



MANAGEMENT DISCUSSION & ANALYSIS REPORT

1. ANALYSIS OF THE FINANCIAL/PHYSICAL PERFORMANCE

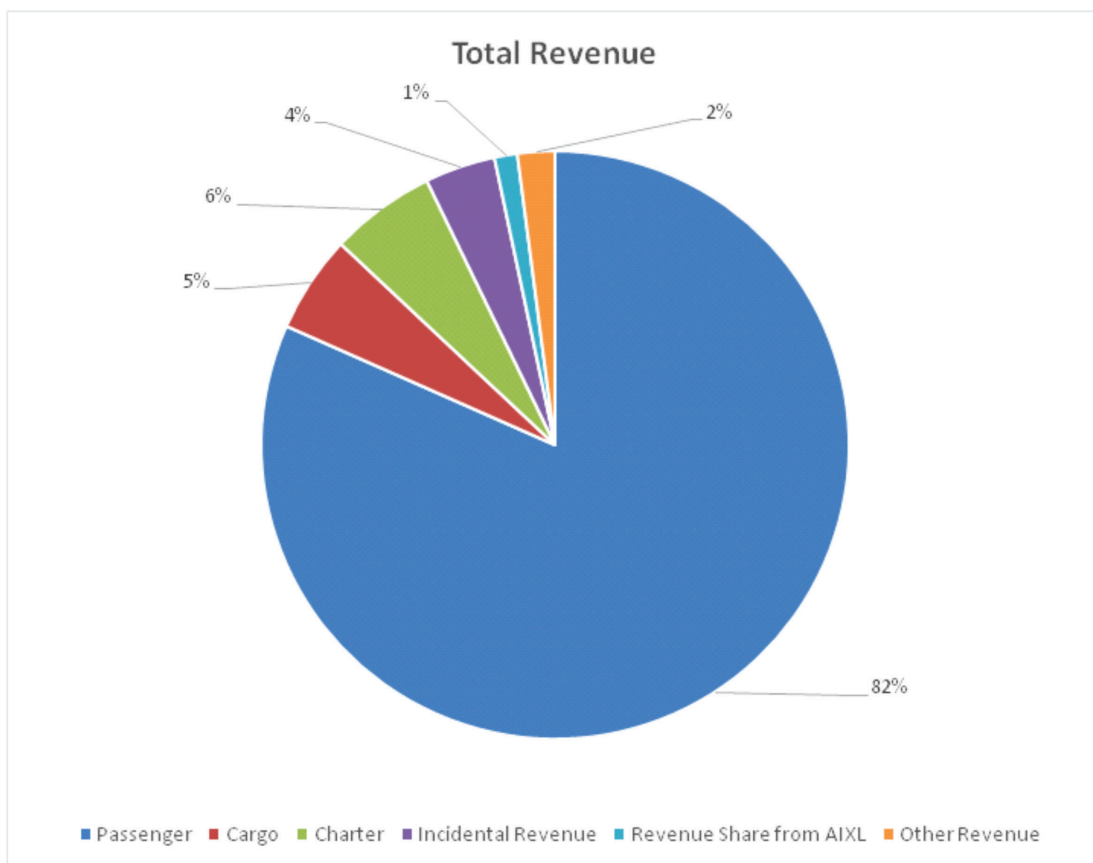
STAND-ALONE

I. REVENUE

Total Revenue increased from Rs. 264,877.2 Million in 2018-19 to Rs. 285,244.4 Million during 2019-20 (increase of Rs. 20,367.2 Million)

Operating Revenue increased from Rs. 255,659.6 Million in 2018-19 to Rs. 277,106.1 Million during 2019-20 (increase of Rs. 21,446.5 Million)

Passenger Revenue increased from Rs.207,741.6 Million in 2018-19 to Rs. 226,197.0 Million during 2019-20 (increase of Rs. 18,455.4 Million)

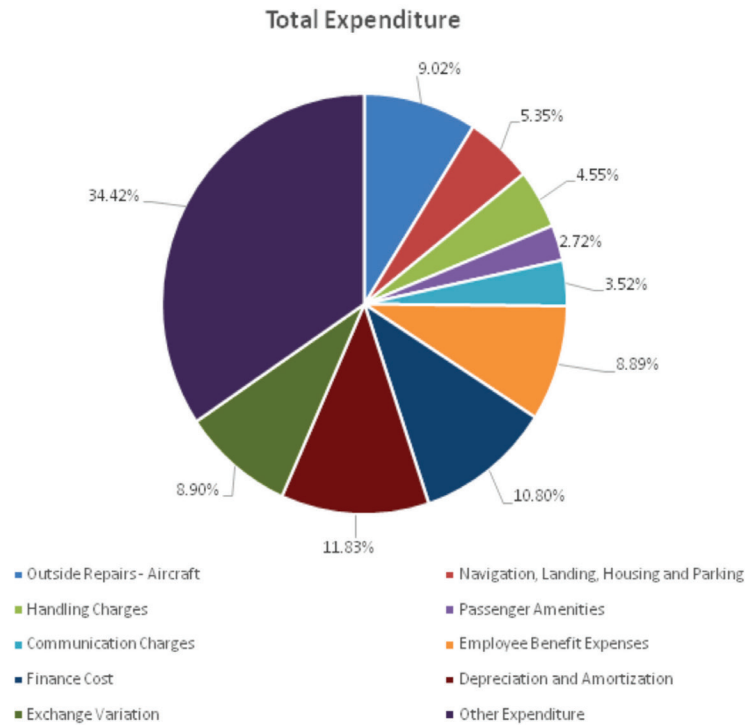


II EXPENDITURE

- The Total Expenditure incurred during the year was Rs. 362,901.7 Million as compared to the previous year's figure of Rs. 349,625.2 Million (increase of Rs.13,276.5 Million)
- Operating Expenses increased from Rs. 302,512.2 Million during 2018-19 to Rs. 323,709.1 Million during 2019-20 (an increase of Rs. 21,196.9 Million)



