AI ENGINEERING SERVICES LIMITED

21st ANNUAL REPORT

2024-25

CORPORATE INFORMATION

Registered Office

2nd Floor, CRA Building, Safdarjung Airport Area,
Safdarjung Air Port, Central Delhi,
Delhi – 110003
Tel: +91-11-24600763
E-mail: marketing.aiesl@aiesl.in; Website: www.aiesl.in
CIN: U74210DL2004GOI125114

Statutory Auditors
M/s AAJV and Associates
Chartered Accountants

Internal Auditors
M/s Thakur, Vaidyanath Aiyar & Co.,
Chartered Accountants

Secretarial Auditors
M/s Saurabh Agrawal & Co.,
Company Secretaries

Tax Auditors
M/s Rajnish & Associates
Chartered Accountants

Bankers
State Bank of India (SBI)
HDFC Bank
ICICI Bank

Registrar & Transfer Agent (RTA)
M/s Link Intime India Pvt. Ltd.
C 101, 247 Park, L B S Marg,
Vikhroli (West), Mumbai 400083

CONTENT

VISION

To provide best in class, timely quality services to the customers by maintaining the highest standards of regulatory and safety compliances.

MISSION

CUSTOMER

- Maintaining aircraft of customers in a continuous state of airworthiness by a system of preventive and corrective maintenance to secure high levels of safety.
- Provide a "One Stop" solution to the customer.
- Faster Turn Around Time.
- To capture maximum market from Indian and foreign airlines.
- To synergize with the defence sector.

PROCESS

- To get DGCA approval under CAR 145 and 147.
- To obtain FAA and EASA approval for all establishments and facilities.
- Aggressive Marketing policy for enhanced market share.
- Continuous monitoring of Quality & Safety through regular audits.
- Constant endeavour to upgrade services, delivering highest customer satisfaction in terms of Quality, Service and Cost effectiveness and ensuring long term strategic relationships.
- All-out effort to be a world class MRO without compromising on quality standards.
- Updating and enhancing capability through training of personnel and acquiring the latest equipment.
- All round development of skilled personnel to enhance productivity.
- Optimizing operational costs.

BOARD OF DIRECTORS

Shri Amit Kumar
Chairman

Shri Manoj Kumar
Nominee Director

Shri Padam Lal Negi
Nominee Director

Shri Shobhit Gupta
Nominee Director

Smt. Nayonika Dutta
Nominee Director

KEY MANAGERIAL PERSONNEL (KMPS)

Shri Sharad Agarwal
Chief Executive Officer

Shri Rajni Kant
Company Secretary

Shri Sanjeev Singhal
Chief Financial Officer

CHAIRMAN'S SPEECH

Dear Shareholders,

It gives me immense pleasure to present the Twenty-first (21st) Annual Report of the Company for the year 2024-25. I would like to thank each one of you for making it convenient to attend this meeting.

I take this opportunity to share the performance of the company during the year:

PERFORMANCE OF THE COMPANY

The financial performance of your company during FY 2024-25 was as under:

- The company has earned a profit of Rs 404.66 crore during the current financial year, compared to Rs 257.66 crore during the last year.
- The company earned revenue of Rs. 1946.05 crore during the current financial year, while incurring an expense of Rs.1562.73 crore. The comparative figures for last financial year were a revenue of Rs. 2183.02 (a drop of 10.85%), and an expense of Rs. 1552.45 crore (a rise of 0.66%).

As regards non-financial performance, during FY 2024-25, AIESL provided Line Maintenance Services to Air India, Air India Express, Alliance Air, Fly91, AFCOM Cargo, Akasa Air along with various international operators namely Qatar Airways, Oman Airways, Singapore Airlines, Scoot Airways, Malaysian Airlines Berhad, Air Asia Berhad, US Bangla, Biman Bangladesh, Druk Air, Corendon Airline, Kuwait Airways, Royal Brunei and other foreign carriers. AIESL also provides Line Maintenance support at Kathmandu (international location).

AIESL provided Base Maintenance / Engine Maintenance Services to major customers such as Air India, Air India Express, Alliance Air, IndiGo Airlines, SpiceJet, Kuwait Airways, Pradhan Air, Fly91, Global Aerotech, Willis Lease Finance Corporation Limited (WLFC), Aviation Capital Group (ACG), CCB Leasing, Jackson Square Aviation (JSA), ICBC and Minsheng Financial Leasing Co. Ltd. (MSFL). The Company also signed a long-term agreement with Indigo for Base Maintenance of A320 and ATR72 aircraft.

AIESL continued to provide services to lessors for aircraft maintenance, storage recovery, return-to-service (RTS) and re-delivery activities at Delhi, Mumbai, Nagpur and Thiruvananthapuram. Services also included BSI, engine storage/preservation and associated maintenance activities.

AIESL holds approvals from 16 foreign Civil Aviation Authorities including FAA, EASA, KSCAR (Kuwait), QCAA (Qatar), CAACI (Cayman Island), ECAA (Egypt), BCAA (Bhutan), CAAN (Nepal), SSCA (Cambodia), CAAB (Bangladesh), CAAM (Malaysia), CAAS (Singapore), SA CAA (Guernsey), CAA (Oman), CAA (South Africa) and CAASL (Sri Lanka).

AIESL NR has undertaken capability enhancement for CFM LEAP1A engine checks and is looking forward to future demands. In Nagpur MRO, Engine Test Cell has acquired approvals from EASA & FAA for testing of GEnx & GE90 engines. The GEnx engines require a QT (Quick Turn) maintenance check, at Nagpur MRO, we have carried out 4 QT checks.

In other Regions like Southern Region and Eastern Region capability enhancement has been undertaken considering the future demands of ATRs, NEO & MAX aircraft which would be operated by Airlines in future.

STRENGTHS

Your Company during the last few years has developed the following technical expertise:

- Largest MRO in India in terms of revenue, infrastructure footprint and skilled technical manpower.
- Only MRO in India with Line and Base Maintenance capability for wide-body aircraft including B747, B777 and B787.
- The only MRO in India with experience in handling diverse range of Aircraft models including B747, B777, B787, A320 family, B737NG/MAX and ATRs.
- Has facilities approved by DGCA, FAA and EASA with Pan-India presence comprising 52 Line Maintenance stations and 7 major Base Maintenance locations at Delhi, Mumbai, Nagpur, Kolkata, Thiruvananthapuram, Hyderabad and Chennai, providing a true one-stop solution for aircraft engineering requirements.
- Presence in engine overhaul and testing for JT8D, CFM56-5B/7B, V2500, GE90, GEnx, PW4000 and LEAP-1A engines supported by three Engine Shops and Test Cells.
- FAA approved Landing Gear Overhaul facility for A320 family and B737 aircraft at Mumbai.
- Provides comprehensive maintenance support to IAF for its 06 Airbus A321 aircraft fleet along with maintenance support for 02 VVIP Boeing 777 aircraft and 02 Boeing 737-200 aircraft. Landing gear overhaul and replacement for Indian Navy P8I aircraft are being done by AIESL.
- Provides services to all Major Indian airlines such as Air India, Air India Express, Indigo, Spice, Akasa, Fly 91, AFCOM Cargo, Alliance Air and international carriers such as Kuwait Airways, Oman Air and Corendon Airlines etc.
- Component Repair such as APU, Wheels & Brakes, Batteries, Oxygen bottles and Avionics shops.
- AS9110C quality certification for defence-related maintenance.
- Capability in niche services including lease return management, aircraft storage & preservation, structural repair & modification, NDT, CAMO services, training and technical manpower support.

FUTURE PLANS

The Company aims to enhance revenue generation by providing MRO services with existing capabilities to third parties through aggressive marketing initiatives and by acquiring new capabilities. AIESL has obtained EASA approval for Base Maintenance at Trivandrum to capture the aircraft redelivery business segment. The organization has also received AS9110C approval for Base Maintenance activities at Trivandrum.

AIESL has expanded its MRO services to the defense sector, serving DRDO, IAF, and Indian Navy. The Company has participated in DRDO's bid for the conversion of commercial aircraft to defense mission aircraft. AIESL has also submitted an RFP to Boeing for the phase 56 check of P8I aircraft of the Indian Navy.

Discussions are underway with OEMs and STC holders regarding passenger-to-freighter conversion of narrow-body and wide-body aircraft. AIESL is also investigating opportunities in aircraft teardown and part harvesting operations.

Business development efforts include exploring painting services for narrow-body aircraft (both A320 and B737 families) at the Nasik painting facility. (One prestigious aircraft painting assignment has been completed at Nasik during Jan 2026). AIESL is also in the process of building its own state-of-the-art paint hangar at Trivandrum and is in the process of tendering the same. (The tender has been awarded in Dec 2025). AIESL is engaged in collaborative discussions (Joint Venture) with Boeing to establish in-house Part 147 training for engineers. Additionally, negotiations are progressing between AIESL and Akasa Air, and SpiceJet for a long-term maintenance contract to manage their fleet maintenance. (Subsequently, AIESL has signed long term contracts with SpiceJet)

AIESL is implementing the following measures to enhance revenue:

1. Collaboration with OEMs such as CFMI to obtain access to technical data, tools, spare parts, and technical support.
2. Expanding foreign carriers' line maintenance to provide on-call and AOG support at multiple locations throughout India.
3. Obtaining globally recognized FAA and EASA certifications to align with international regulatory standards and attract additional third-party international and domestic clients.
4. Establishing partnerships with DRDO and the Indian Air Force to support their requirements, including commercial-to-green aircraft conversion.
5. Creating specialized verticals for lessors to offer lease return services.
6. Providing cabin refurbishment services for client airlines to enhance passenger experience.
7. Extending market reach by engaging foreign market agents to increase visibility and improve international client acquisition.

AIESL's strategic initiatives, informed by a comprehensive SWOT analysis, have substantially improved its market positioning. By leveraging internal strengths with external opportunities while mitigating weaknesses and threats, AIESL is progressing toward becoming a globally recognized MRO leader.

CORPORATE SOCIAL RESPONSIBILITY (CSR) FOR FY 2024-25

The Board has constituted a CSR Committee in compliance with the provisions of the Companies Act, 2013 and laid down the CSR Policy with the objective of making a positive contribution to society.

As per the CSR provisions stipulated in the Companies Act, 2013, AIESL has incurred Rs. 11.92 crores for CSR activities during FY 2024-25 out of total CSR obligation for the financial year, Rs. 5.72 crores contributed to the Prime Minister's National Relief Fund and Rs. 6.20 crores remained unspent in respect of ongoing CSR projects, for which the amount was transferred to the Unspent CSR Account in accordance with Section 135(6) of the Companies Act, 2013. The unspent amount pertains to healthcare projects approved towards the end of the financial year, and the delay in utilization is due to procedural formalities, including finalization of project documentation involved in its implementation.

CORPORATE GOVERNANCE

Your company follows the guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE), as applicable. The Company, based on self-evaluation, falls under an 'Excellent' grade for the compliance of DPE Corporate Governance Guidelines for the past three financial years 2021-22, 2022-2023 and 2023-2024. The DPE has also awarded 'Excellent' grading to AIESL for compliance of DPE Corporate Governance Guidelines during FY 2022-23 and for the FY 2023-24 & 2024-25 DPE grading is awaited.

ACKNOWLEDGEMENT

I, on behalf of Board of Directors, express my heartfelt thanks for the valuable assistance and guidance extended by the Ministry of Civil Aviation, DGCA, BCAS, AERA, AAI, DIAL, MIAL, AIAHL, major customers like IAF, DRDO, Air India Limited, Air India Express Limited, SpiceJet, Alliance Air Aviation Limited and other airline operators, etc. Auditors and vendors for their unstinted support. I would like to thank my colleagues on the Board for their valuable guidance and support.

I acknowledge the efforts of all employees of the Company, who are our most valuable asset. Their dedication, intellect, hard work, and deep sense of values have been the key factors for the performance of your company.

We look forward to your continued support as we enter into the era of a bright future for MRO industry where your company shall play a major role.

Sd/-
Amit Kumar
Chairman

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting their Twenty-first (21st) Annual Report on business and operations including financial summary and highlights of the Company for the Financial Year ended 31st March 2025.

1. GENERAL INFORMATION

The Board of Directors of Air India Limited, the then parent company, in the year 2010, approved the hiving off of AI Engineering Services Limited (AIESL) as wholly owned subsidiary of Air India and a separate Profit Centre to cater the service towards Maintenance, Repair and Overhaul (MRO) activities of the captive load of Air India and its other subsidiaries besides the workload from 3rd Party Customer of domestic and international market.

Accordingly, Cabinet Approval was obtained in the year 2012, for operationalization of AIESL. After complying with the requirements of the various Statutory and Regulatory Authorities, final approval was obtained from DGCA to operate as an independent MRO under CAR 145, on 01-01-2015.

The name of Company was changed from "Air-India Engineering Services Ltd" to "AI Engineering Services Ltd" w.e.f. 03-08-2020.

Earlier, AIESL was the wholly owned subsidiary of Air India Limited (AI), however pursuant to the disinvestment of AI and the decision of Air India Specific Alternative Mechanism (AISAM), the entire shareholding of the AIESL was transferred from AI to AIAHL on 12-01-2022 and consequently, AIESL has become a wholly owned subsidiary of AIAHL w.e.f. 12-01-2022.

2. FINANCIAL SUMMARY AND HIGHLIGHTS

The Company's financial performance during the year is given hereunder:

(Rs. in crore)

Particulars	Financial Year ended 31-03-2025	Financial Year ended 31-03-2024 (Re-stated)
Total Revenue	1946.05	2183.02
Total Expenses	1562.73	1552.45
Profit (Loss) before exceptional items	383.31	630.57
Add: Exceptional Items	120.83	-259.50
Profit (Loss) before tax	504.14	371.07
Less: Tax Expense including deferred tax	99.48	113.41
Profit after tax	404.66	257.66
Other Comprehensive Income	-7.21	-19.25
Total Comprehensive Income	397.44	238.40
Balance of profit brought forward from previous year	-685.18	-923.58
Balance carried to Balance Sheet	-287.73	-685.18

3. CAPITAL STRUCTURE

The authorized Share Capital of the company during the year was Rs. 1000 crores divided into 100 crore equity shares of Rs. 10 each.

The Paid-Up Share Capital of the company during the year was Rs.166,66,65,000 divided into 16,66,66,500 equity shares of Rs. 10 each.

During the year under review, there was no change in the share capital of your Company, and the entire shareholding is held by AI Assets Holding Limited (AIAHL) along with its nominees.

4. DETAILS OF REVISION OF FINANCIAL STATEMENTS OR BOARD'S REPORT

The Company has not revised its Financial Statements or Board Report in respect of any of the three preceding financial years as mentioned in Section 131(1) of the Companies Act, 2013. However, the financial statements for FYs 2022-23 & 2023-24 have been restated in this year's report.

5. DIVIDEND

The Board of directors does not recommend any dividend on the Equity Shares of the Company for the FY ended 31st March 2025.

6. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

Since there was no unpaid / unclaimed dividend for the past years, the provisions of section 125 of Companies Act 2013 did not apply.

7. AMOUNT WHICH THE BOARD PROPOSES TO CARRY TO RESERVES

The Board of the company has decided/proposed to carry NIL amounts to its reserves.

