



CHAIRMAN'S MESSAGE

Dear Shareholders,

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

It is my privilege to present to you the 13th Annual Report of the Company, for the year 2019-20.

I wish to now present the Civil Aviation scenario globally and within India to give a brief background, and thereafter, the results of Air India Limited for the financial year 2019-20:



CIVIL AVIATION SCENARIO

WORLD

The year 2019-20 started with loads of expectation and robust forecasts for global aviation industry. The year that progressed well until December 2019, witnessed unprecedented changes, transitions and economic crisis in the last quarter, due to the COVID-19 pandemic which has been the most unprecedented disruptive event in recent times. After years of record traffic growth and unprecedented profitability, the airline industry is facing the sharpest and most sustained fall in demand as the corona virus pandemic has brought international travel to a virtual standstill.

The estimated net loss suffered by airline industry during 2020 was USD 118.5 billion, which dwarfed the USD 30 billion loss during the financial crisis in 2008 and 2009 and brought an abrupt end to 10-year profits run. As per IATA, the full year passenger traffic results for 2020 showed that demand fell by 66% (international-76%, domestic-49%) compared to 2019, by far the sharpest traffic decline in aviation history. Bookings for future travels made in January 2021 were down 70% compared to the previous year putting further pressure on cash positions and partially impacting the timing of expected recovery.

While the industry will see improved performance in 2021, the road to recovery is expected to be long and difficult. Passenger figures are not expected to return to 2019 levels until 2024 at the earliest, with domestic markets recovering faster than international services. The optimism, that the distribution of vaccines would lead to a prompt and early recovery in global air travel have been dashed in the face of new outbreaks and new mutations of the disease.

INDIA

The Indian aviation saw the biggest turmoil in Indian aviation scenario with closure of Jet Airways in the beginning of 2019 resulting in big vacuum in terms of capacity and ending with complete lockdown due to spread of Covid-19 pandemic in India with suspension of all scheduled air operations from 25th March 2020.

In the beginning of the year, Air India's strategy was to first fill the vacuum created by Jet's closure to minimize passenger inconvenience. Air India is the only airline in India with long haul operations and we have been able to step in to effectively bridge the gap between demand and supply post April 2019. We added some capacity into the system with which we have been able to launch the non-stop Delhi-Toronto, Mumbai-Kuwait, Delhi-Doha, Delhi-Seoul and Mumbai-Nairobi flights. In the India/UK market, we added capacity to Heathrow & Stansted and included Amritsar as one more point to UK. For Dubai, the growth opportunity came up with Jet's closure and we added more direct flights from interior points in India to connect Dubai.

While Air India was successfully plugging the vacuum in the long haul international market, COVID-19 pandemic engulfed the globe towards end of the year. The global outbreak of COVID-19 pandemic and the nation-wide lockdown imposed from 25th March 2020 and followed by multiple extensions in



lockdown/restrictions imposed by Central/State Governments had a major impact on the aviation industry. Similar lockdowns were imposed in the different parts of the world as well, leading to a severe dent on the business of the Company. AI had to cease all scheduled domestic and international operations in compliance with the directions issued by the DGCA in the aftermath of the pandemic.

Air India has always been standing by the Nation during any crisis. Air India operated a very courageous first repatriation flight to Wuhan – the epicenter of the Covid-19 virus - to evacuate stranded Indians on 31st January 2020 which scripted history with more to follow. The international borders were sealed all over globe resulting in Indians getting stranded all over the world. The Company, as usual, rose up to the occasion and on the directions of the Government, conducted some essential air operations to mitigate the hardship brought about by the unprecedented pandemic times. This included the operation of non-scheduled flights under the 'Vande Bharat Mission' from 7th May 2020 to evacuate stranded fellow citizens throughout the globe. In addition, AI also operated special charter flights on domestic and certain international sectors to facilitate the movement of essential medical and other supplies to various parts of the country and the world. The international borders are still sealed and therefore, the Government of India has signed bubble agreement with 22 countries purely to serve 3rd/4th freedom market. Currently, AI is operating International flights under these Bubble agreements. Air India's brave hearts of Captains, Cabin Crew, Doctors, Engineers and Commercial staff scripted a selfless rescue act going beyond their call of duty to successfully complete the evacuation of Indian nationals stranded abroad.