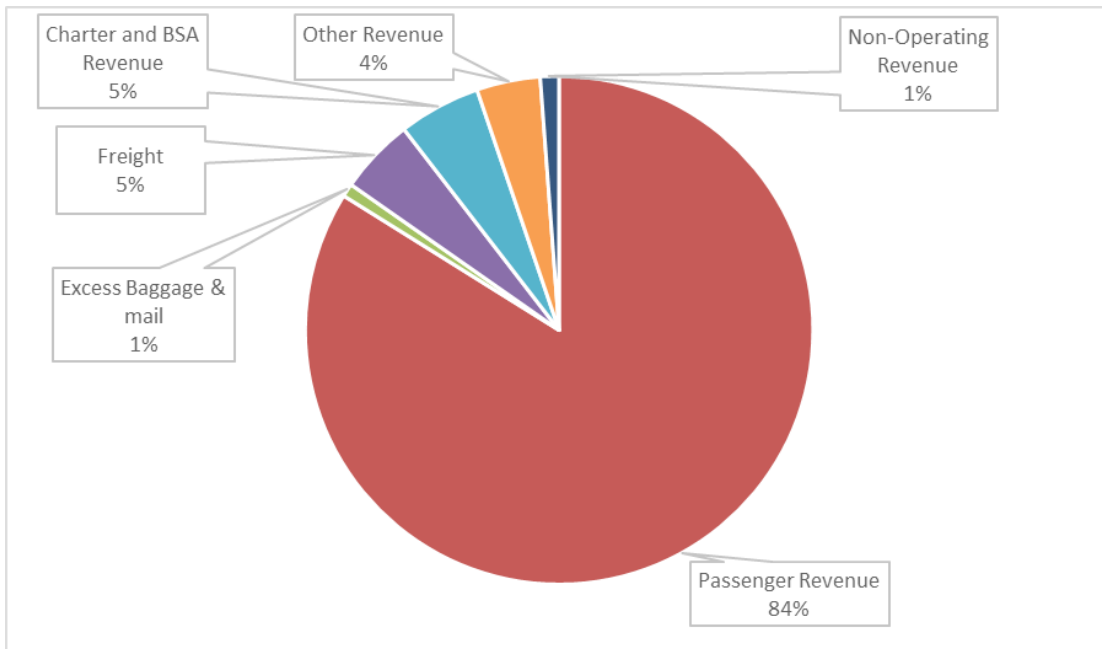
- There was an increase in staff cost by 7% from Rs.30,052.3 Million in 2018-19 to Rs. 32,253.7 Million during 2019-20.
- Fuel cost decreased by 6% from Rs.100,344.6 Million in 2018-19 to Rs. 93,992.7 Million during 2019-20.
- Net impact of Rs 20,130.5 Million, due to applicability of “IND AS 116 – LEASES”.