8. MAJOR EVENTS AND SIGNIFICANT ACHIEVEMENTS DURING FY 2024-25:

During the FY 2024-25, AIESL achieved the following landmarks:

1) Secured Air India RFP for 'C' Checks on 32 Airbus A320 aircraft.
2) AIESL and SpiceJet executed a General Terms Agreement (GTA) for the maintenance of CFM56-7B Engines over a 5-year period. This agreement encompasses off-wing repair services in the shop and on-wing/line maintenance services for CFM 56-7B engines. Following this GTA, SpiceJet CFM56-7B engines have been inducted at the Mumbai and JEOC shop for repair work.
3) One Airbus A320 aircraft from Pradhan Air was inducted for major check procedures at the Delhi facility.
4) M/s. Confity Capital Partners, in partnership with EFW and SEC Link, signed a Memorandum of Understanding with AIESL for Airbus A330 passenger-to-freighter conversion services in India.
5) An Exhibit to GTA for Line and Site Operation (LSO) was executed between Safran Aircraft Engines and AIESL. This exhibit covers the compliance of RBS Modification (Reverse Bleed System) on LEAP-1A Engines, which Safran Aircraft Engines will provide to AIESL. The RBS Modification will be performed at AIESL facilities and must be implemented globally on all LEAP-1A engines.
6) AIESL and Hindustan Aeronautics Limited (HAL) Koraput Division signed a Memorandum of Understanding to explore potential cooperation in providing MRO services for civil aircraft engines throughout the Asian region.
7) AIESL secured a substantial contract from Kuwait Airways for Base Maintenance checks on seven Boeing 777 aircraft at the Nagpur base.
8) AIESL was awarded a contract for the return-to-service of two DRDO Airbus A321 aircraft.
9) AIESL established 28 line station agreements with various domestic and international airline operators and cargo carriers to deliver line maintenance services. The organization now supports a diverse portfolio of airlines including Royal Brunei, Batik Malaysia, Air Asia Berhad, Malaysian Airlines Berhad, Thai Air Asia, Sky Angkor, Charm Wings, Qatar Airways, Oman Airways, Air India, Fly91, M-Jet Cargo, AFCOM Cargo, and SF Cargo Airlines. These new line

stations span key locations across India and internationally, including Amritsar, Ahmedabad, Bangalore, Mumbai, Delhi, Kathmandu, Agatti, Visakhapatnam, Hyderabad, Tiruchirappalli, Lucknow, Guwahati, Calicut, Jalgaon, Trivandrum, Jaipur, Pune, Kannur, and Chennai.

10) The AIESL Mumbai base obtained NVT Quality Certification AS9110C for maintenance, repair, and overhaul of landing gears, accessories wheels, and brakes to satisfy defense aircraft quality requirements.
11) The AIESL Landing Gear Overhaul Shop facility in Mumbai received FAA approval for servicing landing gears of A320 family aircraft.
12) AIESL signed a GTA with InterGlobe Aviation Limited (IndiGo) for the provision of maintenance services related to heavy checks on A320 and ATR aircraft.
13) The AIESL Delhi unit successfully completed the return-to-service of a prolonged grounded B737NG aircraft for TWC Aviation Capital.
14) The AIESL Trivandrum base obtained EASA accreditation for line and base checks of A320 and B737 NG aircraft.
15) AIESL entered into a strategic agreement with Airbus to perform return-to-service (RTS) maintenance activities for four Airbus A320 aircraft previously operated by Go Air. These aircraft are associated with the lessor MSFL.
16) The AIESL Mumbai and Trivandrum bases received NVT AS 9110C Quality Approval for maintenance, repair, and overhaul of heavy aircraft (including modifications, structural inspection, and repair), wheels and brakes, oxygen cylinders, and batteries. This quality certification is a prerequisite for defense aircraft servicing.
17) AIESL signed a Maintenance Support Agreement with Corendon Airlines to deliver comprehensive maintenance services at Chennai
18) AIESL executed an MSA agreement with Spice Jet. This comprehensive MSA provides AIESL with the opportunity to conduct line maintenance, base maintenance, and engine and component overhaul activities for the entire Spice Jet fleet.
19) AIESL got renewed DGCA CAR 145 approval for further 05 years for providing Aircraft Maintenance Services.

The operations of the company are divided into various regions/ bases i.e., profit centers. Their performance, significant achievements during the year and future plans are as given below:

I. NAGPUR MRO:

The MRO property, located on 50 acres of land in Special Economic Zone of MIHAN, has been transferred from Air India Ltd. to AIESL. 200+ base maintenance checks has been completed successfully.

Performance and achievements of Nagpur MRO during FY 2024-25 are as given below:

A. <u>Base Maintenance</u>

Regulatory Approvals: DGCA approval for base maintenance of A320 family aircraft was extended to include A320 NEO/LEAP-1A and scope enhanced up-to ‘12 year’ check. Nagpur-MRO has acquired DGCA KCASR Part 145 approval for Kuwait Airways on 11th September 2023.

FAA approval was extended in February 2023 for base maintenance of A320 family aircraft. With this, Nagpur base maintenance has FAA approval for Boeing 777 and Airbus A320 aircraft and DGCA approval for Boeing 777, Airbus A320 and Boeing 737.

During FY 2024-25

- 'D' checks (B777 aircraft) carried out – 02
- 'C' checks (B777 aircraft) carried out – 02
- Phase checks (B777 aircraft) carried out – 25
- Isolation checks (B777 aircraft) carried out – 09

Number of checks completed during the FY 2024-25 were **38** including 02 B777 D' Checks, 02 B777 C' Checks.

A total of **228 base maintenance checks** has been completed since inception.

In addition, we have entered into an agreement with Kuwait Airways Company (KAC) for conducting C-Checks on their fleet of seven B777 aircraft in Mar-25 & the first aircraft under this contract was inducted in the same month. For FY 2025–26, a revenue generation of approximately ₹50 crore is projected from this engagement with KAC.

B. <u>Engine Shop</u>

GEnx Engine Assembly

- Quick Turn (QT) repairs were completed on One GEnx Engines and Three more GEnx Engines were completed for Palletization & Hospital Shop Visit during F.Y.2024-25.
- Total of 16 GEnx Engines Quick Turn repairs were completed since inception.

Engine Test Cell

- Total of 5 GEnx-1B engines were successfully tested at Nagpur Engine Shop since inception.

On Wing Support

- In addition to shop and test cell activities, On-Wing support is being provided to B777 aircraft undergoing base checks at Nagpur.

C. <u>Back Shops</u>

(1) Component Overhaul Division (COD)

- Structural Repair & Modification on aircraft is done by COD Structural group.

COD – Structural Group:

Nagpur MRO has DGCA C20 rating for BOEING {B777-200LR/300ER (GE90), B737-700/800/900 (CFM56), B787-8(GENX)} and AIRBUS {AIRBUS A319/ A320/ A321 (CFM56-5B), A320 (V2500 SERIES)} for various processes like composite material repair, structural repair and modification, panel – fabrication and repair, cold working of fastener holes, heat treatment of alloys and alloy steels and welding of metals

COD – Cabin Survival Safety Equipment Group:

Nagpur MRO also has DGCA C6, C15, C18 rating for B777-200LR/300ER (GE90), B737-700/800/900 (CFM56), B787-8(GENX) component servicing like sewing of aircraft seat cushion cover, aircraft curtains, aircraft sound proofing, zipper panels, carpet & insulation blanket, charging of oxygen cylinders, hydrostatic stress testing of compressed gas cylinder and weight check of fire extinguisher bottles.

(2) Standards Room:

Standards Division of Nagpur MRO has DGCA D1 rating for Ultrasonic Testing, Eddy Current Testing, Radiographic Testing, Fluorescent Particle Inspection and Magnetic Particle Inspection and provide on wing support to base maintenance.

D. <u>Basic 147 OJT Training</u>

MRO provides basic OJT Training for students of CAR 147 maintenance training institutes. Currently six institutes have signed agreements with AIESL, Nagpur.

E. <u>Induction of Apprentice</u>

Under the Compliance of the Apprentice Act-1961, 08 apprentices were inducted in FY 2024-25.

F. Future Plans

- EASA approval for base maintenance of B777 and A320 family aircraft.
- Procurement of PRSV (Performance Restoration Shop Visit) tools for enhancing. Engine Shop capability.
- Establishment of Battery/Accessories/ Electrical/Avionics/ IFE shops.

II. TRIVANDRUM (TRV) MRO

The TRV MRO facility consists of Base Maintenance, Line Maintenance of 5 stations in KL region namely - Trivandrum, Kochi, Calicut, Kannur and Agatti - servicing Air India Express, Air India, Alliance Air, Spice Jet and Qatar Airways and Shop Maintenance supporting oxygen charging, battery overhaul, and NDT shops.

Key Achievements of TRV MRO:

i. Enhanced capability for major maintenance checks on B737-7/9 up to 3 years and B737-8 (737 Max) up to 8 years (both DGCA and EASA)

ii. Enhanced capability for Line Maintenance for B737-NG up to 2 years

iii. Upgraded the facility to meet the EASA requirements. Successfully undergone the EASA desktop and physical audit. Most of the findings raised by EASA auditors closed satisfactorily.

Base Maintenance Capacity and Approvals:

i. Facility Capacity: Two aircraft can undergo major checks simultaneously, with additional capacity for two more aircraft in the open apron area.

ii. Approval: Acquired approval for major checks on B737-7/9 up to 3 years and B737-8 up to 8 years. Also acquired approval for B737 NG Line Maintenance at TRV up to 2 years.

Highlights of performance during the year 2024-25 are as under:

a) <u>Base Maintenance -TRV MRO</u>: The activity wise details of BMD in FY 24-25 are:

i.	Phase checks:	296
ii.	Monthly checks:	129
iii.	Yearly checks:	13
iv.	C Checks:	16

b) <u>Overhaul/ Repair Shops</u>: The activity wise details of Overhaul Shops in FY 24-25 are:

i.	Wheels (main & nose):	1127
ii.	Brakes:	164
iii.	Oxygen:	48
iv.	Batteries:	206

c) <u>Line Maintenance</u>: Under the Line Maintenance Division Kerala Region, we have handled approx. 22141 flights of various Airlines in FY 24-25.

TRIVANDRUM MTO

MTO, TRV is approved under DGCA and EASA for Boeing and Airbus fleets training. During FY 24-25 MTO, TRV conducted 4 B737 MAX difference courses, One B737NG B1.1 type course (DGCA & EASA approved) and two B737NG B2 course (DGCA & EASA approved). Also, EASA surveillance (one online and one offline) audit has been completed successfully.

MTO, TRV also offers In Plant Training, Internships and CAR 147 Basic school Trainings (10 colleges) with support from MRO, TRV and this brings good revenue to the company.

AIESL TRV MTO has DGCA approval for B1/B2 type training on A320, B737 NG & B737 MAX aircraft.

Additionally, the MTO TRV has EASA approval for B1/B2 type rated courses on A320, B737 NG and B777 aircraft.

The number of training courses conducted during FY 24-25 in MTO, TRV, are the following:

Sl. No.	TYPE OF COURSE	NUMBER OF COURSES	NUMBER OF CANDIDATES
1	OFFLINE COURSE	79	936
2	ONLINE COURSE	135	1908
3	CAR147 BASIC COURSE	39	576

FUTURE PLANS

Future Operations and Capabilities:

i. Expand capabilities to include a narrow body paint booth (paint hangar) and obtain DGCA, FAA and EASA approval for the same.

ii. EASA approval for Base maintenance for B737-Max.

iii. Composite material/structural repair approval (already applied to DGCA).

iv. Line Maintenance approval for A320 family @ TRV up to 22500 FH/15000 FC/60 Mo and @ COK up to 3000FH/2400FC/12 Mo (Already applied to DGCA).

v. Enhance COD (Component Overhaul Division) capabilities for B737-8/9 Max and A320 Neo wheels and brakes.

vi. Cabin repair and refurbishment, heat exchanger cleaning, and testing.

vii. Inclusion of MAX Training under the scope of EASA.

viii. Full SCOPE B 737-MAX DGCA Approval.

III. JEOC (JET ENGINE OVERHAUL COMPLEX)

The performance of JEOC, Delhi, during FY 2024-25 is as under:

- During this fiscal year, JEOC successfully overhauled and delivered a total of 15 engines:
  - 6 CFM56-5B engines for Air India,
  - 2 JT8D engines for the Indian Air Force,
  - 7 V2500-A1 engines for M/s Global Aerotech Testing.
- In addition to overhauls, our team has been at the forefront of providing critical on-wing support, aligning with the rapid growth of the Air India and AIX fleets. These services included:
  - Video Borescope Inspections (BSI) during line and major maintenance,
  - Inventory checks on leased engines,
  - Non-Destructive Testing (NDT) inspections,
  - Fuel nozzle changes on LEAP-1A engines, and
  - Lease return inspections.

- Cumulatively, JEOC provided on-wing support for approximately
  - 300 LEAP-1A engines, and
  - 325 CFM56-5B engines.
- Our engineering team also executed minor rectification work for parts pertaining to Indigo Airlines.

KEY ACHIEVEMENTS DURING THE FISCAL

- Capability Enhancement: We have initiated limited capability for CFM56-7B engines to attract repair and rectification work from operators including SpiceJet.
- OEM Recognition: After a comprehensive audit by Safran Aircraft Engines, JEOC has been approved as a supplier of MRO services for LEAP-1A and CFM56-5B engines. This marks a major milestone in our journey.
- Strategic Partnerships:
  - Under General Terms of Agreement (GTA) No. SAE-MA-2024-00224, signed on 26th August 2024, Safran has agreed to subcontract MRO services to AIESL on a non-exclusive basis.
  - Furthermore, the Exhibit for Line & Site Operation (LSO) No. SAE-MA-2024-00486, dated 20th February 2025, authorizes JEOC, New Delhi and our Mumbai facility to provide LSO services under the above GTA.
- Global Certifications: JEOC has received EASA, DGCA, and FAA approvals for Reverse Bleed System (RBS) modification on LEAP-1A engines—opening doors for third-party business from operators worldwide.
- Infrastructure Upgrade:
  - We have initiated the upgradation of our Test Cell for testing precision and better efficiency.
  - Phase 1 has been successfully completed, covering the replacement of servers, software upgrades, and peripherals. CFD analysis of JEOC Test Cell for LEAP 1A & 1B Engines initiated by Safran Test cells.
  - Phase 2 will commence shortly, ensuring our facility remains future-ready.
- Defence Sector Support: JEOC continues its proud tradition of supporting national defence with maintenance support for JT8D engines of the Indian Air Force and CFM56-5B engines for DRDO.

Our strategic focus remains on expanding our capabilities, enhancing quality and reliability, and increasing third-party business to ensure sustained revenue generation.

IV. MUMBAI BASE (WESTERN REGION):

The performance of the Western Region (WR) during the period is as under:

❖ **GROUP – A**

Key achievements for the Narrow Body, Western Region, Airbus Group during the 2024-25 fiscal years are summarized below:

A. MRO CAPABILITIES of Western Region, Group A:

➢ **Line Maintenance:**

✓ Handling 09 active Line Stations including Mumbai for Aircraft Certification.

✓ Avg. 101 flights handled per day during 2024-25 as under:

Sr.	Airlines	Total Flights (2024-25)
1	Air India	30861
2	AAAL	2970
3	Srilanka Airlines	625
4	Kuwait Airlines	468
5	Flynas Airlines	426
6	Singapore Airlines	321
7	Qatar Airlines	261
8	Uganda Airlines	154
9	Salam Airlines	136
10	Fly Dubai Airlines	106
11	Viet Jet Airlines	99
12	Iraqi Airlines	92
13	Royal Nepal Airlines	76
14	Haj Charters	47
15	Fly 91 Airlines	17
16	VVIP/Airforce/Other Flights	36
	Total (2024-25)	36695
	Avg. /day	**101**

- ✓ Two new stations Jalgaon (JLG) & Amravati (AVT) have been added to the Capability List to handle ATR-72 aircraft.

➢ **Base Maintenance:**

- ✓ Base maintenance has DGCA & FAA approval for A320 family (CFM & PW) aircraft.
- ✓ Total 68 major checks ('A' Checks/OOPS tasks) has been completed for Air India aircraft
- ✓ Storage, preservation and RTS (Return to Service) of ex-Go Air Aircraft VT-COA, VT-COJ & VT-CWH carried out.
- ✓ Major check (60Months) of VT-IAH aircraft of M/s RCDL completed and continuous technical support to M/s RCDL in Line maintenance & Base maintenance is being provided.
- ✓ All the maintenance facilities of Gr. 'A' has been shifted from NEC to OAP which will save substantial amount of future hangar rentals.

B. MRO CAPABILITIES of Western Region, Group B:

Line Maintenance:

a) Line maintenance has the following scope -

- Carry out transit checks including OOPS tasks on B737-7/8/9, B747-400, B777-200/300, B787-8/9 aircraft.

Details of the checks done at LMD Mumbai in 2024-2025:

- Total phase checks carried out – 53
- Total 'A' checks carried out – 136

- Total transit checks carried out – 3202
- Engine Changes – 08
- Total Foreign Airline Handling – 1075
- Total Foreign Airline Certifications – 98
- Foreign Airline Standby/ On Call Handling – 728

Key achievements:

LMD Mumbai successfully completed Zero LOPA Tasks on B787 & B777 aircrafts in record time.

Executed Aircraft Weighing of Two B787 aircrafts in 24hrs.

Steering system troubleshooting – rectified nose wheel steering issues on B777/B787 in record turnaround time.

