Sale & Lease Back	Dry Lease	
Operational Fleet				
Wide Body				
B777-200LR	3	-	-	3
B777-300ER	1	12	-	13
B747-400	4	-	-	4
B787-800	6	21	-	27
<b>Wide Body Total</b>	<b>14</b>	<b>33</b>	<b>-</b>	<b>47</b>
Narrow Body				
A320-CEO	4	-	5	9
A320-NEO	-	-	27	27
A319	19	-	2	21
A321	20	-	-	20
<b>Narrow Body Total</b>	<b>43</b>	<b>-</b>	<b>34</b>	<b>77</b>
<b>Total</b>	<b>57</b>	<b>33</b>	<b>34</b>	<b>124</b>

##### 4.2 Joint Ventures and Code Share Arrangements

As on 31 March 2021, Air India, a STAR Alliance Member, had a total of 24 Code-Share Agreements that included 14 alliances with STAR carriers and 10 with Non-STAR Carriers. All the Code-Share



Arrangements are on Free Flow basis except that with Austrian Airlines and Swiss, which are on a Block Space basis.

## 5. FINANCING INITIATIVES

Air India had to close the foreign currency Bridge Loans maturing in FY 2020-21 amounting to USD 819 Million. Air India raised Rs.3,381.65 Cr. from two Indian banks and concluded refinancing of 4 aircraft during the month of December 2020. Out of the balance 3 aircraft, only one aircraft could be refinanced by raising INR 905.09 Cr. from another Indian bank. However, the two Foreign Currency Bridge Loans relating to the balance two aircraft could not be refinanced.

## 6. FLIGHT SAFETY

### 6.1 WEBSITE

A dedicated website [flightsafety@airindia.in](mailto:flightsafety@airindia.in) has been developed internally, which aids dissemination of vital safety related information in a cost effective manner to all employees of the Company. This website also facilitates raising of SMS Hazard/Mandatory reports online.

Key functions of FSD are:

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

### 6.2 QUALITY MANAGEMENT SYSTEM (QMS)

The ISO Certification 9001:2015 for QMS Department awarded by the Bureau of Indian Standards (BIS) was valid from the period 02<sup>nd</sup> July 2018 to 08<sup>th</sup> December 2020.

On site license renewal audit could not be conducted by BIS because of extenuating situations due to pandemic. Hence short-term assessment remote audit for extension of license was conducted by BIS on 04<sup>th</sup> December 2020, which was cleared by QMS with “NIL” findings and observations. Subsequently, license extension was granted for a period from 09<sup>th</sup> December 2020 to 08<sup>th</sup> June 2021. BIS Conducted remote audit for renewal ISO certification on 26<sup>th</sup> & 27<sup>th</sup> April 2021, and the same was cleared with “NIL” Findings and Observations. BIS has now awarded ISO certification 9001:2015 to QMS department for period of three years i.e. till 8th Dec 2023.

### 6.3 DOCUMENTATION MANAGEMENT SYSTEM (DMS)

A centralized Corporate Document Management System provides creation, version management, search, retrieval and dissemination of documents over a browser to all authorised personnel based on individual rights, across all Departments and all three AOC and Subsidiaries i.e., Air India, Air India Express Limited, Alliance Air, AI Engineering Services Limited and AI Airport Services Limited. It effectively complies with IOSA, DGCA, ISAGO, Star Alliance standards, Government requirements as well as organization requirements.

DMS Portal has presently become non-functional due to the obsolete hardware and software. As an interim measure back up of DMS has been created in the Flight Safety Website. DMS is uploading all the controlled manuals of three AOCs and subsidiaries in Flight Safety Website.



#### 6.4 IATA OPERATIONAL SAFETY AUDIT (IOSA)

AI is one of the first few airlines in the world and first in India to clear IOSA. AI was also the first Airline in the world to voluntarily get audited for E-IOSA (Enhanced IOSA) with new standards effective 1<sup>st</sup> September 2013.

IATA Operational Safety Audit (IOSA): IOSA is an internationally recognised and accepted evaluation system designed to assess the operational management and control systems of an airline, and represents the highest safety benchmark in the Industry. IOSA covers all areas of the airline including Organisation and Management, Flight Operations, Training, Flight Dispatch, Cabin Operations, Engineering, Ground Handling (Airport & Ramp), Cargo, Security, QMS (Quality Assurance) as well as Flight Safety and SMS (Safety Management System). This is mandatory for the IATA membership and Star Alliance membership.

Corporate Quality Management System (QMS) conducts continuous internal audits/assessments for 2 years of all operational areas and helps these areas to take suitable corrective actions for closing internal findings and observations. Corporate QMS also helps the Nodal Officers of these areas to prepare their Manuals in line with the IOSA requirements. These internal audit reports and assessments and manuals were reviewed and checked during the IOSA renewal audit by the IATA Auditors.

The last IOSA renewal audit of Air India Limited was conducted by M/s. Aviation Quality Services (AQS) (the IATA accredited Agency from Germany) from 21<sup>st</sup> to 25<sup>th</sup> August 2017. AI cleared the IOSA renewal audit with NIL findings and the IOSA Registry has been renewed till 16<sup>th</sup> January, 2020.

For renewal of Registry, the IOSA Renewal Audit was conducted through M/s. Quali-Audit (IATA Accredited Agency) from 26<sup>th</sup> to 30<sup>th</sup> August, 2019. Air India Limited cleared the IOSA Registry and the validity of IOSA Registry has now been extended till 16<sup>th</sup> January, 2022.

#### 6.5 SAFETY MANAGEMENT SYSTEM (SMS)

A robust Corporate Safety Management System (SMS) is in place which has been implemented in all 3 AOCs i.e. Air India, Air India Express and Alliance Air & 2 SBUs (AIESL and AIASL) operating under it. It also covers AI-SATS and all outsourced agencies used by Air India and its subsidiaries across the network.

SMS is implemented and integrated throughout the organization to ensure management of the safety risks associated with aircraft operations.

### 7. INFLIGHT SERVICES/OPERATIONS DEPARTMENT

Special Measures taken in view of COVID-19 situation

- As per Government guidelines, post complete lockdown, gradual reintroduction of Meal Service to passengers with amendment to the service procedures to incorporate safety measures and ensure prevention of spread of infection.
- Pre-flight Inspection of Inflight Kitchens by Flight Kitchen Inspectors to monitor all Covid protocols pertaining to the hygiene and quality of Meals uplifted on board.
- Introduction of QR Codes for Cabin Crew to know Flight wise Meals Uplift Menu for Passengers and Crew Meals.
- Full PPE's as per regulations were introduced for Flying crew on all flights to continue the smooth operation of flights.



- Initiative to provide Covid Isolation Facility to the Covid positive crew with domestic/family constraints.
- Mentorship Initiative-Formation of support groups for monitoring the health, safety and issues faced by Cabin crew during Covid Times.
- Staggered full service was later introduced with all safety precautions.
- Introduction of QR codes to cabin crew for paperless Meal Order Sheet pertaining to the quantity/ menu of meals uplifted on board keeping in view minimizing the handling of paperwork by cabin crew during Covid times.
- Updated Circulars conveying guidelines of the State/Regulator/Airline was issued to all the Crew on a regular basis.

## 8. TRAINING DEPARTMENT

Strict compliance was done for the Regulator COVID protocols for Crew Training in the Simulators/ Classrooms with proper and regular sanitization, cleaning and adherence to other hygiene measures for the Contact ground classes.