CONSOLIDATED

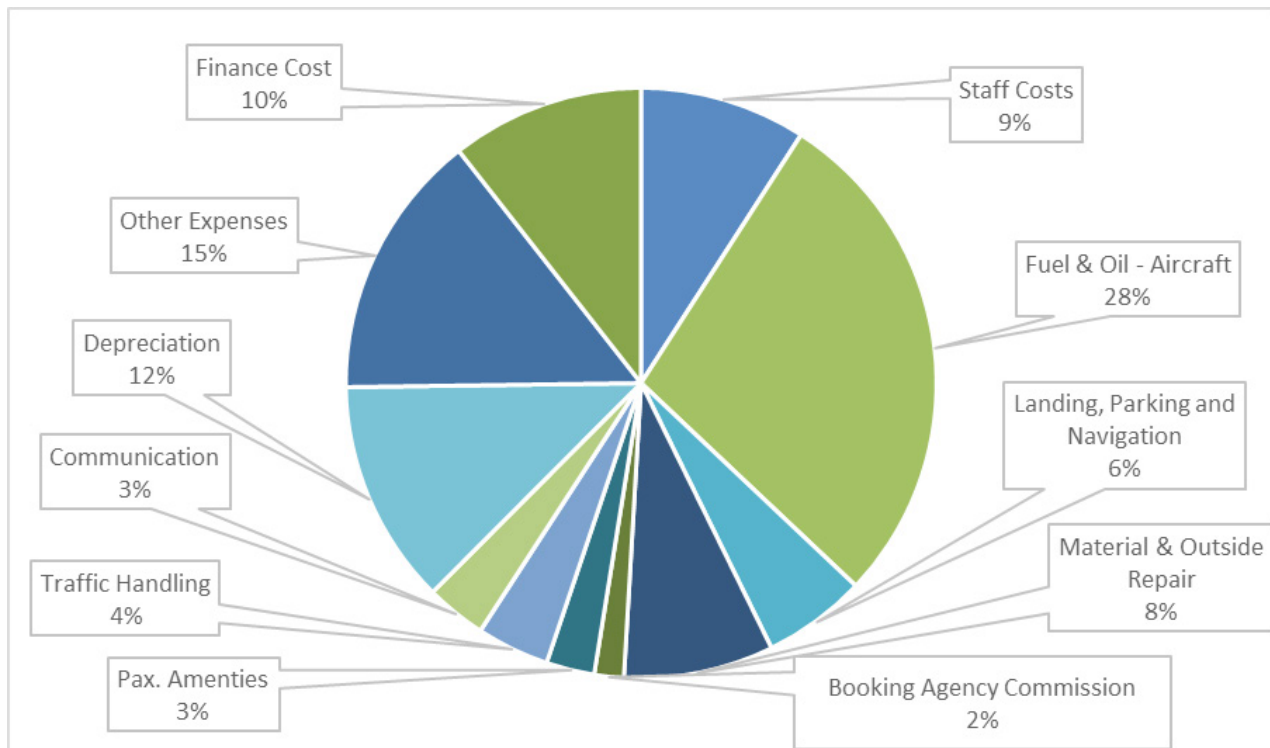
I. REVENUE

- Total Revenue increased from Rs.298,111.5 Million in 2018-19 to Rs.328,306.2 Million during 2019-20, an increase of 10.1%.
- Passenger Revenue increased from Rs.247,283.9 Million in 2018-19 to Rs.275,357.5 Million during 2019-20, an increase of 11.3%.
- Other Revenue increased from Rs.12,242.4 Million during 2018-19 to Rs.13,309.4 Million during 2019-20, increase of 8.7%.
- Group Operating Loss was Rs.24,070.3 Million in 2019-20 as against the Operating Loss of Rs.28,290.7 Million during previous year 2018-19.
- Group had shown Consolidated Net Loss for 2019-20 at Rs.76,933.7 Million which was Less by Rs.11,868.5 Million compared to the previous year's loss of Rs.88,802.2 Million.



II. EXPENDITURE

- There was an increase in Total Expenses by 5.3% from Rs.370,264.9 Million during 2018-19 to Rs.389,737.4 Million during 2019-20.
- There was an increase in Staff Cost by 8.0% from Rs.32,882.9 Million in 2018-19 to Rs.35,498.8 Million during 2019-20.
- Fuel Cost had decreased by 5.8% from Rs.115,558.9 Million during 2018-19 to Rs.108,879.7 Million during 2019-20.





2. MEASURES TO IMPROVE PERFORMANCE

2.1 Plans to turnaround performance

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

- Increase in passenger, cargo, excess baggage revenue through aggressive sales & marketing strategy.
- Focus on sale of business class seats.
- Rationalization of certain loss making routes.
- Upgradation of FFP and Introduction of several marketing initiatives including Companion Free Schemes, E Super saver scheme, Preferred Agents Partnership, Promotion of web bookings, etc.
- Rationalising commission to agents.
- Restructuring of city offices in India and abroad.
- Reduction of contractual employment & outsourced agencies.
- Rationalisation of allowances paid to various categories of employees.
- Close monitoring of overtime allowances.
- Reduction in Cabin/Operating Crew Hotel Cost by shifting to lower priced hotels.
- Catering Enhancements---Quarterly change of menu and upgraded first class service.
- In House Publication launched--Passenger feedback shared with crew through in-house online publication "Mirror Mirror in the Air".

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

The Paid up capital of the Company as on 31 March 2020 is Rs.32665.21 Million.

The Government of India (GoI) vide letter dated 23 March 2020 infused Rs.1,00,000/- (10,000 Equity Shares of Rs. 10 each) as equity investment in Air India Limited for FY 2019-20 as part of the Turn Around Plan and Financial Restructuring Plan. However, the same were allotted to the Government of India on 6 October 2020.

2.3 Going Concern

The Company has received continuous support from the Government of India (GoI) through the implementation of Turn Around Plan (TAP)/Financial Restructuring Plan (FRP) approved in 2012 and then under the Strategic Revival Plan(SRP) in 2018-19 which has helped the Company to improve its Operating and Financial parameters.

The objective of this SRP was to establish a strong competitive and self-sustaining airline which could be strategically divested. The main component of the Financial Package which was part of the SRP was transfer of debt of Rs 294,640 Million to Air India Assets Holding Limited (AIAHL), including funding of interest liability, cash support of Rs 39,750 Million, Government guarantee of Rs 76,000 Million. Hence, it is evident that the GoI is committed to pursue the path of disinvestment and through various steps taken above is aiding the Company in clearing its balance sheet and as mentioned in the PIM for disinvestment there may be further re-allocation of debts and liabilities of the Company. Further steps taken by the Company as also the GoI in light of the process of disinvestment have been discussed in



detail in Note 28 of the Notes to Accounts. All these steps are aimed at creating a positive environment.

In view of the above, and the financial support from the GoI and various revenue enhancement/cost control measures undertaken etc., the Company expects improvement in its performance in the near future and hence the financial statements of the Company have been prepared on Going Concern basis.

The Company has also assessed the impact of COVID-19 on the impairment in the carrying value of its assets, inventories, receivables, etc., appearing in its financial statements. Based on the current indicators of future economic conditions, the management expects to fully recover the carrying value of all its assets. Further, the impact assessment does not indicate any adverse impact on the ability of the Company to continue as a going concern.

2.4 Product Development

Frequent Flyer Programme (Loyalty Programme)

Premier Clubs

The Flying Returns Programme of the Company has four levels of membership viz. Base, The Silver Edge Club, The Golden Edge Club and The Maharajah Club (the 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 2020 was as under:

The Maharaja Club	1,824
Golden Edge Club	2,959
Silver Edge Club	12,496

Flying Returns Programme:

Total Flying Returns membership (Including club members) as on 31 March 2020 was 27,23,185.

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 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,



upgrade and redeem on all 27 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, Citibank and Travel Connect, etc. and Members can transfer reward points from our non-airline partners to Flying Returns.