Executed Nose Cowl repair during an AOG event in Chicago, enabling immediate ferry flight clearance.

Rectified a critical HF communication snag on B787, restoring long-haul communication systems for ETOPS dispatch.

Base Maintenance:

a) Base maintenance has 4 hangers (2, #3, #4A & #4B)

b) Base maintenance has DGCA approval for all 4 hangers & FAA approval for #3 Hanger.

c) Base maintenance has the following scope -

- Carry out MPD tasks up to D including modification on B747-400, B777-200/300 (GE90),
- Carry out MPD tasks up to 48000 FH /24000 FC /12 years including OOPS tasks and modification on B787-8/9 (GE GEnx),
- Carry out MPD tasks up to 48000 FH /36000 FC /20 years including modification on B737-700/800/900 (CFM 56),
- Carry out MPD tasks up to 24000 FH /15000 FC /06 years including modification on B737-7/8/9 (CFM LEAP-1B).

Details of the checks done at BMD Mumbai in 2024-2025:

- Total “D” Checks – 03
- Total “C” Checks – 03
- Total Phase Checks – 04
- Total Oops Checks – 13
- Total Transit Checks – 08
- Landing Gear Changes – 05 Sets
- Engine Changes – 08

Key achievements:

- Enhancement of BMD facility to carryout ‘C’ check on B737 aircraft.
- BMD Grp B Mumbai has successfully carried out first ‘C ‘ check on Spice jet B737 aircraft in a record time of 12 days.
- AIESL BMD is the first MRO to carry out ‘D’ check on B787-8 aircraft (VT-ANH). This check was completed in November 2024.

- Successfully completed major check on Kuwait Airways B777 aircraft.
- BMD has carried out 02 Landing gear changes on Indian Navy aircraft (P 8I).

Future Plans:

- BMD Grp B Mumbai has applied for AS9110C accreditation. The process is completed, and the accreditation is expected by the end of this month. This will help us get more maintenance contracts from defence.
- The D checks of both SESF aircraft are planned at BMD Grp B Mumbai in the third quarter of this year (2025).
- Re-delivery checks on B777 aircrafts of Jet Airways are also in pipeline.
- LMD Grp B Mumbai plans to apply for additional approvals from international civil aviation authorities (such as EASA, FAA, GCAA, CAA, and region-specific licenses) so as to extend maintenance to more foreign carriers at Mumbai airport.

C. Engine overhaul division- Mumbai:

ENGINE SHOP is Approved by DGCA (India) as **CAR-145 Maintenance Organization**, by FAA as **FAR-145 Repair Station (1999) and by** EASA as **EASA-145 Organization (2001)**.

Engine Overhaul Facility is well equipped for Overhauling of CFM56-7B Series Engines and Partial Repair of GE90-100 Series, GEnx-1B Series, APU 331-500, APU 131-9B & APS 5000.

Engine shop has further following equipment and processes available viz. Static/ Dynamic Balancing Machine, Co-ordinates Measuring Machine, Chemical & Mechanical Cleaning, NDT, Specialized Services like Borescope Insp. (BSI) and Boro-Blending, Blade Insp-O/H, Gear Box Overhaul, Bearing Inspection, etc.

Engine Test Cell equipped with Automatic Data Acquisition System at Mumbai for CFM56-7B Series Engines, 100,000 lbs. THRUST CAPACITY WITH REAL TIME COMPUTERISED TESTING.

Engine shop further is having Central Repair Facility with, TIG Welding, Rework, Machine Shop, Heat-treatment, Shot-Peening, Plating & Plasma capabilities.

ACHIEVEMENTS/ THIRD PARTY WORK:

In addition to captive work for Air India for GE90, GEnx And PW4000 Series Engines, and for AI Express CFM56-7B Series Engines, Engine Overhaul Facility has carried out Repair of CFM56-7B Series engines for Quikjet, SpiceJet and Spectre.

The table below shows the Engines produced BY EOH Mumbai.

Month / Year	PW4056	CFM56-7B	GE90	GENx	Total
Apr – 24 to Mar-25	NA	12 (Engine Repaired / Performance restoration)	15 (Fan Stator Assembly / Disassembly)	11 (Fan Stator Assembly / Disassembly)	38
Apr – 24 to Mar-25	09 (Engine packaging for shipment)	15 (Other minor jobs)	03 (Other minor jobs)	02 (Other minor jobs)	29

- Engine Overhaul facility is regularly carrying out NDT on parts received from Akasa Air.
- Engine Overhaul Facility has successfully repaired Fan Case Abradable on P8I engines, in addition to different tasks such as Spinner painting.

- Intellectual Data preserved for Air India and AI Express engines is a source of substantial revenue.
- Tools & Engine Stands maintained by Engine Overhaul Facility are provided to Air India and it has earned an additional revenue in past two years.
- Landing Gear components are being received in Central Repair Facility of Engine Overhaul Facility for Repair, plating etc for various customers including Air India and Spicejet.

FUTURE PLANS AND PROPOSED PROJECTS:

Capability addition of LEAP 1B engines and Subsequent Test Cell Upgradation to Test LEAP 1B Engines

Effort to Utilize the CFM56-7B Capability to its full capacity

BSI capability addition per market demand

D. Overhaul Shops- Mumbai:

1. Component Overhaul Division (COD) – Group B

Certifications & Approvals:

- **DGCA Approved:** B747-400, B777, B787, B737-800, B737-8 MAX
- **FAA Approved:** B737 & A320 Landing Gear Overhaul
- **AS9110-C Certified Repair Station:** For Defence Aircrafts and Components.

COD has capability of supporting over 882 components and specializes in:

- **Structural Repairs & Modifications**
  - Metallic & Composite structures (including nacelle components)
  - On-wing/off-wing support with 24x7 AOG/LMD services and remote deployment
- **Aging Aircraft Assessment**
  - Formulation of OEM-approved structural repair schemes
- **Landing Gear, Wheels & Brakes**
  - Overhaul and repair of components across multiple fleets
- **Flight Control Systems**
  - Repairs to control surfaces, cable fabrication, hydraulic tube repairs, and heat exchangers
- **Cabin Safety & Survival Systems**
  - Radomes, doors, windows, seats, escape slides, oxygen & fire bottles
- **Secondary Structural Cabin Parts**
  - Repairs to galleys and other interior components
- **Non-Destructive Testing (NDT)**
  - Eddy Current & Fluorescent Magnetic Particle Inspection
- **In-House Process Capabilities**
  - Heat treatment, welding, machining, cold working, and in-situ hydraulic tubing repairs
- **Cabin Interiors & Furnishings**
  - Fabric/leather seat covers, curtains, cargo liners, decompression panels, carpet cutting & beading

FY 2024–25 Milestones

- **Certified Components:** 1,356
- **AOG Recovery:** 14 aircraft recovered (Air India, AI Express, Indian Navy, Akasa Air, etc.)
- **Field Support:** 6,184 man-hours delivered across Delhi, Nagpur & Trivandrum
- **Defence Capability:**
  - Completed overhaul of 4 sets (12 landing gears) for Indian Navy P-8I aircraft
  - Received Indian Navy authorization for AIESL AMEs & Technicians (Assessment, NDT, Repairs on P-8I)
- **New Capability:**
  - A320 component overhaul (Landing gears, wheels, brakes, pressure vessels, etc.)

Customer Base: Air India, Air India Express, Akasa Air, Kuwait Airways, SpiceJet, Reliance, HN Safal Aviation, Indian Navy, Indian Air Force, SESF

2. Accessories and Avionics group (A & AG) – Mumbai

The Avionics Shop at Mumbai, encompassing the **Electronics Overhaul Division (EOD)**, **Instrument Overhaul Division (IOD), Accessories Overhaul Division – Electrical (AOD-Electrical& Mechanical)**, continues to provide DGCA/FAA-certified overhaul, calibration, testing, and support services for multiple aircraft platforms. This year, a **total of 4,764 components** has been serviced for leading operators like, Air India, Air India Express, Reliance, Blue Dart, Star Air, SESF ensuring high standards of safety, compliance, and operational availability.

A. a. Accessories Overhaul Division-Mechanical

- **DGCA/FAA Certified:** 435 LRUs of B747, B737, B777, B787 CFM 56-5B/-7B engine, A320 landing gear component
- **Core Activities:**
  - Testing & Overhaul of: Engine Pneumatic hydraulic fuel system components includes L/G actuators fuses, Air chillers, filters, Check V/V,VSV actuators, Oil fuel heat exchangers oil coolers, servo fuel heaters
  - Repair of Landing gear system components of P8i Aircraft Indian Navy
  - Repair of Landing gear and hydraulic system fuses of B737 spice jet aircraft

Units Serviced: 488

b. Accessories Overhaul Division – Electrical

- **DGCA/FAA Certified** for B747, B737, B777, B787; **A320 capability added** for Battery & EPSU.
- **Core Activities:**
  - Testing & Overhaul of: Aircraft Batteries, Emergency Power Supply Units (EPSUs), galley system parts, interior lighting, engine/APU harnesses.
- **Units Serviced: 1,152**

B. Instrument Overhaul Division (IOD)

- **DGCA Certified:** 287 LRUs across B747, B737, B777, B787.

- **Core Activities:**
  - Testing & Overhaul of: Display Units, DFDR download/readout, AIMS modules, cockpit panels, Pitot probes, TAT probes, AOA sensors.
  - Servicing of Oxygen masks/valves and cockpit navigation system components.
- **Units Serviced: 1,626**

C. **Electronics Overhaul Division (EOD)**

- **DGCA Certified:** 217 LRUs across B747, B737, B777, B787.
- **Core Activities:**
  - Testing & Overhaul of: CVRs, ELTs, HF/VHF communication systems, weather radars.
  - System Categories: Communication, Navigation, Audio, IFE.
- **Units Serviced: 1,498**

3. **Standards Division: NABL Accredited Calibration Centre**

a. **Non-Destructive Testing**

- **Certifications:** full NDT certification rating and FAA and EASA limited certification rating for Ultrasonic (UT), Eddy Current (ECI) and Radiography (RT) testing Methods
- **Tasks performed for FY 2024-25**
  - **UT:** 166 tasks
  - **ECI:** 38 tasks
  - The above task includes composite impact damage inspection, bird hit inspection, lightning strike inspections and crack inspections.
- **AOG Support:** Immediate on-call inspection services for grounded aircraft.

b. **Aircraft Weighing**

- Capability: All aircraft types including helicopters.
- Completed task: 11 aircraft.

c. **Chemical Laboratory**

- **Functions:**
  - Analysis of: Hydraulic fluids, engine oils.
  - Microbiological Testing (MBT) of Aviation Turbine Fuel (ATF).

d. **Central Calibration Facility**

- Scope: NABL accreditation in calibration of mechanical dimension, Pressure indicating, Torque generating and Electro-technical devices
- Volume: 3,000 instruments/tools calibrated annually for BMD, LMD, Nagpur, and all overhaul shops.

E. **MTO MUMBAI CAPACITY/CAPABILITY AND APPROVALS**

1. **DGCA 147 and EASA 147 Approved**

- **MTO has the following DGCA 147, B1.1 and B2 Type License training approvals**
- B737-700/800/900(CFM56), B737-7/8/9(CFM LEAP 1 B, B777-200/300(GE 90), B787-8/9(GEnx), A318/319/320/321(CFM 56), A319/320/321(V2500), B747-400 (PW 4000),

- Shop Approval specific courses. B737, B737 Max, B777,B787 Structure repair course.
- **MTO has the following EASA 147 Type Licence training approvals**
- B737-600/700/800/900(CFM56), B777-200/300(GE 90), A318/319/320/321(CFM 56)

2. KEY ACHIEVEMENTS/ THIRD PARTY WORK

- MTO Mumbai conducts courses on behalf of Boeing to train their clients on B737 Max, MTO has conducted one B737Max B1.1 Type Licence training for them.
- We conduct B777-300(GE 90) B1.1 and B2 Type Fam courses for Indian Air Force on payment basis. MTO Mumbai also offers In Plant Training.
- Internships and CAR 147 Basic school Trainings (10 colleges) with support from MRO, Mumbai and this brings good revenue to the company.
- The number of training courses conducted for Year 2024-2025 in MTO, BOM are the following:

Sr. No.	TYPE OF COURSE	NUMBER OF COURSES	NUMBER OF CANDIDATES
1	OFFLINE COURSE	311	4, 506
2	ONLINE COURSE	117	1, 550
3	CAR147 BASIC COURSE	40	800

3. FUTURE PLANS AND PROPOSED PROJECTS

- B737-7/8/9(CFM LEAP 1 B), B787-8/9(GEnx), A319/320/321(LEAP 1A)
- EASA 147 approvals can be applied: This would facilitate AIESL to apply for EASA145 by getting the manpower trained.

F. SUPPORT SERVICES

PPC- Production Planning Support provided in 3 shifts at LMD

- Making and issuing RAMCO work package to BMD/LMD. And, upload in RAMCO within a predefined timely manner.
- Continuous liaison with Customer Representatives to authorize changes (deletion/addition of work-pack tasks) and updating, as well as with user to ensure closure of completed tasks in Ramco.
- Prepare and maintain Gantt chart for all checks at Base Maintenance, Prepare ASES chart, aircraft availability and maintain hangar visit plan.
- Annually Approx: OOP 30(BMD) /HVYCHK 13 (BMD)
- TC (4 PER DAY) LMD

Material Provisioning

- Spare provisioning for LMD, BMD and shops viz. COD, EOD, IOD, AOD and JOD.
- Receive and administer third party jobs for various AIESL WorkCentre’s.
- Provision of expendables and consumables for other third-party jobs.
- Provide estimation/ input to marketing for materials for third party customers.
- Responding to audit observations/NCs and closure for relevant section.

TOTAL WORK ORDER between APR2024-Mar2025 – 9879

- Of these 3rd party Work order other than (AI/AIX) = 926

Current Work order Status:

- Closed Work orders = 4003
- Completed Work orders = 447
- Draft Work orders = 229
- Fresh Work orders = 7
- In-progress Work orders = 50
- Planned Work orders = 160
- Pre-closed Work orders = 597
- (Including BMD/LMD CHECKS)
- **SESF**- PP and MP Support provided under LTMA agreement between AIESL and IAF.

Engineering Facilities Division:

The objective of EFD is to provide the engineering facilities required for aircraft maintenance in AIESL hangars/shops and aprons at all the airports where AIESL maintenance activities are on through the EFD workshops/team at BOM, DEL, NAG, CCU, HYD and TRV.

EFD has the capability of providing, maintaining, testing and certification of all the aircraft maintenance tools and equipment used at AIESL facilities and other customers (e.g. RCDL, Air India, SpiceJet, Indigo, Blue Dart, Indian Navy, Indian Air Force etc.). EFD also does Hangars, Shops and stores maintenance and all four hangars and annex buildings at the Mumbai facility. EFD is providing following facilities to Hangars equipped with 140 kVa Ground Power Unit (SFC Units), Grid of Pneumatic line system, Fire Hydrant System, EOT Cranes, Hangar lights.

EFD is maintaining following equipment with broad classification and approx. quantities as follows:

Sr. No.	Equipment	Quantity
1	Tripod Jacks	40
2	Axle Jacks	100
3	Wheel Dolley	50
4	Trestles	300
5	Misc GSE	15
6	Cranes	100
7	N2 Carts	15
8	Engine Stands	20
9	APU Stands	12
10	N2 Regulators	15
11	Central AC System (1650 TR)	14
12	Split AC	200
13	Window AC	100
14	Water Cooler	80
15	Water Purifier	70
16	Deep freezer	9
17	Compressor	13
18	AC Package Unit	30
19	Vehicular Equipment	25
20	Electrical Substation	4

EFD Achievements 2024-25

1. AS-9110C audit (carried out first time), Occupational Safety and Health audit of AIESL factory premises as per Maharashtra Factory Act & EASA audit of Engine Overhaul and STDs Room, also FAA audit of Maintenance Facility carried out with NIL findings of EFD.
2. Developed the space at T2 airport for LMD shifting from NEC to V8 in Aug 24.
3. New Outstations EF equipment provisioning at Jalgaon, Amaravati and providing EF equipment at Nashik airport for Pradhan Air Wheel Change in Feb 25.

Future Planning and Projects at EFD 2025-26: Hangar 3 OAP upgradation by providing PU / Epoxy flooring with all annexes' buildings extensive civil works as per structural audit requirement.