- Distance Learning was introduced and approved by the Regulator for proper social distancing of the Trainees for the ground classes. This resulted in reduced SOD Movement of crew and considerable savings in Hotel Accommodation.
- The validities of mandatory recency requirements for all Crew were maintained through regular Simulator training by adhering to all COVID protocols.

## 9. INFORMATION TECHNOLOGY

### 9.1 Implementation of SDWAN (Software Defined Wide Area Network) technology in Air India Network

SDWAN solution builds a secure, unified connectivity over any transport (Multiprotocol Label Switching [MPLS], Broadband and others). It also provides simplified operations with centralized management, cost reduction due to use of cheaper internet links, policy control and application visibility across the enterprises. The SDWAN solution builds an overlay fabric which is carrier and transport agnostic. It also offers network-wide segmentation and embedded and cloud security features.

### 9.2 WhatsApp Business platform

Air India has started serving its customers on WhatsApp Business platform starting from 21<sup>st</sup> August 2021. Air India WhatsApp account is verified and same is represented by green checkmark beside the displayed name in the contacts view. Many options like Flight Status, Show my booking, Get my ticket are shown to Customer.

### 9.3 Online Health Undertaking

As per the guidelines by MoCA, Domestic Passengers are required to certify the status of their health through the Health Undertaking form during Covid-19. Air India has facilitated its passengers to fill this form online during Web check-in, Kiosk check-in and Mobile check-in.

### 9.4 Ground Handling Agents (AISATS and AIASL) - SLA Monitoring Module

An in-house application is developed and deployed for monitoring performance of SLAs of the Company with AISATS and AIASL. Role based access is configured for users. Authorised users can feed deviations and upload evidential documents (for dispute resolution with these GHAs). Application records deviations concerning OTP, Aircraft Safety, Security, Documentation, adequate manpower, check-in and boarding activity, Ramp activity, Baggage delivery ULD activities etc.



Application facilitates penalty calculations based on observed performance. Application also generates various MIS reports.

#### 9.5 Aircom servers

Aircom servers installed in Mumbai, with the objective of communicating with aircraft for fulfilling the business as well as commercial requirement like Flight plan, Load sheet movement, Emergency message transfer. These servers were upgraded to latest version of SITA Aircom application. It enabled Air India in implementing ADS-B and Flight Tracker module as it was mandated by DGCA.

It has also helped in implementing e-WAS Pilot (Electronic Weather awareness) solution on iPad, iPhone, Windows tablets for Airbus fleet

#### 9.6 Provision of VPN connectivity for smooth functioning of departments during pandemic

In the Covid-19 pandemic, IT Department provided VPN facility for WFH (Work from Home) to various departments and subsidiaries like AI Express, AIESL for smooth and efficient operations. VPN connectivity facilitates users to access various systems like PSS, SAP, Revenue accounting, etc. to carry out office work. A total of 455 VPN connections have been provided in the last one year.

### 10. HUMAN RESOURCES

#### 10.1 Staff Strength

The staff strength for Permanent Employees as on 31 March 2021 was 8156.

#### 10.2 Long Service Mementoes

Every year all the employees of the Company who have completed 25 years of service are presented with a long service memento on 27 August. Accordingly, during the year 2020-21, on 27 August 2020, a total of 715 employees were felicitated.

### 11. SPORTS

The global impact of Covid-19 pandemic had severe impact on the activities of sports personnel. . Since its onset, all sports activities of Air India have come to a standstill. Air India Sports Promotion Board followed protocol as per the circulated government directives.

However, it is a matter of pride that many of our Sportspersons were selected/appointed/assigned responsibilities for participating in sports activities, while following directives issued by the Government and respective Sports associations. Further, in spite of severe pandemic situation in the country, our sportspersons carried out their duties on Vande Bharat mission flights.

### 12. STATUTORY COMPLIANCE RELATING TO SUBSIDIARIES

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



## 12.1 AI Airport Services Limited (AIASL)

(Rs.in Millions)

Particulars	2020-21	2019-20 (Restated)
Air India's investment in equity	1384.24	1384.24
Total Income	3341.15	6961.56
Total Comprehensive Income for the year	(2030.51)	498.38

AI Airport Services Limited, a wholly owned subsidiary of Air India Limited was operationalised on 1<sup>st</sup> February, 2013 and started its independent operations effective April 2014. Presently, AIASL provides ground handling services at 103 Airports in India. Apart from handling the flights of Air India and its subsidiary companies, ground handling is also provided to 55 Foreign Scheduled Airlines, 4 Domestic Scheduled Airlines, 4 Regional Airlines, 7 Seasonal Charter Airlines, and 23 Foreign Airlines availing Perishable Cargo handling. Additionally AI Airport Services Limited also provides cabin cleaning & cabin dressing services besides undertaking repairs of aircraft Unit Load Device (ULD) and meal carts. AIASL managed to get additional business at airports which were hitherto handled by unauthorized agencies, post issuance of notification by Airport Authority of India, disallowing the same.

AI Airport Services have been recognised and conferred with the Runner up Award in the category of Public Sector Undertaking by BML Munjal Awards for 'Business Excellence through Learning & Development' in the year 2020-21.

## 12.2 Air India Express Limited (AIXL)

(Rs.in Millions)

Particulars	2020-21	2019-20
Air India's investment in equity	7800.0	7800.0
Total Income	20,394.15	52,306.0
Total Comprehensive Income for the Year	996.28	4127.7

AIXL, a wholly owned subsidiary of Air India, started operations under the Brand name 'Air India Express' from 29 April 2005. Air India Express has achieved a net profit of Rs.1000.97 Million in FY 2020-21.

Due to outbreak of COVID-19 pandemic, AIXL suspended operations to the affected countries and travel restrictions were further extended amounting to extensive suspension of international operations, which adversely affected the revenues. The travel bans and orders for cessation of scheduled international & domestic flights continued to be operative well into the First Quarter of FY 2020-21, until DGCA issued Order for calibrated resumption of domestic services with effect from 25 May 2020.

To mitigate the impact of COVID 19 outbreak, the Management swung into action and took various steps like operating Cargo flights, availing Working Capital loans under the Emergency Funding Scheme announced by Reserve Bank of India, moratorium on payment of interest on Working Capital loans and aircraft loans, moratorium on payment of aircraft lease rentals, reduction in salary and allowances of employees, allowing employees to work from home, control of payment to various station vendors from Head Office, operating flights under VBM and air bubble transport arrangement, etc. These steps helped the Company sail through the unprecedented environment created by the Pandemic.

During FY 2020-21, Air India Express commenced its operations with a fleet of 25 B 737-800 NG aircraft including 8 leased aircraft. Due to the unfortunate incident in Kozhikode on 07<sup>th</sup> August 2020, the fleet strength reduced to 24 aircraft. The number of destinations served by Air India Express as on 31 March



2021 was 33 - 20 Indian and 13 International.

Air India Express has been named the Iconic Brand of India 2021 by The Economic Times in recognition of its overall performance and efforts to ensure business continuity. Air India Express has also been cited by Economic Times as one of the 'Best Workplaces for Women' for the year 2021.