2.5 Marketing Initiatives

Various Marketing initiatives undertaken to maximise passenger and cargo revenues in FY 2019-20 are as follows:

a. Passenger

- Performance based incentives were given to Travel Agent Companies for achieving set milestones, on exceeding previous year's revenue. FAM Tours were also organized.
- Corporate Customers were directly incentivized by offering volume based incentives and several soft benefits for continuous patronage.
- Deals with Travelling Agent Companies like American Express were renewed and customized remuneration packages were offered.
- Various short term promotional schemes were launched for direct sale through the website.
- Focus of the new Call Centre has been upgraded to Sales & Marketing activities along with customer satisfaction by using latest technologies like CRM, Chatbot & Auto dissemination

b. Cargo

- Corporate House scheme was signed on PAN India base with big players like Amazon, Flipkart to enhance revenues.
- Handling charges were introduced for carriage of live animals on international sectors.
- Delivery order charges revised on international import consignments.
- Dynamic pricing was introduced based on performance of flights.

During the year number of 360 degree Advertising campaigns were launched for the promotion of various domestic and international stations which ensured positive brand mileage in addition Air India's USPs such as 25 kg. Baggage Allowance for Economy class, more leg room and hot meals were promoted through innovative and attractive videos and creative theme "Joy of more".

3. AWARDS AND RECOGNITION

- Air India won the prestigious Best International Airlines Award from Tamil Nadu Tourism on 11 April 2019
- Air India won "The Best Inflight Services" award at Today's Traveller Award On 30 July 2019.
- Air India operated 8 international and 44 domestic momentous flights with all women crew to mark International Women's Day 2020. Air India is an airline where women comprise 1/3rd of the workforce. Fuelled by their indomitable spirit, women employees of Air India have been excelling in every field from the Cockpit to the Board Room.



- Air India left its mark at Wings India 2020, the popular Civil Aviation Exhibition & Conference in India held at the Begumpet Airport in Hyderabad from 12 to 15 March, 2020. Air India's history has been synonymous with that of Civil Aviation in India and its pavilion was the centre of attraction at this event.
- Air India has been standing by the Nation since the outbreak of the corona virus by operating two consecutive Boeing 747 flights to evacuate Indians stranded at Wuhan, the epicenter of the COVID-19. Similar rescue flights were operated to bring back Indians stranded in various countries. A total of 68 Air India crew members, who were part of the two special flights that evacuated 647 Indians and seven Maldivians from corona virus-hit Chinese city of Wuhan, were handed over letters of appreciation signed by Hon'ble Prime Minister Shri Narendra Modi on 17 February 2020, at New Delhi.

4. FLEET SIZE, NETWORK, JOINT VENTURES ETC.

4.1 Fleet Size

Fleet as on 31 March 2020

Aircraft type	Owned	Leased		Total
		Sale & Lease back	Dry Lease	
B777 -200LR	3			3
B777-300ER*	15	-	-	15
B747-400	2	2	-	4
B787-800	6	21	-	27
A320-CEO	4	-	5	9
A320-NEO	-	-	27	27
A319	19	-	3	22
A321	20	-	-	20
Total	69	23	35	127

* Includes 2 B777-3ER are under modification to be used for VVIP operations

4.2 Network

The pattern of operations during 2019-20 for international operation was as under:

Routes	Winter 2019	Summer 2019
India / USA	33	33
India / UK	43	34
India / EUR	43	44
India/Gulf	175	160
India / FEA	20	20
India / SEA	42	56
India/Australia	8	8
India / SAARC	73	69
India/Canada	3	3
India/Africa	4	



4.3 Joint Ventures and Code Share Arrangements

As on 31 March 2020, Air India, a STAR Alliance Member, had a total of 25 Code-Share Agreements that included 14 alliances with STAR carriers - Lufthansa, Austrian Airlines, Swiss, Ethiopian Airlines, Singapore Airlines, Turkish Airlines, Egypt Air, Asiana Airlines, Air Canada, EVA Air, Croatia Airlines, TAP Portugal, LOT Polish Airlines and Avianca and 11 with Non-STAR Carriers - Air Mauritius, Hong Kong Airlines, Air Astana, Flybe, Air Austral, Air India Express, SriLankan Airlines, Royal Brunei Airlines, Air Seychelles, Fiji Airways and Myanmar Airways.

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 taken delivery of 6 B 787 and 1 B 777 -300 ER aircraft during the period November 2016 to March 2018.

Air India had raised USD 819 Million through Bridge financing from consortium of various foreign lenders and Offshore branches of Indian banks. As the process of disinvestment had commenced, it has been decided to defer the long term financing for these aircraft and Bridge facilities were rolled over multiple times during the last 3 years. As the existing Bridge lenders were not in agreement to further extend these Bridge facilities, it was decided to refinance the same through Short Term INR loan with maturity of one year to be backed by aircraft security and GoI Guarantee as collateral.

Air India has raised Rs. 3,381.65 Cr. from two Indian banks and concluded refinancing of 4 aircraft during the month of December 2020. Air India is in discussion with some of the Indian banks for refinancing remaining 3 aircraft.

6. FLIGHT SAFETY

6.1 WEBSITE

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

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

6.2 QUALITY MANAGEMENT SYSTEM (QMS)

QMS Department was issued with QMSISOIS/ISO 9001:2008 License by the Bureau of Indian Standards (BIS). QMS has now changed over to IS/ISO 9001:2015 after clearing the ISO License Renewal Audit by the Bureau of Indian Standards (BIS) with NIL non-conformities.

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 AOP Holders and Strategic Business Units. It effectively complies with IOSA, DGCA, ISAGO, Star Alliance standards, Government as well as organization requirements.