V. DELHI BASE (NORTHERN REGION)

Major events in the Northern Region (Group – A) during the Financial Year 2024-25 are as under:

- A total Number of **1945 Third Party Certifications** (Parties other than AI & group companies/ AAAL/IAF) of Group–A aircraft were carried out at Delhi and its outstations.

  This count includes following noteworthy tasks:

  - Work done on Lease-return aircraft towards return to fly (ex GO-AIR, etc.): 7
  - Landing Gear Replacement for Pradhaan Air: 2
  - 'C' Check carried out for Pradhaan Air, Spicejet, 2 TWCA: 4
  - Total Number **33,929 Transit Checks** were carried out on Airbus fleet of **Air India** Ltd.
  - At Base Maintenance, NR, the number of checks carried out on Airbus fleet of Air India, Air India Express during 2024-25 is as follows:
    - 1A-Checks - 30
    - 2A-Checks - 29
    - 3A-Checks - 14
    - 4A Checks - 20
    - Engine Change Activity - 57
    - 6 Yearly check - 6
    - 1B Check - 3
    - 1C Check - 3
    - Major Structural Repair on Aircraft - 1
    - Induction/Novation Check - 8
  - The operator (Air India) discontinued with the maintenance philosophy of 'A 'checks based on its revised Aircraft Maintenance Plan (AMP) with effect from Sept. 2024. The 'A' checks are now replaced with 'Out of Phase or OOPS' Checks / Heavy Check Packages.
  - Total number of Out of Phase or OOPS Checks / Heavy Check carried out between Sept'24 to Mar'25: 93
  - **Additional Jobs Done:** Weighment, Engine Trim Balancing, VBV snags, Detergent Water-wash, Rudder fitting Mod, Engine Foam Wash, Snag Rectification, etc. of various operators.

    TOTAL: 243
  - Also, **Structural Repair** work was carried **on 1 AAAL Aircraft** (VT-RKF).

DELHI BASE (NORTHERN REGION) GROUP-B

Financial Year: 2024–25

1. Overview of Operations

Line Maintenance, Delhi Base (Northern Region), continues to serve as a critical hub for AIESL's wide-body MRO operations. This facility plays a vital role in supporting flight handling and contributes significantly to AIESL's overall revenue. Its strategic location and operational capabilities make it a cornerstone in the company's business framework.

2. Financial Performance

During the financial year 2024–25, the Northern Region (Wide Body) recorded a total revenue generation of **INR 235.89 Crore**, as detailed below:

Category	Revenue (INR Cr.)
Services to Air India Fleet	234.54
Services to Other Airlines	1.35
Total	**235.89**

3. Operational Highlights

- **Transit Checks**

  A total of **9,404 transit checks** were conducted for Air India's B787/B777 fleet:

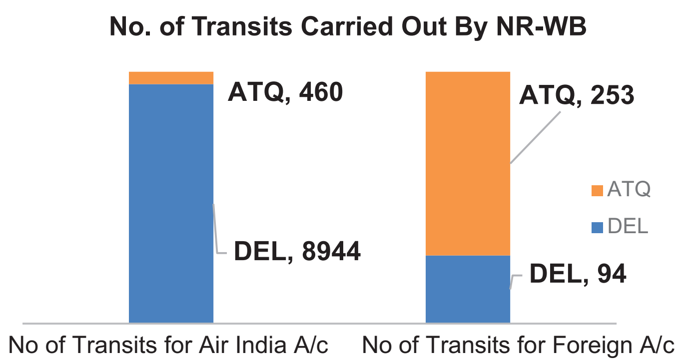
  - **Delhi:** 8,944
  - **Amritsar (ATQ):** 460

- **Certifications for Foreign/Other Airlines**

  A total of **347 certifications** were performed on B787/B777/B737 aircraft:

  o **Delhi:** 94

  o **Amritsar (ATQ):** 253



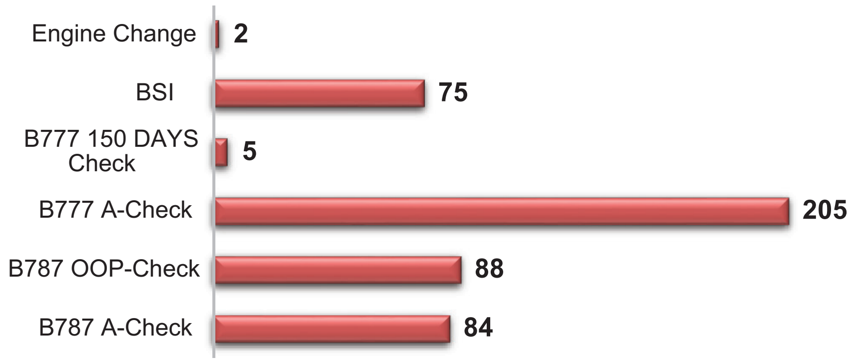
4. Major Maintenance Activities

The major maintenance activities conducted at the Delhi Base during FY 2024–25 are summarized below:

SN	Activity	Aircraft Type	Number of Activities
1	A-Checks	B787	84
2	Out-of-Phase (OOP) Checks	B787	88
3	A-Checks	B777	205

4	150-Day Checks	B777	5
5	Bore Scope Inspections (BSI)	B787/B777	75
6	Engine Changes	B787/B777	2

No. of Major Activities Performed During FY-25



5. Key Achievements

a) Radome Diverter Strip Inspection and Replacement

Successfully conducted inspection and replacement of the radome diverter strip on the wing, thereby minimizing aircraft downtime and avoiding delays associated with sending the aircraft to Mumbai.

b) B787 Flight Deck Chair Compliance (P1 & P2)

Mandatory Airworthiness Directives (ADs) and Service Bulletins (SBs) for the B787 flight deck chairs (P1 & P2) were proactively complied with, 10 days ahead of the due date, for a Delhi-based aircraft.

c) Timely Replacement of Slide Rafts

Over 100 hard time components (slide rafts) were replaced within the scheduled timeline, ensuring continued compliance and operational readiness.

d) B787 Landing Gear Retraction Test

For the first time in Delhi, a successful retraction test of the B787 landing gear was carried out, marking a significant technical milestone at the station.

6. Future Operations and Capabilities:

a) Collaboration with Other Airlines for LMD Transit checks

b) EASA approval for Base maintenance on B787/B777/B737 aircraft.

c) Planned Expansion of Service Capabilities

- Structure repair facilities
- Component repair facilities
- Radom repair facilities
- Galley inserts repair shop
- Cabin safety and survival equipment shop

VI. HYDERABAD BASE (SOUTHERN REGION):

SIGNIFICANT EVENTS DURING THE YEAR APRIL 2024 – MARCH 2025

HYDERABAD BASE and SOUTHERN REGION,

Highlights of performance during the year 2024-25 , are as under:

AIESL MRO at Hyderabad is at the forefront in Aircraft Maintenance service with its state-of-the-art and youngest MRO in the AIESL network. The Regional Head Office at Hyderabad is responsible for Engineering Services rendered to Tamil Nadu, Karnataka, Telangana, Andhra Pradesh, and for International Flights from these states. We provide best-in-class, timely and quality services to customers by maintaining the highest standards of regulatory and safety compliance.

a) Capability of Hyderabad Hangar

- **A320 (IAE V2500)**

  Up to 48000 FH/ 36000 FC/ 12 Yearly Check, 20years tasks, including OOP tasks.

- **A319/A320/A321 (CFM56)**

  750 FH/600 FC/120 DAYS and it's multiple and work package up to 12 years check, 20 years inspection tasks including OOP tasks along with modification, structural repair and inspection.

- **A320 (CFM LEAP 1A)**

  750 FH/ 600 FC/ 120 DAYS and it's multiple up to 144 Months/45000 FH/36000 FC inspection including OOP tasks along with modification, structural repair and inspection.

- **A321 (CFM LEAP 1A)**

  Up to 18000 FH / 14400 FC / 6 YEARS (72 MO) Airbus MPD tasks including OOP inspection along with modification, structural repair and inspection.

- **ATR 72-212A (PWC PW120)**

  All MPD tasks up to 70,000 flight landings, 46,000 flight hours, 15 years including modifications, structural inspection, repair and OOP tasks.

- **B737-700/800/900 (CFM56)**

  Up to 48000 FH/ 50000 FC/ 12 Years MPD tasks including modifications, structural inspection & repair.

- **B737-7/8/9 INCL. 8200 (CFM LEAP 1B)**

  Up to 15000 FH/ 5500 FC/ 36 Months MPD tasks including modifications, structural inspection and repair.

  Also offer specialized services like A320 Engine change, Borescope inspection of Engines, Ram Air Turbine Test, Magnetic Particle & Fluorescent Particle Inspection, NDT, ET & UT.

b) Highlights of maintenance activity carried out in Southern Region

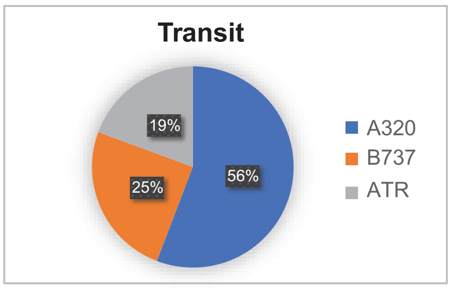
- **Line maintenance activity in S/Region:**

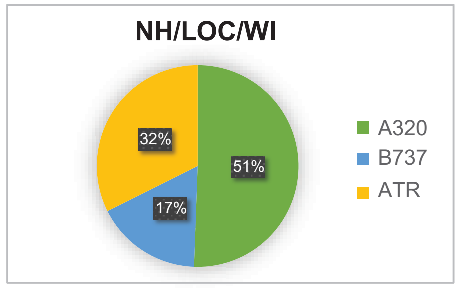
  During the reporting period, a total of approximately **29,460 transit certifications** were carried out across various stations in the Southern Region for **A320, B737, and ATR72-600** aircraft types. These services were rendered to multiple clients including **Air India, Alliance Air, Air India Express, Air Asia Berhad, Indian Air Force (AB), Kuwait Airways, Royal Nepal Airlines, Fly91, Qatar Airways, Scoot Tigerair, Malaysia Airlines, Biman Bangladesh, and Royal Brunei,** among others.

In addition to transit certifications, the following scheduled maintenance activities were undertaken for the A320/B737/ATR fleet:

- **647 Night Halt Checks**
- **1,499 Layover Checks**
- **1,075 Weekly Checks**

The **aircraft-type-wise distribution** of these activities is illustrated in the accompanying **pie chart & Bar chart**, depicting the proportional workload handled across the A320, B737, and ATR aircraft families.





➢ **Enhanced Line Maintenance Activities and Special Support Services**

During the reporting period, a total of 105 B737 aircraft underwent line maintenance services covering 500 Flight Hour (FH) checks, A1 to A7 checks, and other MPD (Maintenance Planning Document) tasks.

In addition to routine inspections, higher-level maintenance activities, including 400 FH checks and above, were carried out for Alliance Air. Borescope inspections were also performed as part of the line maintenance operations at Hyderabad station.

Further, AOG (Aircraft on Ground) support was successfully provided to several international carriers, including AirAsia Berhad, Malaysia Airlines, and others, ensuring minimal downtime and operational continuity.

Moreover, a total of 320 headset support services were delivered for VVIP operations and for clients such as Manta Air, Fly91, Biman Bangladesh, SF Airlines (Cargo), QuickJet, among others.

➢ **Major Check activity at Shamshabad hangar, Hyderabad:**

At Base Maintenance, HYD, the number of checks carried out during 2023-24 is as follows:

The total number of aircraft serviced, categorized by fleet type and type of checks performed at the Shamshabad Hangar during the financial year 2024–25, is summarized in the table below:

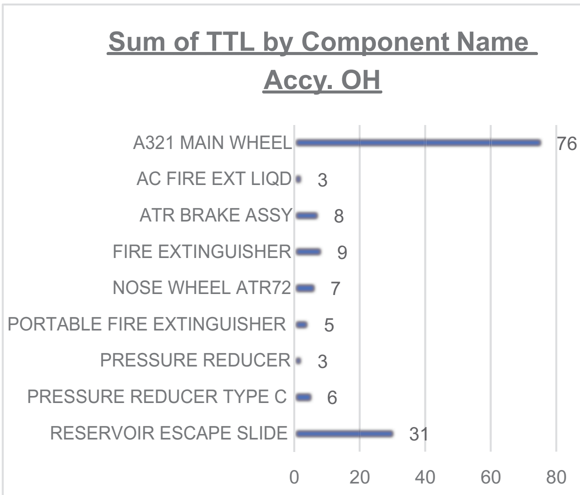
Type of Aircraft	Total No of Aircraft serviced	Type of Checks Performed	Approx. revenue MHRS Generated
A320	82	Weekly, OOP Tasks, BSI, Engine Change, Structural Repair & NDT, Critical AD/SB	36547
ATR72-600	36	Weekly,400FH, A1 TO A9,4000FH, 1 YEARLY, C Check, BSI, Structural Repair & NDT, MLG Change Etc	76998
B737	17	500FH, A1 TO A7, OOP Tasks, Critical AD/ SB	1303

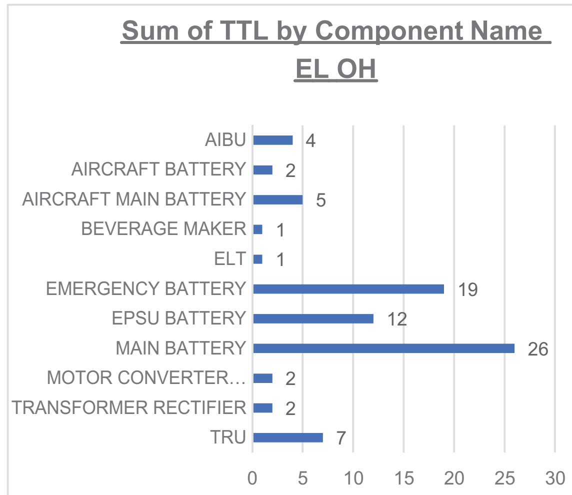
- **Production report of Overhaul shops at Hyderabad:**

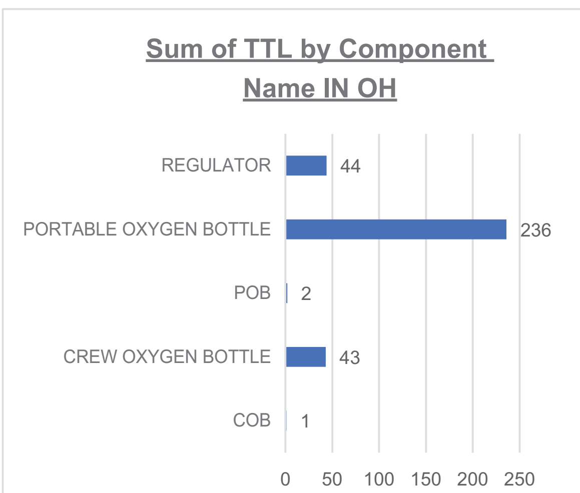
The number of Components Serviced at Overhaul shops at AIESL, HYD for FY 2024-25 is as follows:

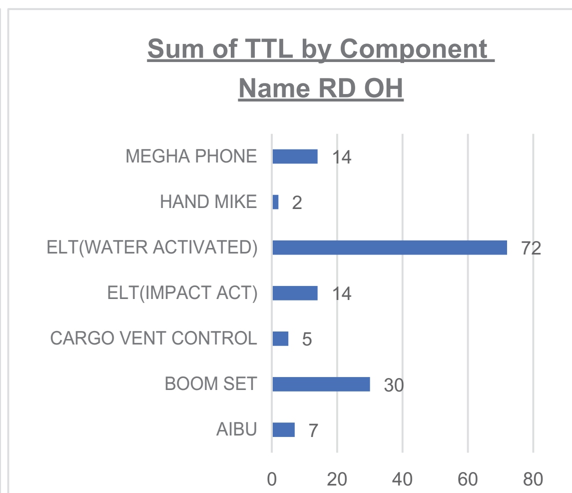
- Accy. OH Shop - 148
- Electrical OH Shop - 81
- Instrument OH shop - 326
- Radio OH Shop - 144

Component Wise Breakup for Each OH Shop (Graphs)









c) **Future Plans**:

- **Capability Enhancement of Hyderabad for B737 (NG & MAX) and A321 Neo (Both Line Maintenance and Base Maintenance)**

The capability enhancement of Hyderabad MRO & LM for B737 (NG & MAX) and A321 Neo is in the final stages. Details of these enhancements are as follows:

(i) BASE MAINTENANCE

- **B737-7/8/9 INCLUDING 8200(CFM LEAP-1B)**

Up to 30000FH or 15000FC or 08 Years MPD tasks including out of Phase Tasks, Modifications, Structural inspection & repair

(ii) LINE MAINTENANCE

- **A319/A320/A321 (CFM 56) & AIRBUS A320/A321 (LEAP 1A)**

  Up to 22500FH or 15000FC or 60 months MPD tasks including Modifications, Structural Inspection and Repair.