### 12.3 AI Engineering Services Limited (AIESL)

(Rs. in Millions)

Particulars	2020-21	2019-20
Air India's investment in equity	1666.67	1666.67
Total Income	11855.4	14275.9
Total Comprehensive Income for the Year	119.4	242.4

AIESL is a leading MRO (Maintenance Repair and Overhaul) service provider in the country providing both Line Maintenance and Major Maintenance for various types of aircraft for the fleet of Air India group, third party airlines as well as Indian Air Force. Further, the company is also imparting practical training element (PTE) in association with training institutes.

During pandemic period of COVID-19, AIESL provided Line Maintenance Services to Air India Fleet for its Vande Bharat Flights. Besides carrying out, maintenance work for Domestic operators, AIESL carried out major maintenance work for Aviation Research Centre (ARC), Indian Air Force, Indian Navy, Indian Coast Guard and HAL, as well as maintenance of aircraft of private parties like Reliance, Taj Air Charters, Zoom Air, Club one Air and Bluedart Aircraft.

### 12.4 Alliance Air Aviation Limited (AAAL)

(Rs. in Millions)

Particulars	2020-21	2019-20
Air India's investment in equity	4022.50	4022.50
Total Income	4592.27	11,811.54
Total Comprehensive Income for the Year	(3,599.32)	(2,355.75)

AAAL, a wholly owned subsidiary of Air India Limited, which operates under the brand name Alliance Air, commenced operations from 15 April 1996.

Alliance Air Aviation Limited (formerly known as Airline Allied Services Limited) is one of the leading international regional airlines in the country providing connectivity to Tier II & Tier III cities in India in complete synergy with the network of Air India. It is in the process of expanding its operations on pan India basis by inducting more aircraft in its fleet. These aircraft will serve shorter routes within the country and also fly overseas.

With the introduction of Regional Connectivity Scheme (RCS), a number of new routes to unserved and underserved airports have opened up for Alliance Air and it has been awarded 17 routes, 26 routes, 40 routes, 12 routes and 14 routes in the 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 3.1 and 4<sup>th</sup> round respectively of the bidding process. Alliance Air had actively participated in the 4.1 round of (RCS) bidding and awaiting its route allotment. Alliance Air, with its young fleet of ATR aircraft can take a position of dominance in the regional market. It, therefore, plans to participate aggressively in the subsequent rounds of RCS bidding as well.

Due to the impact of COVID-19 pandemic in the aviation industry, necessary steps have been taken by



the management to cut the costs and re-negotiate various agreements with the lessors & vendors. Once the Government ban on flight restrictions and COVID-19 situation improves, the Company plans to expand its network (including international) by increasing the fleet in the coming years.

Under Wings India 2018, organized by FICCI in association with Government of India, Alliance Air has been declared as the winner of 'Best Airlines and Helicopter under RCS'.

#### 12.5 Hotel Corporation of India Limited (HCI):

(Rs. in Millions)

Particulars	2020-21	2019-20
Air India's investment in equity	1106.00	1106.00
Government's investment in equity	270.00	270.00
Total Revenue	249.60	676.25
Net (Loss)	(966.19)	(655.47)

HCI earns revenue through its two hotels viz The Centaur Hotel, New Delhi and Centaur Lake View Hotel, Srinagar and through its flight Kitchens, Chefair at Mumbai and Delhi. HCI also operates the Air India Lounge at T3, IGI Airport, New Delhi.

In the FY 2020-21, COVID-19 pandemic has affected the hospitality sector in an unprecedented manner with an array of disruptions affecting all segments of the hospitality business. The lockdowns and travel restrictions severely affected the hospitality business across the world and HCI was no exception. Despite the overall Revenues being down by over 63% over the previous year, the team managed to substantially control the operating costs by saving 30% against the previous year.

With domestic and international travel expected to normalize soon, HCI is reasonably optimistic that it will reinvent and reposition itself to capture various opportunities in the hospitality and catering business as well as foray into related product and distribution extensions.

#### 12.6 JOINT VENTURE AGREEMENT BETWEEN AIR INDIA LIMITED AND SINGAPORE AIRPORT TERMINAL SERVICES (SATS) ON GROUND HANDLING

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

### 13. RISK MITIGATION STRATEGIES

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

### 14. INTERNAL CONTROL SYSTEMS

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



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

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

#### **15. COMPLIANCE WITH THE RTI ACT, 2005**

Air India Limited, as a PSU Organisation with large public interface, has successfully ensured compliance with the provisions of Right to Information Act for providing information to the citizens.

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

2187 cases of RTI Requests and 255 Appeals were received. During the year 2020-21

Out of 255 Appeals, 254 were disposed off by the First Appellate Authorities.

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## CORPORATE GOVERNANCE

### 1. Company's Philosophy on Corporate Governance:

Air India's philosophy on Corporate Governance has been to ensure fairness to the Stakeholders through transparency, full disclosures, empowerment of employees and collective decision making. In this process, the Company continuously strives to attain highest levels of accountability, responsibility and fairness in all aspects of its operations. The Company remains committed towards protection and enhancement of overall long term value for all its stakeholders - customers, lenders, employees and the society. The Company also acknowledges and appreciates its responsibility towards the society at large and has embarked upon various initiatives to accomplish this.

### 2. The Corporate Governance Structure:

The Governance of the Company is carried out under the overall supervision and guidance of the Board of Directors. To facilitate effective governance the decision making takes place at various levels. Being a service sector industry with large interaction with people, the Company is organised into functional as well as territorial divisions. The field level officials are empowered to take quick decisions, at the same time; the higher levels take strategic decisions and lay down guidelines for the field to take proper decisions. Broadly speaking, the decision making authority vests at various levels. These levels are as follows:

1. Board of Directors and the Committees of the Board.
2. The Chairman and Managing Director assisted by the Executive Committee.
3. Functional Directors
4. Heads of Departments
5. Regional Heads
6. Regional Managers
7. Station Managers

### 3. Board of Directors:

#### 3.1 Composition

Being a Government company, the Directors are appointed by the Government of India. As on 31 March 2021, the Board comprised five Whole time Directors – Chairman and Managing Director, Director (Finance), Director (Personnel), Director (Commercial) and Director (Operations) – and four Non-Executive Directors (two Government nominee Directors and two Independent Directors) Non-executive Board members are eminent personalities having wide experience.

**BOARD OF DIRECTORS AS ON 31 MARCH 2021**

Shri Rajiv Bansal	Chairman & Managing Director
Shri Satyendra Kumar Mishra	Joint Secretary, Ministry of Civil Aviation
Shri Vimalendra A Patwardhan	Joint Secretary & Financial Advisor Ministry of Civil Aviation
Shri Kumar Mangalam Birla	Independent Director
Smt. Daggubati Purandeswari	Independent Director
Shri Vinod Hejmadi	Director (Finance)
Smt. Amrita Sharan	Director (Personnel)
Ms. Meenakshi Mallik	Director (Commercial)
Capt. Rajwinder Singh Sandhu	Director (Operations)

Shri Kumar Mangalam Birla and Smt. D.Purandeswari ceased to be Directors effective 7 August 2021 and 3 October 2021 respectively. As on date there is no Independent Director on the Board of the Company

**3.2 Board/Committee Meetings and Procedures**

While the CMD and Functional Directors are whole time Directors who are in charge of the day to day operations of the Company, strategic decisions are taken under the overall supervision and guidance of Board of Directors which include Government Nominee Directors and Independent Directors. The Board functions either as a full Board or through its constituted Committees. Meetings of the Board and the Committees are held at regular intervals. Statutory requirements relating to minimum number of meetings and time gap between two consecutive meetings are complied with. In case of exigencies, the Resolutions are passed by circulation. Video Conferencing facility is also offered to the Directors. Company Secretary assists in all the meetings of the Board and Committees and prepares Draft Minutes of such meetings.