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

QMS ensured that all the soft copies of the Manuals of 3 AOC and 2 SBU are reviewed, approved, uploaded and distributed through DMS. Upgradation of DMS through new product is also in pipeline.

6.4 IOSA AUDIT

IOSA Audit was carried out in August 2019, in which there were 25 Findings, all of which have been closed and accepted by IOSA. Now, IOSA registration is valid till 16 January 2022. Since the whole process of IOSA Renewal Audit preparation, completion and closure of Audit findings has to be completed within 150 days before the IOSA Registry expiry, the next IOSA Renewal Audit has been planned in the month of August, 2021.

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. With continuous encouragement to front line officials, the number of voluntary reports have crossed the 1000 mark per year since 2018.

7. INFORMATION TECHNOLOGY

Air India Namaskar Scheme

In-house portal developed by IT Department and launched in September 2019 to book Namaskar Sewa Online. Passengers travelling on AI Flights can book comfortable and time saving Airport Services for Arrival, Departure or during Transit directly from Airline through this portal.

Migration of Internet Booking Engine to Vedaleon

Air India successfully migrated its internet booking engine from SITA E-commerce platform to Vedaleon platform to enhance the user experience and better functionality. This was implemented in phased manner.

Automation of uploading Tenders on CPPP

According to CVC guidelines, Air India Tenders uploaded on Air India website are required to be reflected on CPPP (Central Public Procurement Portal) website also. This has been automated and now, Air India tenders are converted to XML format with token of authentication and automatically uploaded to CPPP.

8. HUMAN RESOURCES

8.1 Staff Strength

The staff strength of Permanent Employees as on 31 March 2020 was 9041.

8.2 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 2019-20, on 27 August 2019, a total of 952 employees were felicitated.

9. SPORT

Air India is proud to have Women/Men Chess Grandmasters, Olympians, World Cup players, Asian Games/Commonwealth Games Medal winners in various disciplines.

■ **CRICKET (MEN)**

Air India Cricket Team (Men) won the prestigious Lala Raghbir Memorial, Goswami Ganesh Dutt Cricket Tournament. Shri Siddharth Trivedi was awarded “Youth Icon” by the Chief Minister of Gujarat.

■ **CRICKET (WOMEN)**

Smt.Jhulan Goswami is a member of the Indian Women’s Cricket Squad.

■ **BADMINTON**

Air India Badminton team, as well as players in individual capacity participated in 5 events including Junior & Senior All India Major Ranking Badminton Tournaments. The players won 5 Gold Medals, 4 Silver Medals and 6 Bronze Medal in the five events that they participated.

■ **SHOOTING**

Smt. Annu Raj Singh won 6 Gold Medals in National & International Shooting Competitions. Shri Gagan Narang, Shri Deepak Sharma and Shri Fatehbir Singh excelled in various national and international tournaments during the year.

■ **CARROM**

Air India team won the All India Public Sector Tournament. Shri Riyaz Akbar Ali has been ranked India No. 1 and World Rank No.2.

■ **CHESS**

Air India team participated in National Chess Championship (Men & Women) categories and Ms.Bhakti Kulkarni was winner in Women category. Ms.Tania Sachdev also won the prestigious Commonwealth Chess Championship. Shri Swayam Mishra achieved prestigious Grand Master Title in 2019.

■ **HOCKEY**

Air India Hockey team won Silver Medal in the 10th Hockey India Senior National Hockey Championship held at Jhansi. Shri Shivendra Singh was appointed as Coach of Indian Hockey Team for Tokyo Olympics.

■ **TABLE TENNIS**

Air India Table Tennis team won 2 Gold and 3 Bronze medals in Inter District & Inter State TT Tournaments.

■ **KABADDI**

Air India Kabaddi team won Mumbai District Kabaddi Championship.

■ **FOOTBALL**

Air India Football team has always been a premier and popular Football team in the country and



won Nadkarni Cup this year.

10. 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:

10.1 AI Airport Services Limited (AIASL)

(Formerly Known as Air India Air Transport Services Limited):

(Rs.in Million)

Particulars	2019-20	2018-19
Air India's investment in equity	1384.24	1384.24
Total Income	7088.01	7050.08
Total Comprehensive Income for the year	655.69	558.42

AI Airport Services Limited, a wholly owned subsidiary of Air India Limited was operationalized on 1 February 2013 and started its autonomous operations effective April 2014. Presently it provides ground handling services at 81 Airports in India. Apart from handling the flights of Air India and its subsidiary Companies, ground handling is also provided to 36 Foreign Scheduled Airlines, 3 Domestic Scheduled Airlines, 3 Regional Airlines, 9 Seasonal Charter Airlines. 23 Foreign Airlines availing Perishable Cargo handling services too. In addition, AI Airport Services Limited provides cabin cleaning and cabin dressing services and undertakes repairs of aircraft Unit Load Devices (ULD) and meal carts.

AI Airport Services Limited, with Pan India presence, will continue to achieve higher trajectory growth in the coming years. The foreign exchange earnings will increase in view of handling substantial number of international flights of foreign airlines. AIASL also plans to commence operations in foreign countries.

10.2 Air India Express Limited (AIXL)

(Rs.in Million)

Particulars	2019-20	2018-19
Air India's investment in equity	7800.0	7800.0
Total Income	52306.0	42014.4
Total Comprehensive Income for the Year	4127.7	1615.8

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 highest net profit of Rs 4127.7 Million in FY 2019-20.

During FY 2019-20, Air India Express continued its operations with a fleet of 25 B 737-800 NG aircraft including 8 leased aircraft. The number of destinations served by Air India Express as on 31 March 2020 was 33 - 20 Indian and 13 International.