- **ATR-212 A, 600 version (PWC PW120)**

  Up to 5000FH or 15000FC or 2 years including MPD tasks, Out of Phase Tasks including Modifications, Structural Inspection and Repair.

These capability enhancements will significantly add value in terms of revenue to AIESL and enable it to serve a larger number of clients, catering to the increasing workload in the MRO industry in India.

VII. KOLKATA BASE (EASTERN REGION) Highlights of performance during the year 2024-25 were as under:

Eastern Region

1. Achievements during 2024-25

- Capability of Guwahati Station has been upgraded to WI for ATR family aircraft
- Capability of Kathmandu has been upgraded to include PF/Transit inspection of Boeing B737 NG/MAX
- Addition of Rupsi, Teju to the ATR network.

2. Targets-

- Primary target of Eastern Region is to acquire 2 Hangars (Hangar 1 & 2) and upgrade them to FAA standards to secure more business.
- Capability of Kolkata station to be enhanced as “Up to 22500 FH/ 15000 FC/ 60 MO MPD tasks and including Out of Phase tasks, modifications, Structural Inspection for A319/ A320/ A321/(CFM56) and A320/ A321 (CFM LEAP-1A).
- Additionally, capability for ATR 72-212A capability is enhanced as “Up to 5000/15000 FC/ 2 YRS MPD tasks and including Out of Phase tasks, modifications, Structural Inspection.”
- Capability enhancement for B737 Max 3years to 8 years check.
- Capability enhancement for A320 with P&W1100G 12 years check.
- Capability enhancement for A320 with IAE V2500 12 years check.
- Capability enhancement for CAR147 Basic Training School.

3. Base Maintenance performance-

- Performed **121** Major Checks and OOPS tasks on Airbus A320 family
- Performed **58** Major Checks and OOPS tasks on Boeing B737 Max aircraft
- Performed **73** Major Checks and OOPS tasks on ATR family aircraft
- Performed **2** BSI and 1 AOG on Druk Air
- Performed **2** Tashi Air C checks

4. Line Maintenance performance

- Handled 18 Outstations and performed
- **3180** PF inspections
- **583** NH inspections
- **412** LO inspections

- **192** WI inspections
- **5400** hours inspections

After withdrawal of Line Maintenance support to Air India w.e.f. 04.01.2025, performed a total of 19 OOPS tasks till 31.03.25 on :-

- 13 Boeing B737 Max
- 6 Airbus A320 family

45 VVIP flights were handled as well as 192 DRDO flights at CCU, GAU, IXB, IXZ, IXA, IMF, BBI and IXS.

Eastern region has handled 7071 ATR transit flights with 901 LO, 205 WI, 36 400FH, 11 NHPF checks.

Daily Airbus A320 flights of Air Asia Berhad have been handled by Kolkata and IXZ.

Kathmandu handled 1405 flights and 1 AOG during this period.

5. **Shop performance**

APU Overhaul shop

8 131-9A APUs, 3 GTCP 85-129,5 B737 CSD oil cooler, 9 131-9A APU oil cooler, 3 NDTs on components of Pneumatic starter, 3 B737 P&D valve, 1 B737 cooling fan assembly, 1 B737 APU oil cooler assembly, 2 JT-8D FCOC, RCDL APU performance monitoring, RO/MRN (for IAF components).

Electrical Overhaul Shop

20 aircraft batteries, 2 starter motors, 2 centrifugal switches and 1 APU bleed valve were serviced by Electrical Overhaul shops.

6. **MTO performance**

MTO Kolkata has conducted

- 2 Airbus A320 Type course,
- 3 ATR72-600 Type course and
- 162 non-type rated/refresher courses.

Capabilities

Base Maintenance-

A319 (CFM 56)-750 FH 600 FC 120 DAYS and its multiple and work packages up to 12 years including modifications, Structural inspections and repair.

A320/A321 (CFM56) Upto 45000 FH/36000 FC/ 12 Years MPD tasks and its multiples including out of phase tasks/modifications, Structural inspections and repair.

A320/321 (CFM LEAP 1A)- Upto 45000 FH/36000 FC/ 12 Years MPD tasks and its multiples including out of phase tasks/modifications, Structural inspections and repair.

ATR 42-500/72-212A- Upto 46000 FH/70000 FC/ 15 Years MPD tasks and its multiples including out of phase tasks/modifications, Structural inspections and repair.

B737-700/800/900 (CFM56)- Upto 48000 FH/36000 FC/ 12 Years MPD tasks and its multiples including out of phase tasks/modifications, Structural inspections and repair.

B737-7/8/9 INCLUDING 8200 (CFM LEAP-1B)- Upto 15000 FH/5500FC/ 3 Years MPD tasks and its multiples including out of phase tasks/modifications, Structural inspections and repair.

Line Maintenance-

For A319/ A320/ A321 (CFM56) and A320/ A321 (CFM LEAP-1A) -> Up to 22500 FH, 15000 FC/ 60 MO MPD tasks and including out of phase tasks, modification, Structural Inspection.

For B 737-700/800/900 (CFM56), B737-7/8/9 including 8200 (CFM LEAP-1B) -> Upto 15000 FH/ 5500 FC/ 36 Months MPD tasks including out of phase tasks, modification, structural inspection and repair.

For ATR 72-212A -> Up to 5000 FH/ 15000 FC/ 2 YRS MPD tasks and including Out of Phase tasks, modifications, Structural Inspection.

For ATR 42-500 -> A Check and its multiple, MPD tasks up to 5000 FH/ 15000 FC/ 2 years including Out of Phase Tasks, Modifications, Structural Inspection & Repair.

Upto but below C Check capabilities for B747-400 (PW4000), B787-8/9 (GEnx), B777-200/300 (GE90).

VIII. OVERSEAS OPERATIONS:

KATHMANDU

AIESL through its Branch Office at Kathmandu continued to provide Line Maintenance services to Air India Limited, AIX Connect for Airbus A320 & B737 aircraft fleet. The organization currently handles approximately 39 flights per week.

9. IMPLEMENTATION OF OFFICIAL LANGUAGE

In accordance with the Guidelines issued by the Department of Official Language (OL), Ministry of Home Affairs, all efforts are being made by all the departments of the Company for implementation of the Official Language policy of Govt. of India.

Implementation of Official Language Policy is being done in AIESL.

10. IMPLEMENTATION OF RESERVATION POLICY

Reservation Policy was implemented as per relevant guidelines of the Government.

11. COMPLIANCE WITH RTI ACT, 2005

Nodal Officers/CPIO/Appellate Authorities have been appointed in all the four Regions and at Corporate Office, as per the provisions of the Act. The details of RTI applications during the year 2023-24 are as under:

- No. of RTI Applications received during the year: 34
- No. of RTI Applications disposed off during the year:34
- No. of RTI Applications pending as on the end of FY: NIL

12. DISCLOSURE UNDER PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The provisions of the Act have been implemented in the company and necessary actions are being taken in line with guidelines received from time to time to prevent Sexual Harassment of Women at workplace.

An Internal complaints committee has been put in place as per Section 4 of the Act. In terms of Section 22 of the Act, the details of sexual harassment cases filed, if any, in the Company during the financial year, is as under:

- Number of complaints of sexual harassment received in the year: 01
- Number of complaints disposed off during the year: 01
- Number of cases pending for more than ninety days: Nil

- Number of workshops or awareness programmes carried out in connection with prevention of sexual harassment: 9
- Remedial measures taken by the company: Various training programmes were conducted, and the employees were sensitized with respect to various provisions of the Act and policies.

13. MSME COMPLIANCE

It always has been endeavour of AIESL to support Micro and Small Enterprises (MSEs) and local suppliers. AIESL has taken a number of steps including implementation of Public Procurement Policy issued by the Government of India to procure the items specified from MSEs. The actual procurement from MSEs during the financial year 2024-25 was Rs. 47.92 crore.

14 MANAGEMENT

14.1 DIRECTORS AND KEY MANAGERIAL PERSONNEL

The details regarding the constitution of Directors of the Company during FY 2024-25 are as given below:

S. No.	Name	Designation	Date of appointment	Date of cessation
1.	Shri Asangba Chuba Ao	Director *(Elected as Chairman w.e.f. 01-01-2024)*	01-01-2024	11-03-2025
2.	Shri Amit Kumar	Chairman & Nominee Director	13-03-2025	--
3.	Shri Padam Lal Negi	Director	18-01-2023	--
4.	Shri Rahul Jain	Director	12-12-2023	14-05-2024
5.	Dr. Alok Pande	Director	16-05-2024	25-02-2025
6.	Shri Manoj Kumar	Director	28-02-2025	--
7.	Shri Shobhit Gupta	Director	25-05-2024	--
8.	Smt. Nayonika Dutta	Woman Director	12-02-2024	--

*In pursuance of the Office Memorandum (OM) issued by the Ministry of Civil Aviation (MoCA) vide file No. 17046/56/2019-AI dated 14-05-2024 read with OM dated 08-02-2024 and order dated 26-02-2024 issued by MoCA, the following changes took place on the Board of AIESL:

Shri Rahul Jain ceased as Nominee Director from the Board of AIESL w.e.f. 14-05-2024. Further, AIESL Board vide its Resolution by circulation having Ref. No. AIESL/HQ/CS/10/01/2024-25 dated 27-05-2024 had appointed Shri Shobhit Gupta w.e.f. 25-05-2024 and Dr. Alok Pande w.e.f. 16-05-2024 as the Nominee Director(s) on the Board of AIESL (i.e. from the dates they have obtained their respective Director Identification Number) and passed the requisite resolution on 27-05-2024. Also, Shri Asangba Chuba Ao, being CMD-AIAHL, held only one position as Nominee Director on the Board of AIESL w.e.f. 14-05-2024 and continued to be the Chairman, in his ex-officio capacity, on the Board of the Company, for Board and General Meetings till any further communication from MoCA/AIAHL.

**Further, in terms of the Office Memorandum (OM) issued by the MoCA vide file No. 17046/56/2019-AI dated 25-02-2025, Shri Manoj Kumar, Joint Secretary (JS), DIPAM, has been appointed as Nominee Director, in ex-officio capacity, on the Board of AIESL vice Dr. Alok Pande w.e.f. 28-02-2025. In view of this, the following changes took place on the Board of AIESL:

Dr. Alok Pande ceased as Nominee Director and Chairman from the Board of AIESL w.e.f. 25-02-2025. Further, AIESL Board vide its Resolution by circulation having Ref. No. AIESL/HQ/CS/10/04/2024-25 dated 04-03-2025 had nominated and elected Shri Manoj Kumar, as the Nominee Director on the Board of AIESL w.e.f. 28-02-2025 (i.e. from the date he obtains his Director Identification Number) and passed the requisite resolution on 04-03-2025 till any further instruction from the MoCA/Holding Company.

***Thereafter, in terms of the Order issued by the Ministry of Civil Aviation (MoCA) vide file No. A.V.17015/02/2015-AI dated 11-03-2025, Shri Amit Kumar had been appointed as Chairman and Managing Director (CMD) of AI Assets Holding Limited (AIAHL) w.e.f. the date of his assumption of charge of the post till the date of his superannuation i.e., 30-06-2027 or until further order, whichever is earlier, the following changes took place on the Board of AIESL:

Shri Amit Kumar, CMD-AIAHL, appointed as Nominee Director and Chairman, in his ex-officio capacity, on the Board of AI Engineering Services Limited ('the Company') w.e.f. 13-03-2025 i.e. from the date he obtained his Director Identification Number (DIN) and Shri Asangba Chuba Ao ceased from the Board of the Company w.e.f. 11-03-2025.

The Board placed on record its appreciation for the valuable services rendered by Shri Asangba Chuba Ao as Chairman & Nominee Director, Shri Rahul Jain and Dr. Alok Pande as Nominee Directors on the Board and Board Level Committees of the Company during their respective tenures.

KEY MANAGERIAL PERSONNEL (KMP):

S. No	Name	Designation	Date of appointment	Date of cessation
1.	Shri Sharad Agarwal	Chief Executive Officer (CEO)	01-05-2022	-
2.	*Shri Rakesh Kumar Jain	Chief Financial Officer (CFO)	20-05-2022	-
3.	Ms. Sakshi Mehta	Company Secretary (CS)	09-11-2021	-

**Due to completion of tenure, Shri Rakesh Kumar Jain ceased to be the CFO of the Company w.e.f. 09-01-2026.*

14.2 NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the Financial Year 2024-25, five Board Meetings were held through video conferencing as per the provisions of the Companies Act, 2013, Companies (Meetings of Board and its Powers) Rules, 2014, DPE (Corporate Governance) Guidelines 2010 and exemption provided by the Ministry of Corporate Affairs in this regard. As per Section 173 of Companies Act, 2013. The details of Board meetings are given below:

S No.	Meeting	Date of Meeting	Board Strength	No. of Directors Present
1.	89th	04-06-2024	5	4
2.	90th	07-08-2024	5	3
3.	91st	06-11-2024	5	4
4.	92nd	04-02-2025	5	4
5.	93rd	26-03-2025	5	3

14.3 BOARD COMMITTEES:

The Company has the following Committees of the Board:

a) Audit Committee

b) Corporate Social Responsibility (CSR) Committee

A. Audit Committee

As part of Corporate Governance and in compliance with the provisions of the Companies Act, 2013 and DPE Guidelines, the Audit Committee was originally constituted in March 2016 with the approval of the Board of Directors adopting the terms of reference and reconstituted the same from time to time when there is any change in the Directors nominated by the holding company / Administrative Ministry. Further, the Ministry of Civil Aviation (MoCA), vide its several OMs issued from time to time, had reconstituted the Board of AIESL and consequentially the Board had reconstituted the Board Committees inter-alia Audit Committee from time to time in compliance with the applicable provisions.

Composition of committee:

As on 31-03-2025, the following were the Members of the Audit Committee, in ex officio capacity:

Particulars of Directors	Position held in the Committee
Shri Padam Lal Negi, JS&FA-MoCA	Chairman
Shri Amit Kumar, CMD-AIAHL	Member
Shri Manoj Kumar, JS-DIPAM	Member
Shri Shobhit Gupta, JS-MoCA	Member
Smt. Nayonika Dutta, JD-MoCA	Member

The Board has accepted the recommendations of the Audit Committee.

B. Corporate Social Responsibility (CSR) Committee

In compliance with the requirements of Companies Act 2013, the Board originally constituted a CSR Committee on 08-11-2019. However, subsequent to the reconstitution of the Board by the Ministry of Civil Aviation (MoCA) by its various OMs issued from time to time, AIESL Board also re-constituted the Corporate Social Responsibility (CSR) Committee from time to time in compliance with the applicable provisions.

As on 31-03-2025, the CSR Committee consisted of the following members, in ex officio capacity:

Particulars of Directors	Position held in the Committee
Shri Amit Kumar, CMD-AIAHL	Chairman
Shri Padam Lal Negi, JS&FA-MOCA	Member
Shri Manoj Kumar, JS-DIPAM	Member
Shri Shobhit Gupta, JS-MoCA	Member
Smt. Nayonika Dutta, JD-MoCA	Member

The other details pertaining to the Audit Committee & CSR Committee are included in the Corporate Governance Report, which forms part of this report. Also, the Annual Report on CSR Activities for F.Y. 2024-25 is enclosed with this report.

14.4 COMPANY'S POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION

APPOINTMENT POLICY:

AIESL is a wholly owned subsidiary of AI Assets Holding Limited. As per Article 96 of the Articles of Association of the Company, the number of Directors of the Company shall not be less than three and not more than fifteen all of whom shall be appointed by AI Assets Holding Limited / Administrative Ministry, who will prescribe the period for which they will hold office as director and may remove them and appoint others in their places and fill in any vacancy that may occur.