**3.3 Meetings of the Board**

During the financial year 2020-21, eight meetings of the Board of Directors were held on 29 May 2020, 7 July 2020, 11 September 2020, 1 December 2020, 27 January 2021 (two meetings), 19 March 2021 (two meetings) and all these meetings were chaired by the CMD.

The attendance of the Directors was as follows:

<b>Name of Director</b>	<b>No of Meetings held during tenure in FY 2020-21</b>	<b>Attendance in Board Meetings held during the year</b>	<b>Whether attended Adjourned AGM held on 19 March 2021</b>	<b>No. of Directorships in Companies</b>	<b>No. of Committee Memberships across all companies</b>
<b>A.EXECUTIVE DIRECTORS</b>					
Shri Rajiv Bansal CMD	8	8	Yes	11	5
Shri Vinod Hejmadi Director (Finance)	8	8	Yes	5	11



Smt. Amrita Sharan Director (Personnel) (Appointed eff 14 July 2020)	6	6	No	3	2
Ms. Meenakshi Mallik Director (Commercial) (Appointed eff.14 July 2020)	6	4	No	4	Nil
Capt. R.S. Sandhu Director (Operations) (Appointed eff.24 July 2020)	6	6	No	1	1
<b>B. GOVT NOMINEE DIRECTORS</b>					
Shri S K Mishra	8	8	Yes	5	9
Shri V Patwardhan	8	8	Yes	8	9
<b>C. INDEPENDENT DIRECTORS</b>					
Dr. R K Tyagi (Ceased eff.31 May 2020)	1	1	No	3	5
Dr. Syed Zafar Islam Ceased eff.31 May 2020)	1	1	No	1	1
Shri Kumar Mangalam Birla	8	1	No	23	7
Smt. Daggubati Purandeswari	8	4	No	1	5

Note:

1. None of the Directors are related to each other;
2. None of the Directors have any pecuniary relationship or transactions with the Company, except remuneration including sitting fees for which they are entitled;
3. The Directorships/Committee Memberships in other Companies are based on the latest disclosures received from the respective Director.

#### 4. Board Sub-Committees:

The Board has been assisted by Board Sub-Committees, and the Company Secretary acts as the Secretary to all the Board Committees. The Board Committees deliberate and recommend to the Board the proposals falling under their Terms of Reference and the final authority to decide on the matters is with the Board. The details inter-alia, pertaining to composition, brief of Terms of Reference (ToR), meeting and attendance at the Committee Meetings of the Company is enumerated below:

##### 4.1 Audit Committee

As on 31 March 2021, Audit Committee consists of four members out of which two are Independent Directors. The Audit Committee assists the Board to fulfill its Corporate Governance and overseeing



responsibilities in relation to its financial reporting, internal control systems, risk management systems and internal and external audit functions. While the Director (Finance), Head of Internal Audit and Statutory Auditors are Special Invitees, the Chairman and Managing Director attend as Permanent Invitee.

During the year under review, four meetings of the Audit Committee were held. The details of members including change, if any, in their tenure, number of meetings held during the year and the attendance of the members are given below:

Name of Director	Category	No. of Meetings held during tenure	Attendance by Directors
Dr. Syed Zafar Islam, Independent Director (Ceased to be Director effective 31 May 2020)	Chairman	0	0
Dr. R.K.Tyagi, Independent Director (Ceased to be Director effective 31 May 2020)	Member	0	0
Shri V Patwardhan, Joint Secretary and Financial Advisor, MoCA	Chairman	4	4
Shri S K Mishra, Joint Secretary, MoCA	Member	4	4
Shri Kumar Mangalam Birla, Independent Director (Ceased to be Director effective 7 August 2021)	Member	4	0
Smt. D. Purandeswari, Independent Director (Ceased to be Director effective 3 October 2021)	Member	4	1

The Terms of Reference of the Audit Committee have been approved by the Board, taking into account the provisions of Section 177 of the Companies Act, 2013 and guidelines on Corporate Governance for CPSEs 2010, issued by the Department of Public Enterprises (DPE) and include the following:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board the fixation of audit fees of external auditors and also approval for payment for any other services
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of section 134(5) of the Companies Act, 2013;
  - b) Changes, if any, in accounting policies and practices and reasons for the same;
  - c) Major accounting entries involving estimates based on the exercise of judgment by management;
  - d) Significant adjustment made in the financial statements arising out of audit findings;
  - e) Compliance with legal requirements relating to financial statements;
  - f) Disclosure of any related party transactions; and
  - g) Qualifications in the draft audit report.



- Reviewing with the management, adequacy of internal audit function, coverage and frequency of internal audit, performance of internal auditors and adequacy of the internal control systems;
- Discussion with internal auditors and/or statutory auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors/agencies into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the debenture holders and creditors.
- To review the functioning of the Whistle Blower mechanism.
- To review the follow up action on the audit observations of the C&AG audit.
- To review the follow up action taken on the recommendations of the Committee on Public Undertakings of the Parliament.
- Provide an open avenue of communication between the independent auditor, internal auditor and the Board of Directors.
- Review all related party transactions in the company.
- Review with the independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts and the effective use of all audit resources.
- Consider and review the following the independent auditor and the management:
  - a. The adequacy of internal controls including computerized information system controls and security, and
  - b. Related findings and recommendations of the independent auditor and internal auditor, together with the management responses.
- Consider and review the following with the management, internal auditor and the independent auditor:
  - a. Significant findings during the year, including the status of previous audit recommendations
  - b. Any difficulties encountered during audit work including and restrictions on the scope of activities or access to required information
- Commensurate with its role, the Audit Committee is invested by the Board of Directors with sufficient powers, which include the following:
  - a. To investigate any activity within its terms of reference.
  - b. To seek information on and from any employee.
  - c. To obtain outside legal or other professional advice, subject to the approval of the Board of Directors.
  - d. To secure attendance of outsiders with relevant expertise, if it considers necessary.
  - e. To protect whistle blowers.

#### 4.2 Corporate Social Responsibility (CSR) and Sustainability Committee

The Board constituted its Corporate Social Responsibility and Sustainability Committee on 11



December 2012 to approve and review sustainability development projects from time to time. As on 31 March 2021, following were the Members of the CSR and Sustainability Committee:

Shri K.M.Birla	Chairman
Smt.D.Purandeswari	Member
Shri Vinod Hejmadi	Member
Shri Ashwani Sehgal, GM – Personnel	Nodal Officer

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

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

However, it may be noted that in view of the losses made by the Company, no contribution is made towards CSR in terms of Companies Act 2013 and as such, no Corporate Social Responsibility (CSR) and Sustainability Committee meeting held during the year

#### 4.3 Nomination and Remuneration Committee

Based on the Terms of Reference as per Section 178 of the Companies Act, 2013, DPE Guidelines on Corporate Governance for CPSEs, 2010, and the administrative requirements of the Company, the Nomination and Remuneration Committee (NRC) has been constituted. As on 31 March 2021, the NRC comprised of the following:

Smt.D.Purandeswari	Chairperson
Shri Rajiv Bansal	Member
Shri K.M.Birla	Member
Shri S K Mishra	Member

The Company, being a Government Company, the appointment, tenure and remuneration of Directors are decided by the Government of India. The provisions of the Companies Act, 2013, relating to appointment of Directors, policy relating to the remuneration of Directors and performance evaluation pertaining to NRC shall not be applicable to Government companies.