Air India Express bagged the Management Excellence Award for the turnaround performance in 2019 at the 12th International Civil Aviation Conference organized by ASSOCHAM. Air India Express also received the prestigious Dalmia Bharat CSR Impact Award for its CSR Project 'Care India Express-Simply Cleanliness' from amongst 102 entries as well as the CSR Times Award.

10.3 AI Engineering Services Limited (AIESL)

(Formerly known as Air India Engineering Services Ltd.)



(Rs.in Million)

Particulars	2019-20	2018-19
Air India's investment in equity	1666.67	1666.67
Total Income	14275.85	12063.87
Total Comprehensive Income for the Year	758.58	(2049.37)

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

During the year 2019-20, company has shown improved financials and has earned a net profit for the first time since operationalisation. The company handled around 168 aircraft, on average basis, of Air India Limited and its subsidiaries. SESF flight operations are being managed by Air India and AIESL shall be involved in the maintenance activity of these aircraft.

AIESL has obtained approval from 11 foreign civil aviation authorities for undertaking maintenance of aircraft. It has also started capability enhancement considering the future demands of ATRs and NEO aircraft which would be operated by Airlines in future. AIESL has established a branch in Sharjah to provide line maintenance at three locations in UAE and has recently registered an office in Khatmandu.

10.4 Alliance Air Aviation Limited (AAAL)

(Formerly known as Airline Allied Services Limited)

(Rs.in Million)

Particulars	2019-20	2018-19
Air India's investment in equity	4022.50	4022.50
Total Income	11811.54	8362.78
Total Comprehensive Income for the Year	(2010.00)	(2923.23)

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 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.

Alliance Air has the advantage of operating ATR type of aircraft since January 2003. It intends to build on this experience of over a decade of serving to Tier II and III cities. The company has a fleet of 18 ATR 72-600 aircraft. In the FY 2019-2020, company expanded its network and reach to neighboring countries.

The Regional Connectivity Scheme "Ude Deshka Aam Nagrik" (UDAN) introduced by the Government, which will run for 10 years, will work to revive existing airstrips and airports. With the introduction of RCS, Alliance Air has been awarded 95 routes till date.

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'.



As operation to unserved and underserved airports has been incentivized by the Government, it will stimulate traffic on regional routes connecting Tier-II/III cities. 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.

10.5 HOTEL CORPORATION OF INDIA LIMITED (HCI):

(Rs.in Million)

Particulars	2019-20	2018-19
Air India's investment in equity	1106.00	1106.00
Government's investment in equity	270.00	270.00
Total Income	676.25	672.83
Total Comprehensive Income for the Year	(655.47)	(712.04)

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

As per the direction of the Government, 45000 sq. mts land parcel leased from Airports Authority of India (AAI) for the Delhi units i.e. CHDA, CFCD which was required to be handed over to AAI by 30 November 2019, HCI has been allowed to use the land/structure upto the expiry of the existing lease period i.e. on 31.03.2031 and to vacate the land positively upon the expiry of lease period.

Hence, the Company is in the process of calling for consultants to assist the company to hand over Delhi properties on Management Contract. This would result in savings of fixed and variable costs at Delhi units and also the Company would earn management contract fees.

10.6 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.

11. RISK MITIGATION STRATEGIES

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

12. 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.

13. COMPLIANCE WITH THE RTI ACT, 2005

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

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

During 2019-20, 1452 cases of RTI Requests and 161 Appeals were received. Out of 161 Appeals, 155 were disposed off by the First Appellate Authorities.



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 2020, the Board comprised of two Whole time Directors - Chairman and Managing Director and Director (Finance) and six non-executive directors (two Government Nominee Directors and four Independent Directors). However, as on 1 December 2020, three more Functional Directors viz. Director (Personnel), Director (Commercial) and Director (Operations), were on the Board of the Company while the number of Independent Directors has reduced to two. Non-executive Board members are eminent personalities having wide experience.

**BOARD OF DIRECTORS AS ON 31 MARCH 2020**

Shri Rajiv Bansal	Chairman & Managing Director
Shri Vimalendra A Patwardhan	Jt. Secretary & Financial Advisor – Ministry of Civil Aviation
Shri Satyendra Kumar Mishra	Jt Secretary, Ministry of Civil Aviation
Dr R K Tyagi	Independent Director
Dr Syed Zafar Islam	Independent Director
Shri Kumar Mangalam Birla	Independent Director
Smt Daggubati Purandeswari	Independent Director
Shri Vinod Hejmadi	Director (Finance)

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 year all meetings of the Board were chaired by the CMD. Seven Meetings of the Board of Directors were held during the FY 2019-20 on 1 April 2019, 2 May 2019, 12 July 2019, 7 August 2019, 4 October 2019, 22 October 2019 and 30 December 2019. The attendance of the Directors was as follows:

Name of Director	No of Meetings held during tenure in FY 2019-20	Attendance in Board Meetings held during the year	Whether attended Adjourned AGM held on 31 December 2019	No. of Directorships in Companies	No. of Committee Memberships across all companies
A. EXECUTIVE DIRECTORS					
Shri Ashwani Lohani	7	7	Yes	9	4
CMD (ceased eff 14 Feb 2020)					
Shri Rajeev Bansal	0	0	NA	10	4
CMD (appointed eff 14 Feb 2020)					