REMUNERATION POLICY:

Section 197 in respect of remuneration to directors of the Company is not applicable to AIESL being a Government Company, vide Notification No.G.S.R.463(E) dated 05-06-2015, issued by the Ministry of Corporate Affairs. No remuneration is paid to the Directors of the Company. The remuneration paid to the KMPs would be disclosed in the 'Annual Return'.

14.5 PERFORMANCE EVALUATION

Pursuant to notification No.G.S.R.463(E) dated 05-06-2015 issued by the Ministry of Corporate Affairs, the statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors is not applicable to the Company, being a Government company.

14.6 DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms that:

(a) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.

(b) The Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period.

(c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

(d) The Directors have prepared the Annual Accounts on a going concern basis.

(e) Company being unlisted sub clause (e) of section 134(3) is not applicable.

(f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

14.7 INTERNAL FINANCIAL CONTROLS

Adequate internal financial controls are in place for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies; the safeguarding of its assets; the prevention and detection of frauds and errors; the accuracy and completeness of the accounting records; and the timely preparation of reliable financial information, which is commensurate with the operations of the Company.

The Company has appointed an independent firm of Chartered Accountants as Internal Auditors to ensure that the Company's systems and practices are designed with adequate internal controls to match the size and nature of operations of the Company.

Further, the company is in the process of strengthening the internal control process so as to ensure the coverage of all the areas as envisaged and ensure effective internal controls at stations, regional offices, and user departments.

14.8 DISCLOSURE REGARDING FRAUDS

There was no fraud reported by the Auditor to the Audit Committee or to the Board.

15. STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS U/S 149(6)

Not Applicable as the Company do not have any Independent Director during the Financial Year 2024-25.

Further, AIESL is an unlisted public company and a wholly owned subsidiary of AI Assets Holding Limited and as per the Ministry of Corporate Affairs Circular dated 5th July 2017, an exemption has been given to unlisted wholly owned subsidiary companies from appointing Independent Director.

16. DETAILS OF MATERIAL CHANGES OR COMMITMENTS AFFECTED FROM THE DATE OF CLOSE OF THE FINANCIAL YEAR TILL THE DATE OF THIS REPORT

No material changes or commitments were affected from the date of close of the financial year.

17. DISCLOSURES RELATING TO SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company does not have any Subsidiary, Joint venture or Associate Company.

18. DETAILS OF DEPOSITS

The Company has not accepted any public deposit during the year ended 31st March 2025 as covered under the provisions of Section 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

19. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The particulars of loans, guarantees and investment, if any, have been disclosed in the financial statements.

20. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts/arrangements/transactions entered into by the Company during the financial year with the related parties were in the ordinary course of business and on an arm's length basis.

The omnibus approval of the Audit Committee and the Board was taken for entering into transactions with AI Assets Holding Limited (AIAHL) and other Group companies (AAAL, AIASL & HCI) for providing MRO related services up to the specified limits during FY 2024-25. The details of Related Party Transactions in form AOC-2 are **attached**, which forms part of this report.

There was no material related party transaction with the Company's Directors, Management, or their relatives, which could have had a potential conflict with the interests of the company.

21. DISCLOSURES PERTAINING TO CORPORATE SOCIAL RESPONSIBILITY

Section 135 (1) of the Companies Act 2013 requires provision for CSR to be made applicable for a company having a threshold Net Worth of ₹500 crores or Turnover of ₹1,000 crores or Net Profit of ₹5 crores or more during any of the three immediately preceding financial years. The amount of Rs. 11.92 crores for CSR activities during FY 2024-25, i.e. 2% of average net profit during the immediately preceding three financial years was approved by the Board. Out of total CSR obligation for the financial year, Rs. 5.72 crores contributed to the Prime Minister's National Relief Fund and Rs. 6.20 crores remained unspent in respect of ongoing CSR projects, for which the amount was transferred to the Unspent CSR Account in accordance with Section 135(6) of the Companies Act, 2013. The unspent amount pertains to healthcare projects approved towards the end of the financial year, and the delay in utilization is due to procedural formalities, including finalization of project documentation involved in its implementation. The same has also been certified by the Chief Financial Officer (CFO) of the company which is enclosed with this report.

22. PARTICULARS OF EMPLOYEES & INDUSTRIAL RELATIONS

Executives : 449

Staff : 4191

Total : 4640

Technical out of the above were : 4105

Employees on deputation from other subsidiaries: Nil

Employees on deputation to other companies: 01

23. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

(A) Conservation of Energy & Technology absorption: Your Company has made all efforts wherever possible for the conservation of non-renewable sources of energy and utilizing alternative sources of energy.

- AIESL has shifted to LED lighting in its hangars at Mumbai and Delhi for the purpose of conservation of non-renewable energy.
- AIESL has installed LED lighting in its Jet Engine Overhaul Complex at Delhi for the purpose of conservation of non-renewable energy.
- AIESL has installed solar panels at its MRO facility in Nagpur for the purpose of utilizing alternate sources of energy. These are used for providing clean energy for individual streetlights and warm water for washrooms.

(B) Foreign currency exchange differences between earnings and Outgo

Particulars	Amount in INR
Earnings	209.74 Crores
Outgo	163.53 Crores

24. RISK MANAGEMENT

A comprehensive Risk Management Policy with the vision to manage and mitigate the risks pertaining to the Company was formulated and approved by the Board of Directors in its 74th meeting held on 06-01-2022. The policy is available at the Company's website link https://www.aiesl.in/RiskManagementPolicy.aspx

Aviation Maintenance, Repair, and Overhaul (MRO) industry is challenging due to its fast-changing and uncertain nature. At AIESL, our main focus is on maintaining safety, reliability, and smooth operations.

We make sure that all risks are identified, regularly reviewed, and managed properly. Risk owners are responsible for keeping risk details up to date and including them in planning and decision-making.

We also carried out a detailed SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats) to support our future business plans. The results are helping us to improve our strategies, grow into new areas, and become stronger aviation MRO. By combining the SWOT findings with our risk management work, we are better prepared to handle challenges and use new opportunities for growth.

With strong processes, regular reviews, and support from our team and stakeholders, AIESL is well-prepared to manage risks and continue moving forward safely and successfully.

25. MATERIAL ORDERS OF REGULATORS

No significant and material orders have been passed by the regulators or courts or Tribunals impacting the going concern status and company's operation in future during the year.

26. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM

Provisions of Section 177(9) relating to establishment of Vigil Mechanism for directors and employees, to report genuine concern, are not applicable to the Company.

However, the Vigilance Department of the holding company i.e., AI Assets Holding Limited (AIAHL) covers the Vigilance function of subsidiary companies of AIAHL including AIESL.

27. AUDITORS

STATUTORY AUDITORS

The Comptroller & Auditor General of India (CAG) had appointed M/s AAJV & Associates, Chartered Accountants, as Statutory Auditors of the Company for the FY 2024-25.

The Auditors' Report along with Management's replies thereon are **attached**.

The notes on financial statements are self-explanatory and need no further explanation.

SECRETARIAL AUDITOR

Your Company had appointed M/s Saurabh Agrawal & Co., Company Secretaries, as Secretarial Auditor to conduct the Secretarial Audit of the Company for FY 2024-25. The Secretarial Audit Report given by the Secretarial Auditor and management replies / comments thereon, if any, are enclosed with this report.

INTERNAL AUDITOR

M/s Thakur Vaidyanath Aiyar & Co., Chartered Accountants, was appointed by the Board of Directors to conduct the Internal Audit of the Company for FY 2024-25 & FY 2025-26.

28. COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA (C&AG)

Further, the Comptroller & Auditor General of India (C&AG) in its Supplementary Audit under Section 143(6) read with Section 129(4) of the Companies Act, 2013, has provided "Nil" comments in Financial Statements for FY 2024-25. The comments of Comptroller & Auditor General of India (C&AG) form part of this Report and is attached.

29. COMPLIANCE WITH SECRETARIAL STANDARDS

The Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) under Section 118(10) of Companies Act, 2013, were complied with by your Company to the extent applicable.

30. DETAILS OF APPLICATION MADE OR PROCEEDING PENDING UNDER INSOLVENCY AND BANKRUPTCY CODE 2016:

During the year under review, there were no applications made or proceedings pending in the name of the Company under the Insolvency and Bankruptcy Code, 2016.

31. DETAILS OF DIFFERENCE BETWEEN VALUATION AMOUNT ON ONE TIME SETTLEMENT AND VALUATION WHILE AVAILING LOAN FROM BANKS AND FINANCIAL INSTITUTIONS

During the year under review, there has been no one-time settlement of Loans taken from Banks and Financial Institutions.

32. ANNEXURES TO THE REPORT:

The following certificates / reports etc. are annexed and form an integral part of this report:

A. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed Management Discussion and Analysis Report is enclosed to this Report as **'Annexure – A'**.

B. REPORT ON CORPORATE GOVERNANCE

The Report on Corporate Governance is enclosed to this Report as **'Annexure – B'**.

C. EXTRACT OF ANNUAL RETURN

In compliance with the provisions of Section 92(3), Section 134(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company for the year ended 31-03-2025 will be available on the website of the Company i.e., https://www.aiesl.in/AnnualReturn.aspx

D. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

During FY 2024-25 the related party transactions were with the holding company and other group companies, and were approved in terms of the Companies Act, 2013. The details of Related Party Transactions in form AOC-2 are enclosed in this report as **'Annexure – C'**.

E. CORPORATE SOCIAL RESPONSIBILITY (CSR):

The CSR Policy, Annual Report on CSR Activities and CSR utilization certificate by the then CFO for the F.Y 2024-25 is enclosed as **'Annexure – D', 'Annexure – E' & 'Annexure – E-1'** respectively.

33. ACKNOWLEDGEMENTS

The Board sincerely acknowledges the support and guidance received from Air India Limited, AI Assets Holding Limited, Ministry of Civil Aviation, Comptroller and Auditor General of India, Ministry of Corporate Affairs, Statutory Auditors, Internal Auditor and Secretarial Auditor during the year and various other agencies.

Your Board of Directors take this opportunity to record their appreciation of the continuous support and contribution from all the employees of the Company. Your Board of Directors also takes this opportunity to convey their gratitude and sincere thanks for the cooperation and assistance received from the Shareholders during the period under report. The Board of Directors acknowledges your confidence and continued support and looks forward to the same in the future as well.

For and on behalf of the Board of Directors
of AI Engineering Services Limited

Sd/-
Amit Kumar
Chairman
DIN: 11001643

Date: 18-03-2026
Place: New Delhi

'ANNEXURE – A'

MANAGEMENT DISCUSSION & ANALYSIS REPORT

ANALYSIS OF FINANCIAL PERFORMANCE:

Revenue

Total revenue earned during FY 2024-25 was Rs. 2183.02 crores as against Rs 1946.05 crores during FY 2023-24 i.e., a decrease of approx. Rs. 236.97 crores (10.85%).

Expenditure

The total expenditure incurred during FY 2024-25 was Rs. 1552.45 Crores as compared to the previous year's figure of Rs 1562.73 Crores (restated), i.e., an increase of approx. Rs. 10.28 crores (0.66%).

INDUSTRY ANALYSIS

Overview

The Indian Maintenance, Repair, and Overhaul (MRO) industry remains a critical pillar of the aviation ecosystem, ensuring airworthiness, safety, and operational efficiency of aircraft. During FY 2024–25, the sector benefited from a strong rebound in air travel, sustained fleet expansion, and policy support from the Government of India. Major thrust is expected in coming years due to expanding needs to airlines, who have placed major aircraft acquisition orders. While India continues to depend significantly on overseas MRO facilities, the domestic MRO ecosystem is steadily evolving, supported by tax rationalization, infrastructure development, and increased private sector participation.

Market Size and Growth

- Market Size (FY 2024–25): The Indian MRO market is estimated at USD 2.0–2.2 billion.
- Growth Outlook: The market is projected to grow at a CAGR of 8–10%, reaching USD 4.0–4.5 billion by 2030–31.
- Fleet Expansion: India's commercial aircraft fleet has crossed 750 aircraft in FY 2025 and is expected to exceed 1,200 aircraft by 2030, supported by one of the largest global order books.

Key Drivers

- Rising Air Traffic: Domestic and international passenger traffic during FY 2024–25 surpassed pre-pandemic levels, driving higher utilization of aircraft and increasing demand for MRO services.
- Fleet Expansion and Modernization: Large aircraft orders by Indian carriers and replacement of ageing fleets are generating sustained demand for line maintenance, heavy checks, engine overhaul, and redelivery services.
- Government Policy Support: Continued implementation of the UDAN scheme, National Civil Aviation Policy (NCAP), GST reduction on MRO services (to 5%), and policy clarity on "place of supply" have improved the competitiveness of Indian MROs.
- Cost Advantage: India's relatively lower labour and engineering costs provide a long-term structural advantage compared to global MRO hubs.

Challenges

- Taxation and Duties: While GST on services has been reduced, import duties and GST on consumables continue to impact cost competitiveness.
- Infrastructure Gaps: Limited availability of large-scale engine and component overhaul facilities compared to hubs such as Singapore and Dubai.
- Regulatory Complexity: Certification and approval processes remain time-consuming, particularly for global regulatory harmonization.

- Skilled Manpower: Shortage of licensed and type-rated engineers continues to be a constraint, despite India's strong talent base.

Recent Developments

- Infrastructure Expansion: New and expanded MRO facilities at Bengaluru, Hyderabad, Delhi, Nagpur, and GIFT City region, including airframe, component, and engine maintenance capabilities.
- Technology Adoption: Increasing use of predictive maintenance, data analytics, AI-based health monitoring, digital records, and IoTh (Internet of Things) to improve turnaround time and reduce unscheduled downtime.
- Increased Partnerships: Joint ventures and long-term contracts between Indian MROs, global OEMs, and international MRO providers to enhance capability depth.

Future Outlook

- Investment Opportunities: Favourable policy environment and fleet growth are attracting private equity, OEM-led investments and foreign participation.
- Technology Integration: Greater reliance on digital MRO platforms, condition-based maintenance and advanced diagnostics.
- Sustainability Focus: Adoption of green MRO practices, energy-efficient hangars, waste reduction, and compliance with global environmental standards.

Aircraft MRO

The Asia-Pacific MRO market continues to grow faster than global averages due to fleet expansion and cost advantages. India is currently the 7th largest civil aviation market and is firmly positioned to become the 3rd largest globally, creating substantial long-term demand for domestic MRO capacity. Despite improvements, nearly 85–90% of India's MRO requirements are still outsourced, indicating significant headroom for domestic growth.

Market Trends

- Indian MRO market expected to grow from ~USD 2.0 billion in FY 2025 to ~USD 4.0 billion by FY 2031.
- Over 1,000 aircraft on order, translating into demand for 200–300 major maintenance events annually.
- Rising demand for defence and helicopter MRO, driven by modernization and indigenous defence programs.
- Increased focus on regional aviation, tier-2 and tier-3 cities, and smaller aircraft fleets.

Competitive Landscape

The Indian MRO industry remains moderately concentrated, with key players including:

- AI Engineering Services Ltd (AIESL)
- Air Works Group
- GMR Aero Technic
- Indamer Aviation
- Max MRO
- Bird ExecuJet

AIESL continues to be the market leader and remains the only Indian player with full-scale engine overhaul capability. Competition from foreign MROs remains strong; however, domestic players benefit from proximity, cost advantages, and stronger airline relationships.

Engine MRO:

- Global Aircraft Engine MRO Market (2024): ~USD 40 billion
- Projected Market (2029): ~USD 55 billion, CAGR ~6%
- India & Asia-Pacific: Among the fastest-growing regions due to fleet additions and return of grounded aircraft.
- Engine MRO remains the largest and most lucrative MRO segment, accounting for 50–55% of total MRO value.

OEMs continue to dominate engine MRO through availability-based and power-by-the-hour contracts, leveraging real-time health monitoring and condition-based maintenance models.

INDIAN MILITARY AERO-ENGINES MRO CANVAS:

Hindustan Aeronautics Limited (HAL) is the only real Indian player in the domain of engines, whose engine division has a long history of licensed production of various imported designs. Considering the fleet replacement programmes, modernization strategies and aircraft upgrade projects of the Indian Air Force coupled with increasing defence expenditure, the Indian military aircraft engines market is poised to grow year-on-year. Some of the major engine procurement programmes in the near future will be for the Avro, An-32, LCA Tejas, AMCA and this entails procurement of around 3400 to 4000 engines. The Indian Armed Forces are embarked on the largest helicopter procurement programmes and their requirements aim at strengthening the military helicopter assets through the procurement of 1000 plus rotary-wing platforms including attack, utility, multi-role, and airlift platforms by the end of 2027.