The Committee shall recommend nomination to the key positions of Executive Directors and CEOs of subsidiaries. In case of hiring of specialized human resources (on contract) the Committee shall decide the remuneration keeping in view the market practices.

The Nomination and Remuneration Committee met twice on 24 April 2020 and 26 October 2020 during the year under review.

The details of members including change, if any, in their tenure, number of meetings held during the year and the attendance of the members are given below:



Name of Director	Category	No. of Meetings held during tenure	Attendance by Directors
Dr Syed Zafar Islam (Ceased to be Director effective 31 May 2020)	Chairman, Independent Director	1	1
Smt. D. Purandeswari (Appointed as Chairperson we.f. 7 July 2020)	Chairperson Independent Director	1	1
Shri Rajiv Bansal	Member	2	2
Shri K.M.Birla	Member Independent Director	2	0
Shri S K Mishra	Member Government Nominee Director	2	2
Dr. R. K. Tyagi (Ceased to be Director effective 31 May 2020)	Member Independent Director	1	1

#### 4.3.1. Remuneration to Directors

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

The details of remuneration of Directors are given below:

##### a. Executive Directors

Names of Directors	All elements of remuneration packages of the Directors i.e. salary, benefits, bonus, pension, etc.				Total
	Salary & Allowances	Contribution to Provident Fund & other funds	Other benefits & perquisites	Performance Related Pay	
Shri Rajiv Bansal	32,46,464	Nil	Nil	Nil	32,46,464
Shri Vinod Hejmadi	32,75,502	2,87,487	43,200	Nil	33,18,702
Smt. Amrita Sharan	27,87,538	2,26,679	32,400	Nil	28,19,939
Ms.Meenakshi Mallik	25,24,958	2,26,084	32,400	Nil	25,57,359
Capt.R.S.Sandhu	71,40,174	2,29,423	32,400	Nil	71,72,574

##### b. Independent Directors

The Independent Directors are paid sitting fees at Rs.20,000 for each meeting of the Board and Rs.10,000 for each meeting of the Committee attended by them. The sitting fees paid to the independent directors during the year are given below:

Dr. R K Tyagi	Rs. 40,000/-
Dr. Syed Zafar Islam	Rs.30,000/-
Shri K.M. Birla	Rs. 20,000/-
Smt. Daggubati Purandeswari	Rs.1,20,000/-



c. Government Nominee Directors

Government Nominee Directors are neither paid any remuneration nor sitting fees.

4.3.2 Stock Option

The Company has not introduced any Stock Option Scheme.

4.4 Human Resources (HR) Committee

The Terms of Reference of the HR committee are to assist the Board by reviewing and finalising Service Regulations, Passage Regulations, Recruitment Procedure, Promotion Policy, Medical Benefit Scheme, Foreign Posting Policies, organization structure, etc. As on 31 March 2021, the following were the Members of the HR Committee:

Smt.D.Purandeswari	Chairperson
Shri Vinod Hejmadi	Member
Shri S K Mishra	Member

The HR Committee met once during the year, on 15 March 2021, wherein all the members were present.

4.5 Share Allotment Committee

The Share Allotment Committee considers the allotment of shares, issuance of share certificates and other matters incidental thereto. As on 31 March 2021, the following were the Members of the Share Allotment Committee:

Shri V Patwardhan	Chairman
Shri S K Mishra	Member
Shri Vinod Hejmadi	Member

The Share Allotment Committee met once during the year, on 6<sup>th</sup> October 2020 wherein all the members were present.

4.6 Flight Safety Committee

The Flight Safety Committee was constituted as per the directives of the Ministry of Civil Aviation. The Terms of Reference are to review and monitor all safety related matters and to close the Audit findings in a timely manner. The Committee may carry out inspections for this purpose. ED and Chief of Flight Safety is a permanent invitee and the Committee met once, during the year under review. As on 31 March 2021 the following were the Members of the Flight Safety Committee:

Shri S K Mishra	Chairman
Shri Vinod Hejmadi	Member
Capt R S Sandhu	Member

ED & Chief of Flight Safety is a permanent invitee to this Committee.

4.7 Consumer Satisfaction Committee

The Terms of Reference of this Committee are to look into the various areas relating to customer interests/facilities, such as food on board, marketing schemes, loyalty programme, business deals with corporate houses, schemes like Maharaja Direct etc. As on 31 March 2021, the following were the Members of the Consumer Satisfaction Committee:

Shri K.M.Birla	Chairman
Ms Meenakshi Mallik	Member, Convenor

ED-Customer Services and ED-Inflight Services are Invitees to this Committee.



#### 4.8 Executive Management Committee

The Executive Management Committee (EMC) forms an integral part of the Governance structure. Presided over by the Chairman and Managing Director, all the functional Directors and heads of all Departments shall be members of the EMC.

The primary role of the Committee is strategic management of the Company's businesses within Board approved direction / framework and realization of Company goals, as well as to enable decision making through multi-functional inputs apart from enhancing participation involvement and commitment of Functional Heads in the Corporate Governance and to ensure ethical and efficient conduct of the affairs of the Company. All subjects coming before the Board are first placed before the EMC and a reasoned decision is arrived at. The deliberations of the EMC, in such cases are placed before the Board.

#### 4.9 Cost Cutting Committee

The Committee was constituted in July 2020. The Terms of Reference are to consider and urgently implement cost cutting measures for achieving the financial efficiencies which was projected to the Government as a part of the revival programme.

During the year under review, the Committee met twice. As on 31 March 2021, the following were Members of the Committee:

Shri Vinod Hejmadi	Chairman
Shri V Patwardhan	Member
Smt.D.Purandeswari	Member

### 5. Meeting of Non official Independent Directors

As required under Schedule IV of the Companies Act, 2013, the Independent Directors are required to hold atleast one meeting in a year, without the presence of the other Directors and members of management. No meeting was held during the year.

### 6. Code of Conduct for members of the Board and senior management

The Board of Directors has laid down Code of Conduct for the Board members and senior management personnel of the Company. A copy of the Code is available on the website of the Company. All the members of the Board and Senior Management Personnel have affirmed compliance of respective Code of Conduct during the year ended 31 March 2021. A declaration of compliance signed by Chairman & Managing Director of the Company is enclosed with this Annual Report.

### 7. Integrity Pact

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



## 8. Annual General Meetings

The location, date and time of the AGMs held during the preceding three years are given below:

	<b>Date and time of the Meeting</b>	<b>Venue</b>	<b>Special Resolution Passed at the Meeting</b>
12th Annual General Meeting	26 December 2018	Airlines House, 113 Gurudwara Rakabganj Road, New Delhi 110001	
13th Annual General Meeting	30 December 2019	Airlines House, 113 Gurudwara Rakabganj Road, New Delhi 110001	
Extra Ordinary General Meeting	8 November 2019	Airlines House, 113 Gurudwara Rakabganj Road, New Delhi 110001	Alteration of Memorandum & Articles of Association as per Companies Act, 2013
14th Annual General Meeting	29 December 2020	Airlines House, 113 Gurudwara Rakabganj Road, New Delhi 110001	Increase the remuneration of Statutory Auditors of the Company for the year 2019-20

## 9. Means of communication

The Company's website ([www.airindia.in](http://www.airindia.in)) provides information on the company profile, financial performance, etc. Substantial business happens through the website. Matters of interest to employees are circulated internally from time to time.