Name of Director	No of Meetings held during tenure in FY 2019-20	Attendance in Board Meetings held during the year	Whether attended Adjourned AGM held on 31 December 2019	No. of Directorships in Companies	No. of Committee Memberships across all companies
Shri Vinod Hejmadi	7	7	No	7	15
Director (Finance)					
B. GOVT NOMINEE DIRECTORS					
Shri S K Mishra	7	7	No	4	7
Shri Arun Kumar	2	2	NA	8	6
(ceased eff 10 Jul 2019)					
Shri Praveen Garg	3	2	No	7	6
(appointed eff 31 Aug 2019 and ceased eff 18 Feb 2020)					
Shri V Patwardhan	0	0	NA	8	8
(appointed eff 18 Feb 2020)					
C. INDEPENDENT DIRECTORS					
Dr R K Tyagi	7	6	No	4	5
Dr Syed Zafar Islam	7	7	No	NIL	3
Shri Kumar Mangalam Birla	7	3	No	17	3
Smt Daggubati Purandeswari	7	1	No	NIL	1

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), meetings and attendance at the Committee Meetings of the Company is enumerated below:



4.1 Audit Committee

As on 31 March 2020, Audit Committee consists of three 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) and Head of Internal Audit permanent invitees, the Chairman and Managing Director and Statutory Auditors attend as Special Invitees.

During the year under review, five meetings of the Audit Committee were held during the year 2019-20. 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	Chairman	5	5
Independent Director			
Dr R.K. Tyagi	Member	5	4
Independent Director			
Shri Arun Kumar	Member	1	1
Additional Secretary and Financial Advisor (ceased eff 10 Jul 2019)			
Shri Praveen Garg	Member	3	2
Additional Secretary and Financial Advisor (appointed eff 31 Aug 2019 and ceased eff 18 Feb 2020)			
Shri V Patwardhan	Member	0	0
Joint Secretary and Financial Advisor (appointed eff 18 Feb 2020)			

The Terms of Reference of the Audit Committee have been approved by the Board, taking into account the provisions of r 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/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 with 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 2020, following were the Members of the CSR and Sustainability Committee:

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

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 the 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.

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 2020, the NRC comprised of the following:

Dr. R.K.Tyagi	Chairman
Chairman and Managing Director	Member
Dr. Syed Zafar Islam	Member
Shri K.M.Birla	Member
Joint Secretary, MOCA	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 did not meet during the year under review.

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 Ashwani Lohani	16,86,026	Nil	32,400	Nil	17,18,426
Shri V Hejmadi	29,20,472	2,35,908	43,200	Nil	31,99,590

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 is given below:

Dr R K Tyagi	Rs. 2,10,000
Dr Syed Zafar Islam	Rs. 2,00,000
Shri K.M. Birla	Rs. 60,000
Smt Daggubati Purandeswari	Rs. 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, organisation structure, etc. As on 31 March 2020, the following were the Members of the HR Committee:

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

The HR Committee met once during the year, on 26 April 2019, 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 2020, the following were the Members of the Share Allotment Committee:

Joint Secretary & Financial Advisor, MoCA	Chairman
Joint Secretary, MoCA	Member
Director (Finance)	Member

The Committee did not meet during the year under review.

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 three times, during the year under review. As on 31 March 2020, the following were the Members of the Flight Safety Committee:

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

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 2020, the following were the Members of the Consumer Satisfaction Committee:

Shri K.M.Birla	Chairman
Dr.Syed Zafar Islam	Member
Director (Commercial)	Member, Convenor

ED-Customer Services and ED-Inflight Services are permanent invitees to this Committee. No meeting was held during the year.



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.

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. The meeting was held on 26 September 2019 and all matters mentioned in the Schedule were reviewed.

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 financial year ended on 31 March 2020. 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:

	Date and time of the Meeting	Venue	Special Resolution Passed at the Meeting
11th Annual General Meeting	29 December 2017	Airlines House, 113 Gurudwara Rakabganj Road, New Delhi 110 001	
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	



	Date and time of the Meeting	Venue	Special Resolution Passed at the Meeting
Extra Ordinary General Meeting	4 October 2017	Airlines House, 113 Gurudwara Rakabganj Road, New Delhi 110001	To increase the overall borrowing limit of the Company
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

9. Means of communication

The Company's website (www.airindia.in) provides a variety 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/Debentureholders information

- The total shareholding of the Company is by the Government of India through its 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
- During the year under review, the Company has redeemed NCDs amounting to Rs 700 crore as per the terms of repayment
- M/s Link Intime India Pvt Ltd having its address at C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai 400 083 are the Registrars and Transfer Agents for the debentures of the Company. All matters connected with debenture transfer, transmission, interest payment is handled by the transfer agents.

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 2019-20. Nevertheless, Related Party Disclosures are included in the notes forming part of the Financial Statements of the Company for the year 2019-20.
- 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.



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 2020.

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

Place : New Delhi
Date : 27 January 2021



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

NAME: AIR INDIA LIMITED

Group	Representation of VH/ HH/OH as on 1.1.2020				Number of Appointments made during the Calendar Year 2019											
	Total	VH	HH	OH	By Direct Recruitment-2019				By Promotion - 2019				By Deputation-2019			
	Total	VH	HH	OH	Total	VH	HH	OH	Total	VH	HH	OH	Total	VH	HH	OH
"A"	5129	3	1	23	*52	-	-	-	-	-	-	-	-	-	-	-
"B"	2301	3	2	12	-	-	-	-	10	-	-	-	-	-	-	-
"C"	81	-	-	-	**460	-	-	-	1	-	-	-	-	-	-	-
"D"	1773	10	9	16	-	-	-	-	-	-	-	-	-	-	-	-
Total	9284	16	12	51	512	-	-	-	11	-	-	-	-	-	-	-

Note: Recruitment carried out in the year 2019 for all the posts were "Fixed Term Contract". There is no reservation for PWDs for the posts of Sr. Trainee Pilot/Trainee Pilot, Sr. Trainee Flight Dispatcher/Trainee Flight Dispatcher and Cabin Crew. For other posts, no PWD candidates appeared for the process.