AIESL and Hindustan Aeronautics Limited (HAL) Koraput Division signed a Memorandum of Understanding to explore potential cooperation in providing MRO services for civil aircraft engines throughout the Asian region.

Opportunities:

- India’s emergence as the third-largest aviation market
- Rising domestic air traffic and defence spending
- Development of IFSC-based aircraft leasing and financing at GIFT City
- Foreign exchange savings and job creation

Threats:

- Continued dependence on overseas MROs
- OEM dominance in engine aftermarket
- Skill shortages and infrastructure constraints

POTENTIAL OF THE MRO SECTOR

The Indian MRO sector is strategically positioned for long-term growth. With supportive policies, rising aircraft induction, cost competitiveness, and technological advancement, India has the potential to significantly reduce MRO imports, conserve foreign exchange, and emerge as a regional MRO hub over the next decade.

ENVIRONMENTAL PROTECTION AND CONSERVATION, TECHNOLOGICAL CONSERVATION, RENEWABLE ENERGY DEVELOPMENT, FOREIGN EXCHANGE CONSERVATION

The Company has always considered energy saving and technology absorption as an important goal and high priority has been accorded to the same during the year under review. Further, the details pertaining to foreign exchange have been provided in the Directors’ Report.

DISCLOSURES PERTAINING TO CORPORATE SOCIAL RESPONSIBILITY

Section 135 (1) of the Companies Act 2013 requires provision for CSR to be made applicable for a company having a threshold Net Worth of ₹500 crores or Turnover of ₹1,000 crores or Net Profit of ₹5 crores or more during any of the three immediately preceding financial years. The amount of Rs. 11.92 crores for CSR activities during FY 2024-25, i.e. 2% of average net profit during the immediately preceding three financial years was approved by the Board. Out of total CSR obligation for the financial year, Rs. 5.72 crores contributed to the Prime Minister's National Relief Fund and Rs. 6.20 crores remained unspent in respect of ongoing CSR projects, for which the amount was transferred to the Unspent CSR Account in accordance with Section 135(6) of the Companies Act, 2013. The unspent amount pertains to healthcare projects approved towards the end of the financial year, and the delay in utilization is due to procedural formalities, including finalization of project documentation involved in its implementation.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System commensurate with the size, scale, and complexity of its operations. The company has in place adequate internal financial controls to ensure the efficient conduct of its business. Further, M/s Thakur, Vaidyanath Aiyar & Co., was appointed as Internal Auditors for the financial year 2024-25 & FY 2025-26.

CAUTIONARY STATEMENT:

Statements made in the Management Discussion and Analysis may be forward-looking statements. Actual results may differ materially from those expressed or implied. The discussions on the Business environment & industry scenario as also future outlook, wherever mentioned, are based on information and analysis available in print or electronic media, views expressed by experts and relied upon by the management. The important factors that could make a difference to what is stated, expressly or implied include economic conditions, domestic as well as global like demand and supply forces operating in the market, policies, rules, and regulation of government as amended from time to time including tax laws and other statues as well as other incidental factors having impact on the business environment.

For and on behalf of the Board of Directors
of AI Engineering Services Limited

Sd/-

Amit Kumar
Chairman
DIN: 11001643

Date: 18-03-2026
Place: New Delhi

'ANNEXURE – B'

CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on Code of Corporate Governance

The Company firmly believes in and has consistently practiced good Corporate Governance. The company's essential character is shaped by the values of transparency, professionalism, and accountability. The company is committed to attaining the highest standard of Corporate Governance. The philosophy of the company in relation to Corporate Governance is to ensure transparency in all its operations, make disclosures and enhance all stakeholders' value within the framework of laws and regulations.

2. Board of Directors

AI Engineering Services Limited (AIESL) is a Public Sector Undertaking and a wholly owned subsidiary of AI Assets Holding Limited (AIAHL), a Government of India Undertaking. Its directors are appointed by the holding company / administrative ministry. The administrative ministry, i.e., The Ministry of Civil Aviation (MoCA), had reconstituted the Board of AIESL from time to time. Accordingly, the composition of the Board as on 31-03-2025 is given below:

a) Composition of Board as on 31st March 2025

S. No.	Name of Director	Designation
1.	Shri Amit Kumar Chairman & Managing Director (CMD), AI Assets Holding Limited	Chairman & Nominee Director
2.	Shri Padam Lal Negi Jt. Secretary & Financial Adviser (JS&FA), Ministry of Civil Aviation	Nominee Director
3.	Shri Manoj Kumar Joint Secretary, Department of Investment and Public Assets Management (DIPAM)	Nominee Director
4.	Shri Shobhit Gupta Joint Secretary, Ministry of Civil Aviation	Nominee Director
5.	Smt. Nayonika Dutta Joint Director, Ministry of Civil Aviation	Nominee Director (Woman Director)

*In pursuance of the Office Memorandum (OM) issued by the Ministry of Civil Aviation (MoCA) vide file No. 17046/56/2019-AI dated 14-05-2024 read with OM dated 08-02-2024 and order dated 26-02-2024 issued by MoCA, the following changes took place on the Board of AIESL:

Shri Rahul Jain ceased as Nominee Director from the Board of AIESL w.e.f. 14-05-2024. Further, AIESL Board vide its Resolution by circulation having Ref. No. AIESL/HQ/CS/10/01/2024-25 dated 27-05-2024 had appointed Shri Shobhit Gupta w.e.f. 25-05-2024 and Dr. Alok Pande w.e.f. 16-05-2024 as the Nominee Director(s) on the Board of AIESL (i.e. from the dates they have obtained their respective Director Identification Number) and passed the requisite resolution on 27-05-2024. Also, Shri Asangba Chuba Ao, being CMD-AIAHL, held only one position as Nominee Director on the Board of AIESL w.e.f. 14-05-2024 and continued to be the Chairman, in his ex-officio capacity, on the Board of the Company, for Board and General Meetings till any further communication from MoCA/AIAHL.

**Further, in terms of the Office Memorandum (OM) issued by the MoCA vide file No. 17046/56/2019-AI dated 25-02-2025, Shri Manoj Kumar, Joint Secretary (JS), DIPAM, has been appointed as Nominee Director, in ex-officio capacity, on the Board of AIESL vice Dr. Alok Pande w.e.f. 28-02-2025. In view of this, the following changes took place on the Board of AIESL:

Dr. Alok Pande ceased as Nominee Director and Chairman from the Board of AIESL w.e.f. 25-02-2025. Further, AIESL Board vide its Resolution by circulation having Ref. No. AIESL/HQ/CS/10/04/2024-25 dated 04-03-2025 had nominated and elected Shri Manoj Kumar, as the Nominee Director on the Board of AIESL w.e.f. 28-02-2025 (i.e. from the date he obtains his Director Identification Number) and passed the requisite resolution on 04-03-2025 till any further instruction from the MoCA/Holding Company.

***Thereafter, in terms of the Order issued by the Ministry of Civil Aviation (MoCA) vide file No. A.V.17015/02/2015-AI dated 11-03-2025, Shri Amit Kumar had been appointed as Chairman and Managing Director (CMD) of AI Assets Holding Limited (AIAHL) w.e.f. the date of his assumption of charge of the post till the date of his superannuation i.e., 30-06-2027 or until further order, whichever is earlier, the following changes took place on the Board of AIESL:

Shri Amit Kumar, CMD-AIAHL, appointed as Nominee Director and Chairman, in his ex-officio capacity, on the Board of AI Engineering Services Limited ('the Company') w.e.f. 13-03-2025 i.e. from the date he obtained his Director Identification Number (DIN) and Shri Asangba Chuba Ao ceased from the Board of the Company w.e.f. 11-03-2025.

The Board placed on record its appreciation for the valuable services rendered by Shri Asangba Chuba Ao as Chairman & Nominee Director, Shri Rahul Jain and Dr. Alok Pande as Nominee Directors on the Board and Board Level Committees of the Company during their respective tenures.

During the year, all meetings of the Board and the Shareholders were chaired by the Chairman of the Company.

b) Appointment & Remuneration of Directors

AIESL being a wholly owned subsidiary Company, the appointment of its directors is done by the holding company/ Administrative Ministry. The company does not have any whole-time director.

The Nominee (part-time) Directors do not receive any remuneration from the Company.

The Company does not have a policy of paying performance linked incentives to any of the Directors of the Company. Government Companies have been exempted from formulating policy relating to remuneration of Directors required under section 178 of the Companies Act.

The Company has not introduced any Stock Option Scheme.

c) Meetings of Board and attendance during FY 2024-25:

i) Five Meetings of the Board were held during the financial year 2024-25 as per the details given below:

S No.	Meeting	Date of Meeting	Board Strength	No. of Directors Present
1.	89th	04-06-2024	5	4
2.	90th	07-08-2024	5	3
3.	91st	06-11-2024	5	4
4.	92nd	04-02-2025	5	4
5.	93rd	26-03-2025	5	3

ii) Leave of absence was granted in terms of section 167(1) (b) of the Companies Act, 2013.

iii) Details of attendance of the Directors at the Board Meetings held during FY 2024-25 and in the last Annual General Meeting (AGM):

Name of the Director	Academic Qualification	No. of Board Meetings during 2024-25		Attended last AGM & Adjourned AGM		Details of other Companies	
		Held (during their respective tenures)	Attended	20-12-2024	08-07-2025 (Adjourned AGM)	Directorships in companies	Memberships held in Committees
Shri Asangba Chuba Ao (w.e.f. 01-01-2024 to 11-03-2025)	MA (Eng Litt.) & MA (Pub. Adm)	4	4	YES	N.A.	**Chairman & Managing Director:** 1 AIAHL w.e.f. 01-01-2024 **Chairman** 4 w.e.f. 01-01-2024 [AIESL, AIASL, HCI, AAAL] **Director:** 6 [PHL, Rohini Heliport Limited, AAAL (w.e.f. 18-01-2023), AIAHL, AIESL, AIASL]	**Chairman: 3** Audit Committee: 1 [AAAL] CSR Committee: 2 [AIESL & AIASL] **Member: 7** A. Audit Committee: 2 [AIESL & AIASL] B. Nomination & Remuneration Committee: 2 [AIAHL, PHL] C. HR Committee: 1 (AAAL) D. Stakeholders Relationship Committee: 1 [AIAHL] E. Flight Safety Committee: 1(AAAL) (AAAL)
Shri Amit Kumar (w.e.f. 13-03-2025	BE (Electrical), IIT Roorkee	1	1	N.A.	YES	**Chairman & Managing Director:** 1 AIAHL w.e.f. 13-03-2025 **Chairman** 4 w.e.f. 13-03-2025 [AIESL, AIASL, HCI, AAAL]	**Chairman: 4** CSR Committee: 2 [AIESL & AIASL] Flight Safety Committee: 1 (AAAL) HR Committee: 1 (AAAL) **Member: 7** Audit Committee: 5 [AIASL, AIESL, AIAHL, AAAL & HCI]

							Nomination & Remuneration Committee: 1 [AIAHL] Stakeholders Relationship Committee: 1 [AIAHL]
Shri Padam Lal Negi, Director (w.e.f. 18-01-2023)	IDAS 1992, MA (Pol. Science) & MA (Sociology)	5	4	YES	YES	**Director:** 7 [AAI, AIAHL, AIESL, AIASL, PHL, IREDA & SECI]	**Chairman: 3** Audit Committee: 3 [AIAHL, AIESL & AIASL] **Member: 2** CSR Committee: 2 [AIESL & AIASL]
Shri Rahul Jain (from 12-12-2023 to 14-05-2024)	CA, IAS	0	0	N.A.	N.A.	**Director:** 6 [AIAHL, AIESL, AIASL, NFHCL, ITC Limited, NLMCL]	**Member: 7** Audit Committee: 2 [AIESL, AIASL] CSR Committee: 2 [AIESL, AIASL] Nomination & Remuneration Committee: 1 [AIAHL] Stakeholders Relationship Committee: 1[AIAHL] Body of persons acting as Administrator/ Board of Advisers: 1 [NFHCL]
Smt. Nayonika Dutta (w.e.f. 12-02-2024)	Master's degree in Economics	5	3	YES	YES	**Director:** 3 [AIESL, AIASL, AAAL]	**Member: 5** Audit Committee: 2 [AIESL, AAAL] CSR Committee: 1 [AIESL] HR Committee: 1 [AAAL] Flight Safety Committee: 1 [AAAL]
Dr. Alok Pande (from 16-05-2024 to 25-02-2025)	Ph.D in Capital Markets (IIM-Bangalore), B.E. (Mechanical), NIT-Allahabad	4	3	No	N.A.	**Director:** 4 [AIAHL, AIESL, AIASL, INDIAN BANK]	**Member: 2** Audit Committee: 1 [AIESL] CSR Committee: 1 [AIESL]
Shri Shobhit Gupta (w.e.f. 25-05-2024)	M. Tech (Power Electronics), IIT Kanpur	5	2	YES	YES	**Director:** 3 [AIAHL, AIASL, AIESL]	**Member: 7** Audit Committee: 3 [AIESL, AIASL, AIAHL]

							CSR Committee: 2 [AIESL, AIASL] Nomination & Remuneration Committee: 1 [AIAHL] Stakeholders Relationship Committee: 1 [AIAHL]
Shri Manoj Kumar (w.e.f. 28-02-2025)	BA (Hons), MA, LLB	1	1	N.A.	No	**Director:** 3 [AIAHL, AIESL, AIASL]	**Member: 6** Audit Committee: 2 [AIESL, AIASL] CSR Committee: 2 [AIESL, AIASL] Nomination & Remuneration Committee: 1 [AIAHL] Stakeholders Relationship Committee: 1 [AIAHL]

Notes:

1. The number of Directorships is within the maximum limit of:

   -20 Companies (out of which maximum 10 public companies) under the Companies Act, 2013.
2. Directors are not related to each other.
3. Directors do not have any pecuniary relationships or transactions with the Company.
4. The number of committee memberships of directors is within the maximum limit of ten including the permitted limit of five chairmanships under the DPE Corporate Governance Guidelines, 2010 (DPE Guidelines). Only the Audit Committee is to be counted for the said limit.
5. Full names of Companies referred:
   a) AAI – Airport Authority of India
   b) AIESL – AI Engineering Services Limited
   c) AIASL – AI Airport Services Limited
   d) AAAL – Alliance Air Aviation Limited
   e) HCI – Hotel Corporation of India Limited
   f) NFHCL – National Financial Holdings Company Limited
   g) PHL – Pawan Hans Limited
   h) SECI – Solar Energy Corporation of India Limited
   i) IREDA – Indian Renewable Energy Development Agency Limited
   j) RHL – Rohini Heliport Limited
   k) NLMCL – National Land Monetization Corporation Limited

3. **Board Procedures:**

Meetings of the Board were generally held at the registered office of the Company or at the office of the holding company, i.e., AIAHL situated at Safdarjung Airport in New Delhi through video conferencing (VC). The meetings are generally scheduled well in advance. In case of exigencies or urgency, resolutions are passed by circulation. The agenda for the meeting is prepared by concerned officials / CEO and approved by Chairman of the company. Board papers are generally circulated in advance to Board members. The members of the Board have access to all information and are free to recommend the inclusion of any matter in the agenda for discussion. Senior executives are invited to attend the Board Meetings and provide clarification as and when required. Action Taken Reports are put up to the Board periodically. To enable better and more focused attention to the affairs of the Company, the Board delegates certain matters to the committees of the Board set up for this purpose.

4. **Code of Conduct:**

In terms of the requirements of DPE guidelines on Corporate Governance for CPSEs, the Board has adopted the Code of Conduct for the Directors and Senior Management. There is a system of affirming compliance with the Code by the Board Members and Senior Management Personnel of the Company. A declaration of compliance signed by the Chief Executive Officer of the Company is enclosed as **'Annexure – B-1'** to this Report.