## 10. General Shareholders/Debenture holders information

- The entire share capital has been held by the President of India along with his nominees.
- The shares of the Company are not listed on any Stock Exchange. However, the Non-convertible Debentures (NCDs) are listed with NSE and BSE. Annual Listing Fees have been paid to the Stock Exchanges
- M/s Link Intime India Pvt Ltd having its address at C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai 400 083 are the Registrar and Transfer Agent for the debentures of the Company. All matters connected with debenture transfer, transmission, interest payment is handled by the transfer agent.

## 11. Disclosures

- During the year, there were no transactions of material nature with the directors or their relatives or the management that had potential conflict with the interest of the Company.
- There were no materially significant related party transactions having potential conflict with the interests of the Company at large during FY 2020-21. Nevertheless, Related Party Disclosures are included in the notes forming part of the Financial Statements of the Company for the year 2020-21.
- There were no instances of non-compliance on any matter related to any guidelines issued by the Government during the last three years.
- The Company has complied with the 'Corporate Governance Guidelines for CPSEs' issued by the Department of Public Enterprises as directed by the Ministry of Civil Aviation and quarterly compliance reports have been regularly submitted.
- The Company being PSU, Central Vigilance Commission Guidelines are applicable, which provide adequate safeguard against victimization of employees.

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## CODE OF CONDUCT

### DECLARATION

I hereby declare that all the Board Members & Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors for the year ended 31 March 2021.

Sd/-  
**(Rajiv Bansal)**  
Chairman & Managing Director  
Air India Ltd.

Place: New Delhi

Date: 29 December 2021



**ANNUAL STATEMENT SHOWING REPRESENTATION OF THE PERSONS WITH DISABILITIES IN SERVICE AS ON 1 JANUARY 2021 AND DIRECT RECRUITMENT / PROMOTION DURING THE CALENDAR YEAR 2020**

NAME: AIR INDIA LIMITED

Group	Representation of VH/HH/OH as on 1.1.2021	Number of Appointments made during the Calendar Year 2021														
		By Direct Recruitment				By Promotion				By Deputation						
(1)	Total	VH	HH	OH	Total	VH	HH	OH	Total	VH	HH	OH	Total	VH	HH	OH
"A"	4526	03	01	18	03*	-	-	-	-	-	-	-	-	-	-	-
"B"	2157	03	02	10	--	-	-	-	04	-	-	-	-	-	-	-
"C"	69	--	-	--	83**	-	-	-	--	-	-	-	-	-	-	-
"D"	1538	10	08	12	-	-	-	-	-	-	-	-	-	-	-	-
Total	8290	16	11	40	86	-	-	-	04	-	-	-	-	-	-	-

Note: Recruitment carried out in the year 2020 for all the posts were "Fixed Term Contract". There is no reservation for PWDs for the posts of Cabin Crew. For other posts, no PWD candidates appeared for the process.

Group	Post	Total No. of appointments on FTC basis
A*	Doctor	03
C**	Tr Controller	07
	Data Entry Operator	02
	Cabin Crew	74



**ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR 2020-21  
FORM NO.MGT 9 EXTRACT OF ANNUAL REPORT  
AS ON FINANCIAL YEAR ENDED ON 31.03.2021  
PURSUANT TO SECTION 92(3) OF THE COMPANIES ACT, 2013 AND RULE 12(1)  
OF  
THE COMPANIES (MANAGEMENT & ADMINISTRATION) RULES, 2014**

**I. REGISTRATION & OTHER DETAILS**

1	CIN	U62200DL2007GOI161431
2	Registration Date	31 March 2007
3	Name of the Company	AIR INDIA LIMITED
4	Category/Sub-Category of the Company	Government Company
5	Address of the Registered Office & Contact Details	Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001
6	Whether listed Company	Yes (Debentures)
7	Name, Address & Contact Details of the Registrar & Transfer Agent, if any	Link Intime (I) Pvt. Limited C-101, 247 Park, L.B.S.Marg, Vikhroli (West), Mumbai 400 083 Contact No.:022 – 491860000

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10% or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main Products/ Services	NIC Code of the Product/Service	% to Total turnover of the Company
	To establish, maintain and operate international and domestic air transport services, scheduled and non scheduled, in all the countries of the world for the carriage of passengers, meals and freight and for any other purposes	511	100

**III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANY**

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary/ Associate	% of Shares	Applicable Section
1	Air India Express Limited 1 <sup>st</sup> Floor, Old Operations Bldg., Air India Complex, Old Airport, Santacruz (E), Mumbai 400029	U62100MH1971GOI1015328	Subsidiary	100%	2(87)



2	AI Airport Services Limited 2 <sup>nd</sup> Floor, GSD Building, Air India Complex, Terminal 2, IGI Airport, New Delhi South West, Delhi 110 037	U63090DL2003PLC120790	Subsidiary	100%	2(87)
3	AI Engineering Services Ltd. Airlines House, 113, Gurudwara Rakabgang Road, New Delhi 110 001	U742101DL2004GOI125114	Subsidiary	100%	2(87)
4	Alliance Air Aviation Ltd. Alliance Bhavan, Domestic Terminal I, IGI Airport, New Delhi 110 037	U51101DL1983GOI016518	Subsidiary	100%	2(87)
5	Hotel Corporation of India Limited 1st Floor, Transport Annex Building, Air India Complex Old Airport, Santacruz(E), Mumbai 400 029	U55101MH1971GOI015217	Subsidiary	80.38%	2(87)
6	Air India SATS Airport Services Limited Airlines House, 113, Gurudwara Rakabgang Road, New Delhi 110 001	U74900DL2010PTC201763	Joint Venture	50%	2(6)

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

Category of the Shareholders	No. of Shares held at the beginning of the year (As on 01-04-2020)				No. of shares at the end of the year (31-03-2021)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt.		32665210000	32665210000	100		32665220000	32665220000	100	
c) State Govt. (s)									
d) Bodies Corp.									
e) Bank/FI									
f) Any other									
Total shareholding of Promoter (A)		32665210000	32665210000	100		32665220000	32665220000	100	
B. Public Shareholding	<b>Not Applicable</b>								
1. Institutions									



a) Mutual Funds /UTI									
b) Banks/FI									
c) Central Govt.									
d) State Govt.									
e) Venture Capital Funds									
f) Insurance Companies									
g) FII									
h) Foreign Venture Capital Funds									
i) Others (specify) Foreign Banks									
Sub-total (B)(1)									

**Category-wise Share Holding**

Category of the Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2020)				No. of Shares held at the end of the year (As on 31-03-2021)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institution	Not Applicable								
a) Bodies Corp. (Market Maker + LLP)									
i) Indian									
ii) Overseas									
b) Individual									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh									
c) Others (specify)									
i) Non Resident Indian									
ii) Non Resident Indian – Non Repatriable									
iii) Office Bearers									
iv) Directors									
v) HUF									



vi) Overseas Corporate Bodies									
vii) Foreign Nationals									
viii) Clearing Members									
ix) Trusts									
x) Foreign Bodies – D R									
<b>Sub total(B)(2)</b>									
<b>Total Public Shareholding (B)=</b>									
C. Shares held by Custodian for GDRs& ADRs									
<b>Grand Total (A+B+C)</b>		32665210000	32665210000	100		32665220000	32665220000	100	