Group	Post	Total No. of appointments on FTC basis
A*	Doctor	08
	Accounts Executives	17
	Sr. Tr. Pilot/ Tr. Pilot	21
	Sr. Tr. Flight Dispatcher/ Tr. Flight Dispatcher	06
C**	Asstt. Controller/ Tr. Controller	86
	Data Entry Operator	70
	Cabin Crew	172
	Accounts Clerk	32



**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020
[PURSUANT TO SECTION 204(1) OF THE COMPANIES ACT, 2013 AND RULE NO.9
OF THE COMPANIES (APPOINTMENT AND REMUNERATION PERSONNEL) RULES,
2014]**

To,
The Members,
Air India Limited,

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on 31st March, 2020 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records made available to me and maintained by the Air India Limited for the financial year ended on 31st March, 2020 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.*
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowing;

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

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
 - a) The Securities and Exchange Board of India (Issue and Listing of Debts Securities) Regulations, 2008;
 - b) Chapter V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

The Company has issued 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 –



- (i) Preparation and submission of un-audited / audited financial results to stock exchanges on half yearly basis in specified format and publication of the same in newspapers;
- (ii) Submission of a certificate from Debenture Trustee as required under Regulation 52(5)

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 –

- (i) Preparation and submission of un-audited / audited financial results to stock exchanges on half yearly basis in specified format and publication of the same in newspapers;*
- (ii) Submission of a certificate from Debenture Trustee as required under Regulation 52(5)*
- c) Guideline on Corporate Governance for Central Public Sector Enterprises, 2010 as issued by the Ministry of Heavy Industries and Public Enterprises, Government of India.

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

- a) As per Clause 3.3.1 of the DPE Guidelines, the Board of Directors is required to meet atleast four times in a year and atleast once in every three months and time gap between any two meetings should not be more than 3 months. Since the last meeting of the Board was held on 30/12/2019 and no such meeting was held during the period 1st January, 2020 to 31st March, 2020, to this extent the provisions of Clause 3.3.1 remains non-complaint. However, as per the provisions of Section 173(1) of the Companies Act, 2013 time gap between two Board Meetings can be maximum 120 days and four such meetings be held in a financial year;*
- b) As stated in Clause 3.3.3 of the DPE guidelines, periodical review of compliance report of all laws applicable to the Company is required to be done by the Board;*
- c) Risk management as envisaged in Clause 3.6 is required to be strengthen;*

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

I further report that –

- The Board of Directors of the Company is duly constituted with proper balance of Executive



Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed proposal on agenda were sent in advance duly complying with the time limits specified and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- As per the minutes of the meeting duly recorded and signed by the chairman, the decisions of the Board were unanimous.

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

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

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

I further report that during the audit period, there was no other specific event/action in pursuance of the above referred laws, rules, regulations, standards, guidelines, etc. referred to above, having major bearing on the Company's affairs.

Sd/-

(U.C. SHUKLA)
COMPANY SECRETARY
UDIN: F002727B002531396
FCS: 2727/CP: 1654

Place: Mumbai
Date: 27 January 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/-

Place: Mumbai
Date: 27 January 2021

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



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

(I) Debenture Reserve

Debenture Reserve as required under Section 71(4) of the Companies Act, 2013 and rules made thereunder is not created in absence of profit.

Management's Comments

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

(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 –

- (i) Preparation and submission of un-audited / audited financial results to stock exchanges on half yearly basis in specified format and publication of the same in newspapers;
- (ii) Submission of a certificate from Debenture Trustee as required under Regulation 52(5).

Management's Comments

Noted.

The Company has complied with the applicable regulations under SEBI (LODR) Regulations, 2015 except for submission of financial results to stock exchanges on half yearly basis and publication of the same in newspapers and submission of certificate from Debenture Trustee as mentioned in points (i) & (ii) above. Though the half yearly accounts as on 30 September 2019, are not submitted, the compliances under this Regulation, for the accounts as on 31 March 2020 would be adhered to. In addition, efforts are being made to comply with all the Regulations under SEBI (LODR) Regulations, 2015.

(III) Guidelines on Corporate Governance

- (a) As per Clause 3.3.1 of the DPE Guidelines, the Board of Directors is required to meet at least four times in a year and at least once in every three months and time gap between any two meetings should not be more than 3 months. Since the last meeting of the Board was held on 30/12/2019 and no such meeting was held during the period 1st January,2020 to 31st March,2020, to this extent the provisions of Clause 3.3.1 remains non-complaint. However, as per the provisions of Section 173(1) of the Companies Act,2013 time gap between two Board Meetings can be maximum 120 days and four such meetings be held in a financial year;
- (b) As stated in Clause 3.3.3 of the DPE guidelines, periodical review of compliance report of all laws applicable to the Company is required to be done by the Board;
- (c) Risk management as envisaged in Clause 3.6 is required to be strengthen;

Management's Comments

- (a) The Board Meeting was scheduled on 30 March 2020, however, due to the lockdown situation



prevailing in the country, due to COVID-19, the same could not be held. Further, for the same reason, the Ministry of Corporate Affairs has issued the circular for one time relaxation for the gap between two consecutive meetings of the Board to be extended to 180 days till the next two quarters of FY 2020-21. It may be noted that the DPE guidelines are yet to be amended, as per the changes in provisions in Companies Act, 2013.

- (b) Noted for compliance.
- (c) Noted for compliance.