The resultant socio-economic crisis has had multifarious complexities in the conduct of business or governance. However, I have no doubt that the Nation and the world will recoup with greater growth, rapid prosperity and better quality of development post the Corona crisis.

Performance of the Company

Stand-alone

During the financial year 2019-20 the Company had incurred a net loss of Rs.7,982.82 crore as against Rs.8,556.36 crore in the year 2018-19, representing a decrease of Rs.573.54 crore. The number of passengers carried during 2019-20 increased to 22.1 million as against 21.8 million during 2018-19.

The Net Loss had reduced by about Rs.573 crore as compared to the previous year approximately and if the impact of IND AS 116 is excluded, the improvement in the performance of the Company was about Rs.2,500 crore. The expenditure item which had the highest increase as compared to the previous year was expenditure on Foreign currency translation as dollar shot up from Rs.69 to Rs.75 to one USD. There was increase in Foreign Exchange variation by Rs.2,456 crore mainly due to impact of IND AS 116 of Rs.2,001 crore and normal foreign exchange variation impact of Rs.455 crore.

Consolidated Results

The Consolidated Financial Statement represents consolidation of parent company's financials with the financials of 5 subsidiary companies viz. AAAL, AIXL, AIESL, AIASL & HCI and one joint venture viz. AISATS.

The Consolidated Net Loss of the Group for 2019-20 was Rs.7,693.37 crore which was less by Rs.1,186.85 crore compared to the previous year's loss of Rs. 8,880.22 crore.

Our well trained human resources as well as the continued patronage from public was our greatest strength. One of our subsidiaries, Air India Express Ltd, performed extremely well and has been rated as one of the best low cost carriers in the world. Air India's direct long distance connections to USA as well as Australia, remained our prime products.



Challenges

Adversity brings best out of us and is a litmus test of our courage and strength of character. Air India had been passing through the critical financial condition much before the Covid onslaught. The suspension of all air traffic during this period saw the revenues of the Company plummeting and at the same time, committed and obligated expenditure such as loan repayments, payments to aircraft lessors, salaries, etc., had to be met during this period leading to a further dent in the already strained financial position of the Company.

In spite of this, the airline has left no stone unturned to continue to remain afloat. The Government is doing whatever is necessary to take us out of this turbulence and steer the country into a brighter horizon with a slew of financial, social and administrative measures while focusing on medical care and relief to those affected. However, on its own part, the Company during the COVID period has introduced various measures/steps to partially offset the adverse financial impact arising out of these difficult times. These include the introduction of salary/allowance cuts across the board for all employees, suspension of all post retirement contractual engagements, introduction of the concept of shorter working week, encouraging the employees to take advantage of the Leave without Pay Scheme etc. The Company also engaged its aircraft lessors in negotiations to secure cuts in lease payments, exercised strict control over vendor payments to ensure best possible use of scarce funds availability.

All airlines including Air India have seen a steep decline in their scale of operations during the first three quarters of FY 2020-21. The estimates of recovery from the impact of COVID-19 have been made by various stakeholders and in most cases, normalcy is projected to return by only around FY 2024.

You would have seen the report on the proposed disinvestment of Air India, the successful conclusion of which will bring out in full measure, its true potential. The procedures relating to disinvestment are in progress. In the interim, the national carrier will strive for impetus in services improving domestic and international connectivity.

ACKNOWLEDGEMENT

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

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

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

Sd/-
Rajiv Bansal



VISION

Dil mein India, aasmaan mein Air India

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

MISSION

Leadership

Customer

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

Processes

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

People

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

India's Ambassador

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

Values

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