**B) Shareholding of Promoter**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered total shares	No. of shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered total shares	
1	Government of India	32665210000	100	NIL	32665220000	100	NIL	

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

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding at the end of the year	
		No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Government of India	32665210000	100	32665220000	100
	At the end of the year				
	Government of India	32665210000	100	32665220000	100



**D) Shareholding Pattern of top ten shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)**

Sr. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>NOT APPLICABLE</b>				
2					
3					
4					
5					
6					
7					
8					
9					
10					

**E) Shareholding of Directors and Key Managerial Personnel**

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1					
2					
3					

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

(Rs. in Million)

No.	Particulars	Total			
		Secured loans excluding deposits	Unsecured loan	Deposits	Total
<b>(A)</b>	<b>Indebtedness at the beginning of the Financial Year</b>				
i)	Principal Amount	74,479.2	309,184.7	0	383,663.9
ii)	Interest Due but not paid	663.1	7,065.1	0	7,728.2
iii)	Interest Accrued but not due	298.9	5,153.9	0	5,452.8
	<b>Total (A) = (i + ii + iii)</b>	<b>75,441.2</b>	<b>321,403.7</b>	<b>0</b>	<b>396,844.9</b>



No.	Particulars	Total			
		Secured loans excluding deposits	Unsecured loan	Deposits	Total
<b>(B)</b>	<b>Changes in Indebtedness during the Financial Year</b>			<b>0</b>	
i)	Additions	44,179.5	59,640.0	0	103,819.5
ii)	Reductions	33,531.0	15,710.7	0	49,241.7
iii)	Revaluation impact	(1,344.2)	(607.8)	0	(1,952.0)
	<b>Net Change (B) = (i + ii + iii)</b>	<b>9,304.3</b>	<b>43,321.5</b>	<b>0</b>	<b>52,625.8</b>
<b>(C)</b>	<b>Indebtedness at the End of the Financial Year</b>				
i)	Principal Amount	83,783.5	352,506.2	0	436,289.7
ii)	Interest Due but not paid	340.6	11,178.8	0	11,519.4
iii)	Interest Accrued but not due	640.9	5,649.7	0	6,290.6
	<b>Total (C) = (i + ii + iii)</b>	<b>84,765.0</b>	<b>369,334.7</b>	<b>0</b>	<b>454,099.7</b>

**VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole Time Director and/or Manager**

(Figures in Rs.)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager					Total Amount
		Shri Bansal	Shri Hejmadi	Smt. Sharan	Ms Mallik	Capt. Sandhu	
1	Gross Salary	32,46,464	32,75,502	27,87,539	25,24,959	71,40,174	1,57,28,174
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act 1961						
	(b) Value of perquisites u/s 17(2) of the Income Tax Act 1961		43,200	32,400	32,400	32,400	1,40,400
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act 1961						
2	Stock Option						
3	Sweat Equity						
4	Commission as % of profit ,						
5	Others specify						
6	Others (PF, DCS, House Perks, tax etc)						
	<b>Total</b>	<b>32,46,464</b>	<b>33,18,702</b>	<b>28,19,939</b>	<b>25,57,359</b>	<b>71,72,574</b>	<b>191,15,038</b>

**B REMUNERATION OF DIRECTORS**

(Figures in Rs.)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
		Dr. R K Tyagi	Dr. Syed Zafar Islam	Shri K M Birla	Smt. D Purandeswari	
1	Independent Directors					
	Fees for attending Board Committee Meetings	40,000	30,000	20,000	1,20,000	2,10,000
	Commission					
	Others, please specify (Fees for attending Board Sub Committee Meetings)					
	Total (1)	40,000	30,000	20,000	1,20,000	2,10,000
2	Other Non Executive Directors					
	Fees for attending Board Committee Meetings					
	Commission					
	Others, please specify (Fees for attending Board Sub Committee Meetings)					
	Total (2)	--	--	--	--	--
	Total (B) = (1+2)	40,000	30,000	20,000	1,20,000	2,10,000
	Total Managerial Remuneration					
	Overall ceiling as per the Act					



**C REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/WTD/MANAGER**  
(Figures in Rs.)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				Total Amount
		Smt. Kalpana Rao, Company Secretary				
1	Gross Salary	25,48,976				25,48,976
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act 1961					
	(b) Value of perquisites u/s 17(2) of the Income Tax Act 1961					
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act 1961					
2	Stock Option					
3	Sweat Equity					
4	Commission as % of profit					
	Others specify					
	Others (PF, DCS, House Perks, tax etc)					
	Total	25,48,976				25,48,976

**VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

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



**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup>MARCH, 2021**

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

To,  
The Members,  
Air India Limited,

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Air India Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon. I have conducted online verification and examination of records as facilitated by the Company due to Covid 19 and subsequent lockdown situation for the purpose of issuing this Report.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on 31<sup>st</sup> March, 2021 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records made available to me and maintained by the Air India Limited for the financial year ended on 31<sup>st</sup> March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder subject to the following observations:
  - (a) *Debenture Reserves as required under Section 71(4) of the Companies Act, 2013 and rules made thereunder is not created in absence of profit.*
  - (b) *The Audit Committee was not properly constituted as required Section 177(2) of the Companies Act, 2013.*
  - (c) *Audit Committee comprises of 4 directors out of which only 2 are independent and chairman is also not ID.*
  - (d) *No meeting of the Audit Committee was held during the 1<sup>st</sup> April, 2020 to 5<sup>th</sup> October, 2020.*
  - (e) *None of the Independent Directors was present in three out of the four meetings of the Audit Committee.*
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowing;

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

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India



Act, 1992 ('SEBI Act') :-

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

*The Company has issued five series of Debentures and the same are listed with the BSE Ltd. and the National Stock Exchange of India Ltd. I report that the Company has complied with the applicable regulations under SEBI (LODR) Regulations, 2015 except There was a marginal delay in compliance of the provisions of Regulations 50(1) and 60(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.*

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

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

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

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

Based on the explanation given and representation made by the management, I report that Director General of Civil Aviation (DGCA) has issued Civil Aviation Requirements under Section 4 of the Aircraft Act, 1934 read with Rule 133A of Aircraft Rules, 1937 and the Company is required to comply with such requirements under DGCA check systems. While the broad principles of law are contained in the Aircraft Rules, 1937, Civil Aviation Requirements are issued to specify the detailed requirements and compliance procedure.

As per explanation and representation made by the management, DGCA has issued a circular dated 21.12.2011 in connection with regulatory audit policy and programme, under which regulatory audits are being carried out with an aim to ascertain the internal control of the organisation in its activities and to



ensure compliance of regulatory requirements. It is explained by the Company that the regulatory audit of the Company is done by the audit team of DGCA as per the audit programme and audit procedure as prescribed under regulatory audit policy of DGCA. The Joint Director General of Civil Aviation nominated by the DGCA is responsible for all regulatory audits and inspections and is normally the Convening Authority.

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

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

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

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

*The Company has issued five series of Debentures and the same are listed with the BSE Ltd. and the National Stock Exchange of India Ltd. I report that the Company has complied with the applicable regulations under SEBI (LODR) Regulations, 2015 except there was a marginal delay in compliance with the provisions of Regulations 50(1) and 60(2) of SEBI (LODR) Regulations, 2015.*

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

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

- (i) *As per Clause 4.1.1 of the DPE Guidelines, the Audit Committee shall have minimum three Directors as members and two-thirds of the members of Audit Committee shall be Independent Directors. It is observed that the composition of the Audit Committee was not as per the Clause 4.1.1 and 4.1.2. Meetings of the Audit Committee were held without the presence of Independent Directors;*
- (ii) *Further, as per Clause 4.4. Of the DPE Guidelines, the Audit Committee is required to meet four times in a year and not more than four months should elapse between the two meetings. It is observed that the first meeting of the Audit Committee in the financial year under review was held on 06/10/2020; thereby leading a gap of more than six months from the beginning of the financial year.*
- (iii) *Risk management as envisaged in Clause 3.6 is required to be strengthen.*

I further report that as stated in Clause 3.3.3 of the DEP guidelines, periodical review of compliance report of all laws applicable to the Company is being done by the Board effective from 1<sup>st</sup> January, 2021.

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



I further report that –

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

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

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

I further report that during the audit period, there was no other specific event/action in pursuance of the above referred laws, rules, regulations, standards, guidelines, etc. referred to above, having major bearing on the Company's affairs except issue of 10,000 Equity Shares of Rs.10/- each for cash par to President of India on rights issue basis.

Sd/-  
**(U.C. SHUKLA)**  
**UDIN: F002727C001477508**  
COMPANY SECRETARY  
FCS: 2727/CP: 1654

Place: Mumbai  
Date: 18.11.2021

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



## ANNEXURE A

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

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

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

Sd/-  
**(U.C. SHUKLA)**  
**COMPANY SECRETARY**  
**UDIN: F002727C001488123**  
**FCS: 2727/CP: 1654**

Place: Mumbai  
Date:



## CORPORATE GOVERNANCE REPORT

The Members of  
Air-India Limited

I have examined the compliance of the conditions of Corporate Governance by Air-India Limited, as stipulated in Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by the Ministry of Heavy Industries and Public Enterprises, Department of Public Enterprises, Government of India, for the financial year ended 31st March, 2021.

The Compliance of conditions of Corporate Governance as stipulated in the Guidelines is the responsibility of management. My examination was limited to the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the Company.

In my opinion and to the best of my information and according to the explanation given to me by the management, I hereby certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by the Ministry of Heavy Industries and Public Enterprises as aforesaid with the exception of –

- a) As per Clause 4.1.1 of the DPE Guidelines, the Audit Committee shall have minimum three Directors as members and two-thirds of the members of Audit Committee shall be Independent Directors. It is observed that the composition of the Audit Committee was not as per the Clause 4.1.1 and 4.1.2. Meetings of the Audit Committee were held without the presence of Independent Directors;
- b) Further, as per Clause 4.4. of the DPE Guidelines, the Audit Committee is required to meet four times in a year and not more than four months should elapse between the two meetings. It is observed that the first meeting of the Audit Committee in the financial year under review was held on 06/10/2020; thereby leading a gap of more than six months from the beginning of the financial year.
- c) Risk management as envisaged in Clause 3.6 is required to be strengthened.

I further report that as stated in Clause 3.3.3 of the DEP guidelines, periodical review of compliance report of all laws applicable to the Company is being done by the Board effective from 1st January, 2021.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sd/-  
**(U.C. SHUKLA)**  
**COMPANY SECRETARY**  
**UDIN: F002727C001488123**  
**FCS: 2727/CP: 1654**

Mumbai  
Date: 19.11.2021



## MANAGEMENT'S REPLY ON THE OBSERVATIONS CONTAINED IN THE SECRETARIAL AUDIT REPORT

### (I) The Companies Act, 2013 (the Act) and the rules made thereunder

- a) Debenture Reserve as required under Section 71(4) of the Companies Act, 2013 and rules made thereunder is not created in absence of profit.
- b) The Audit Committee was not properly constituted as required Section 177(2) of the Companies Act, 2013.
- c) Audit Committee comprises of 4 directors out of which only 2 are independent and chairman is also not ID.
- d) No meeting of the Audit Committee was held during the 1<sup>st</sup> April, 2020 to 5<sup>th</sup> October, 2020.
- e) None of the Independent Directors was present in three out of the four meetings of the Audit Committee.

#### Management's Comments

- (a) Debenture Redemption Reserve, as required under Section 71(4) of the Companies Act, 2013, has not been created in view of the absence of any profit earned by the Company.
- (b) The appointment of Directors on the Board of the Company is done by the President of India. Accordingly, the Audit Committee was constituted with the members available during the year 2020-21.
- (c) Dr.Syed Zafar Islam & Dr.R.K.Tyagi, Independent Directors were Chairman and Member, respectively, in the Audit Committee. On completion of their tenure on 31<sup>st</sup> May 2020, Shri K.M.Birla and Smt.D.Purandeswari, Independent Directors were appointed as members of the Audit Committee. But due to preoccupation of work, both of them expressed their inability to assume the post of Chairman, Audit Committee.
- (d) An Audit Committee meeting was scheduled to be held on 30<sup>th</sup> March 2020 but could not be held due to lockdown situation announced by the Government. The Ministry of Corporate Affairs had given relaxation for holding Board/Committee Meetings till 30 September 2021. However, there was a small delay of five days since the Committee had to be reconstituted.
- (e) Due to busy schedule in their work, Independent Directors were not able to attend the meetings.

### (II) Compliance with SEBI (LODR) Regulations, 2015

The Company has issued five series of Debentures and the same are listed with the BSE Ltd. and the National Stock Exchange of India Ltd. I report that the Company has complied with the applicable regulations under SEBI (LODR) Regulations, 2015 except there was a marginal delay in compliance of the provisions of Regulations 50(1) and 60(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### Management's Comments

Noted.

Due to pandemic situation there was some delay in coordination and compiling the information. However, no penalties were payable. All efforts are being made to comply with all the regulations under SEBI (LODR) Regulations, 2015 within the prescribed timelines.



### (III) Guidelines on Corporate Governance

- i. As per Clause 4.1.1 of the DPE Guidelines, the Audit Committee shall have minimum three Directors as members and two-thirds of the members of Audit Committee shall be Independent Directors. It is observed that the composition of the Audit Committee was not as per the Clause 4.1.1 and 4.1.2. Meetings of the Audit Committee were held without the presence of Independent Directors;
- ii. Further, as per Clause 4.4. of the DPE Guidelines, the Audit Committee is required to meet four times in a year and not more than four months should elapse between the two meetings. It is observed that the first meeting of the Audit Committee in the financial year under review was held on 06/10/2020; thereby leading a gap of more than six months from the beginning of the financial year.
- iii. Risk management as envisaged in Clause 3.6 is required to be strengthened.

#### Management's Comments

- i. The appointment of Directors on the Board of the Company is done by the President of India. Dr. Syed Zafar Islam & Dr. R.K.Tyagi, Independent Directors were Chairman and Member, respectively, in the Audit Committee. On completion of their tenure on 31<sup>st</sup> May 2020, Shri K.M. Birla and Smt. D. Purandeswari, Independent Directors were appointed as members of the Audit Committee. But due to preoccupation of work, both of them expressed their inability to assume the post of Chairman, Audit Committee.
- ii. An Audit Committee meeting was scheduled to be held on 30<sup>th</sup> March 2020 but could not be held due to lockdown situation announced by the Government. The Ministry of Corporate Affairs had given relaxation for holding Board/Committee Meetings till 30 September 2021. However, there was a small delay of five days since the Committee had to be reconstituted.
- iii. Noted for compliance.

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