5. **Board Committees:**

Audit Committee

As part of Corporate Governance and in compliance with the provisions of the Companies Act, 2013 and DPE Guidelines, the Audit Committee was originally constituted in March 2016 with the approval of the Board of Directors adopting the terms of reference and reconstituted the same from time to time when there is any change in the Directors nominated by the holding company / Administrative Ministry. Further, the Ministry of Civil Aviation (MoCA), vide its several OMs issued from time to time, had reconstituted the Board of AIESL and consequentially the Board had reconstituted the Board Committees inter-alia Audit Committee from time to time in compliance with the applicable provisions.

a) **Composition of committee:**

As on 31-03-2025, the following were the Members of the Audit Committee, in ex officio capacity:

Particulars of Director	Position held in the Committee
Shri Padam Lal Negi, JS&FA-MoCA	Chairman
Shri Amit Kumar, CMD-AIAHL	Member
Shri Manoj Kumar, JS-DIPAM	Member
Shri Shobhit Gupta, JS-MoCA	Member
Smt. Nayonika Dutta, JD-MoCA	Member

***Terms of Reference:** Terms of Reference of the Audit Committee are as prescribed under Section 177 (4) of Companies Act 2013:

i. To recommend for appointment, remuneration and terms of appointment of auditors of the company;
ii. To review and monitor the auditor's independence and performance, and effectiveness of audit process;
iii. To examine the financial statement and the auditors' report thereon;
iv. To approve or any subsequent modification of transactions of the company with related parties;
v. To scrutiny of inter-corporate loans and investments;

vi. Valuation of undertakings or assets of the company, wherever it is necessary;

vii. To evaluate internal financial controls and risk management systems;

viii. To monitor the end use of funds raised through public offers and related matters.

b) Meetings of committee:

The Audit Committee met four times during the year to review various issues including inter alia Financial Statement of the Company for the year before submission to the Board, as per details given below:

S No.	Meeting Number	Date of the Meeting	No. of Directors/Members present
1	40th	04-06-2024	4
2	41st	07-08-2024	3
3	42nd	06-11-2024	4
4	43rd	26-03-2025	3

Corporate Social Responsibility (CSR) Committee

In compliance with the requirements of Companies Act 2013, the Board originally constituted a CSR Committee on 08-11-2019. However, subsequent to the reconstitution of the Board by the Ministry of Civil Aviation (MoCA) by its various OMs issued from time to time, AIESL Board also re-constituted the Corporate Social Responsibility (CSR) Committee from time to time in compliance with the applicable provisions.

As on 31-03-2025, the CSR Committee consisted of the following members, in ex officio capacity:

Particulars of Directors	Position held in the Committee
Shri Amit Kumar, CMD-AIAHL	Chairman
Shri Padam Lal Negi, JS&FA-MOCA	Member
Shri Manoj Kumar, JS-DIPAM	Member
Shri Shobhit Gupta, JS-MoCA	Member
Smt. Nayonika Dutta, JD-MoCA	Member

There were 2 CSR Committee meetings held during FY 2024-25.

S No.	Meeting Number	Date of the Meeting	No. of Directors present
1	04th	04-06-2024	4
2	05th	26-03-2025	3

6. General Meetings during the last three years

The details of General meetings of the Company, viz. Annual General Meeting (AGM) & Extra-ordinary General Meeting (EGM), held during the last three financial years are given below:

AGM / EGM	Date and time of the Meeting	Venue of the meeting	Special Resolution
19th Adjourned AGM	08-07-2025 At 1500 Hrs.	Regd. Office: 2nd Floor, CRA Building, Safdarjung Airport Area, Safdarjung Airport, Central Delhi, Delhi- 110003	NO
19th AGM	20-12-2024 At 1430 Hrs.	Regd. Office: 2nd Floor, CRA Building, Safdarjung Airport Area, Safdarjung Airport, Central Delhi, Delhi- 110003	NO

18th Adjourned AGM	27-03-2024 At 1130 Hrs.	Regd. Office: 2nd Floor, CRA Building, Safdarjung Airport Area, Safdarjung Airport, Central Delhi, Delhi- 110003	NO
18th AGM	21-12-2023 At 1100 Hrs.	Regd. Office: 2nd Floor, CRA Building, Safdarjung Airport Area, Safdarjung Airport, Central Delhi, Delhi- 110003	NO
17th Adjourned AGM	30-01-2023 At 1230 Hrs.	Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	NO
17th AGM	30-12-2022 at 1200 Hrs.	Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	NO
04th EGM	14-01-2022 at 1500 Hrs.	Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001	YES

M/s Link Intime India Pvt Ltd. *(now known as MUFG Intime India Private Limited)* having its address at C 101, 247 Park, LBS Marg, Vikhroli West, Mumbai – 400083, is the Registrar and Transfer Agent (RTA) of the Company.

7. Disclosures and Statutory Compliances:

Adequate Disclosures pertaining to the Director's interest, related party transactions, maintenance of statutory registers have been taken and placed periodically before the Board of Directors to take informed decisions, with the Board following a clear policy of specific delegation and authorization of designated officers to handle the business matters. MCA Filings with respect to disclosures, intimations, allotments and appointments have been made in a time-bound manner with no pending matters. The Company, based on self-evaluation, falls under 'Excellent' grade for the compliance of DPE Corporate Governance Guidelines for the previous three financial years 2022-23, 2023-24 and 2024-25. The DPE has also awarded 'Excellent' grading to AIESL for compliance with DPE Corporate Governance Guidelines during FY 2022-23 and for the FY 2023-24 & 2024-25 DPE grading is awaited.

8. CEO/CFO Certification

The Chief Executive Officer and Chief Financial Officer have certified in writing with respect to the truth and fairness of the financial statements, due compliances, and financial reporting which was placed before the Audit Committee and the Board of Directors (placed as **'ANNEXURE – B-2'** to this Report).

9. Certificate for Compliance with Corporate Governance Guidelines

This Report duly complies with the legal requirements in respect of data that should be disclosed in a Corporate Governance Report for FY 2024–25.

The Certificate obtained from a Practicing Company Secretary regarding the compliance of the conditions on Corporate Governance is placed as **'ANNEXURE – B-3'** to this Report.

For and on behalf of the Board of Directors
of AI Engineering Services Limited

Sd/-
Amit Kumar
Chairman
DIN: 11001643

Date: 30-01-2026
Place: New Delhi

'ANNEXURE – B-1'

CODE OF CONDUCT

DECLARATION

Pursuant to DPE guidelines on Corporate Governance for CPSEs, 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 31st March 2025.

Sd/-
Sharad Agarwal
Chief Executive Officer

Date: 04-04-2025
Place: New Delhi

'ANNEXURE – B-2'

TO WHOMSOEVER IT MAY CONCERN

Dated: 19-12-2025

We have reviewed the financial statements and the cash flow statement for the year 2024–25 and that to the best of our knowledge and belief:

(A) (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

(2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(B) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the code of conduct.

(C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.

(D) We have indicated to the auditors and the Audit committee:

(1) significant changes in internal control over financial reporting during the year;

(2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Sd/-	**Sd/-**
Rakesh Kumar Jain	**Sharad Agarwal**
Chief Financial Officer	**Chief Executive Officer**

'ANNEXURE – B-3'

CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE UNDER CORPORATE GOVERNANCE UNDER DPE GUIDELINES FOR THE YEAR ENDED 31ST MARCH 2024

[Pursuant to para 8.2.1 of the DPE Guidelines 2010]

To

The Members

AI ENGINEERING SERVICES LIMITED

(CIN: U74210DL2004GOI125114)

2nd Floor, CRA Building, Safdarjung Airport Area,

Safdarjung Airport, Central Delhi, India, 110003

We have examined the relevant books, records and statements in connection to the compliance with the conditions of Corporate Governance of AI ENGINEERING SERVICES LIMITED (CIN: U74210DL2004GOI125114) for the year ended on 31st march, 2025 as stipulated in "Guidelines on Corporate Governance Norms for Central Public Sector Enterprises, as enunciated by the Department of Public Enterprises (DPE).

The compliance of the conditions of the Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as laid down in the guidelines. Our Report/ Certification is neither an audit nor an expression of the opinion on the financial statements of the Company.

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with the mandatory conditions of the Guidelines on Corporate Governance

for Central Public Sector Enterprises (CPSEs), 2010 except that the functional Directors are more than 50% and at least one-third of the Board Members shall be Independent Directors.

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

For Saurabh Agrawal & Co

Company Secretaries

Peer Review No. 3020/2023

Firm Registration No. P2002DE043100

Place: New Delhi

Date: 30-01-2026

UDIN: F005430G003736344

Sd/-

Saurabh Agrawal

Partner

FCS No.: 5430

C.P. No.: 4868

'ANNEXURE – C'

FORM NO. AOC-2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8 (2) of the Companies Accounts Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. **Details of contracts or arrangements or transactions not at arm's length basis: NIL**
2. **Details of contracts or arrangements or transactions at arm's length basis.**

   All contracts /arrangements / transactions entered by the Company with related parties under Section 188(1) of the Act during the financial year 2024-25 were on an arm's length basis, in the ordinary course of business which were duly approved in 93rd Board meeting held on 26-03-2025 and thereafter ratified, to the extent they differed from the earlier approval, in 98th Board meeting held on 26-12-2025. The details of contracts /arrangements / transactions at arm's length basis are as follows:

Name of related party & Nature of Relationship	Duration of Transaction	Nature of transaction	Amount (In Millions)
Alliance Air Aviation Limited (AAAL)	1st April 2024 – 31st March 2025	Revenue from MRO Services	884.14
		Other Income (Interest)	280.60
		Total Revenue (Income)	**1164.74**
		Expenditure	-
		Total Expenditure	**-**
AI Airport Services Limited (AIASL)	1st April 2024 – 31st March 2025	**Revenue from MRO Services (Total Income)**	**34.44**
		Handling charges	48.37
		Manpower Cost	10.01
		Interest on outstanding dues	1.01
		Total Expenditure	**59.39**
Hotel Corporation of India (HCI) (Centaur Hotels)	1st April 2024 – 31st March 2025	Hotel Room charges and others (staff on duty)	**21.50**
		Total Expenditure	**21.50**
AI Assets Holding Ltd. (AIAHL) Holding Company	1st April 2024 – 31st March 2025	**Amount receivable for Security services (Total Income)**	**97.24**
		Interest on outstanding dues	1879.64
		Rent Exp	396.90
		Reimbursement	39.67
		Total Expenditure	**2316.21**

Total Income (A)			**1296.42**
Total Expenditure (B)			**2397.10**
Total Amount (A+B)			**3693.52 Equivalent to Rs 369Cr.**

Note:

1. The details of "Related Party Disclosures" as per accounting standards are being disclosed in Notes to the accounts in the Financial Statements.

For and on behalf of the Board of Directors
of AI Engineering Services Limited

Sd/-

Amit Kumar

Date: 26-02-2026 **Chairman**

Place: New Delhi **DIN: 11001643**

'ANNEXURE – D'

CORPORATE SOCIAL RESPONSIBILTY (CSR) POLICY OF AI ENGINEERING SERVICES LIMITED (AIESL)

(As amended by the Board w.e.f. 04th June 2024)

1. **Preamble:**

   AIESL envisions to act in a socially responsible manner to contribute to the socio-economic development of local communities we operate in, viz. airports and city offices, by building stronger, developed sustainable communities & raise the quality of life of people of the Country.

2. **Definitions:**

   In this Policy unless the context otherwise requires:

   a) **"Act"** means the Companies Act, 2013 and rules made thereunder.

   b) **"Administrative overheads"** means the expenses incurred by the company for 'general management and administration' of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;

   c) **"Corporate Social Responsibility (CSR)"** means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in these rules, but shall not include the following, namely:

      i. activities undertaken in pursuance of normal course of business of the company:

      ii. any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;

      iii. contribution of any amount directly or indirectly to any political party under section 182 of the Act;

      iv. activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);

      v. activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services; and

      vi. activities carried out for fulfilment of any other statutory obligations under any law in force in India.

   d) **"CSR Committee"** means the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Act;

   e) **"CSR Policy"** means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan;

   f) **"Net Profit"** means the net profit of a Company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely: -

      i. Any profit arising from any overseas branch or branches of the company' whether operated as a separate company or otherwise;

      ii. Any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act

g) **Ongoing Project"** means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification.

Words and expressions used and not defined in these rules but defined in the Act shall have the same meanings respectively assigned to them in the Act.

3. Objective and CSR Vision:

This Policy shall be read in line with Section 135 of the Companies Act 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (including amendments therein, if any, existing and forthcoming, as the case may be) and such other rules, circulars, and notifications (collectively referred hereinafter as 'Regulations') as may be applicable and as amended from time to time and will, inter-alia, provide for the following :

- Establishing a guideline for compliance with the applicable provisions to dedicate a percentage of Company's profits for social projects / CSR activities; and
- Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting.
- Creating opportunities for employees to participate in socially responsible initiatives.

4. Scope of CSR Activities:

The Policy recognizes that Corporate Social Responsibility is not merely compliance, it is a commitment to support initiatives that benefit community at large by one or more of the following focus areas as specified in Schedule VII of the Act:

i. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;

ii. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;

iii. promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

iv. ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;

v. protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;

vi. measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependent including widows;

vii. training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;

viii. contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;

ix. (a) Contribution to incubators or research and development projects in the field of science, technology, engineering, and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and

(b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).]

x. rural development projects; and

xi. slum area development.

xii. Explanation - For the purposes of this item, the term `slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

xiii. disaster management, including relief, rehabilitation, and reconstruction activities.

The Company would select and undertake CSR activities out of the theme listed in Schedule VII (as mentioned above) of the Companies Act, 2013, as amended from time to time. The themes in the scope of CSR policy must be interpreted liberally to capture the essence of the subjects enumerated in Schedule VII of the Act. Any modification in Schedule VII of the Act or directions from the Department of Public Enterprises (DPE) or the Ministry of Civil Aviation (MoCA) shall also deem to have been incorporated (wherever the same shall be mandatory) in the scope of CSR policy of the Company from the date of such change being notified by the Government.

5. CSR Committee:

The CSR Committee shall be constituted as per the provisions of Section 135 of the Companies Act, 2013 who shall meet as and when required to discuss and review the CSR activities and policy. The quorum of CSR Committee shall be two members present in the meeting.

6. Responsibility of CSR Committee:

- formulate and recommend to the Board, a CSR Policy including amendments therein, if any, in the areas or subjects specified in Schedule VII;
- monitor the Policy from time to time and recommend changes to the Board;
- recommend the amount of expenditure to be incurred on CSR projects/ activities; and
- Constitute a transparent monitoring mechanism for ensuring effective and efficient implementation of the CSR projects.

7. CSR Working Team

Members of CSR Working Team shall be:

i. Chief Executive Officer

ii. Chief Financial Officer

iii. Chief HR Officer

iv. Company Secretary

The above-mentioned CSR working team shall be headed by the Chief Executive Officer of the Company.

The roles and responsibilities of the CSR Working Committee include:

- Review the proposals for CSR projects / programs / activities received from various locations and put up before the CSR Committee for deliberation, consideration and recommendation to the Board for approval.

8. Responsibility of Board of Directors:

- Approving the CSR Policy as recommended by the CSR Committee, subject to necessary changes/modifications as the Board may deem fit;
- Ensuring that in each financial year, the Company spends at least 2% (or any threshold prescribed by MCA and even above that threshold) of the average net profit* of the Company made during the three immediately preceding financial years in accordance with the provisions of section 135 of the Companies Act, 2013 and the Rules made thereunder;

  ***Average Net Profit** shall be calculated in accordance with provisions of Section 198 of the Companies Act, 2013 and rules made thereunder.
- Ensuring that every financial year, funds committed by the Company for CSR activities are utilized effectively;
- Ensuring that activities included by Company in its CSR policy are related to the areas or subjects specified in schedule VII of the Act;
- Ensuring that the Preference may be given to the local area around its operations for spending the amount earmarked for CSR projects.
- Disclosing in its Annual Return the names of CSR Committee members, the content of CSR Policy and ensure annual reporting of its CSR activities on the Company's website and comply any other stipulations as may be introduced by MCA at any given point of time.

9. Annual spends/Allocation of Funds:

a. The Company would spend not less than 2% of the Average Net Profits of the Company made during the three immediately preceding financial years. Any surplus arising out of the CSR activities shall not form part of the business profit of a company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

b. The CSR Committee shall formulate an Annual CSR Plan in line with Schedule VII of the Companies Act, 2013 and the Company shall undertake CSR activities included in its Annual CSR Plan, as recommended by the CSR Committee at the beginning of each year. The Committee is authorized to approve any modification to the existing Annual CSR Plan or to propose any new program during the financial year. An annual action plan in pursuance of its CSR policy, which shall include the following, namely: -

(i) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;

(ii) the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4;

(iii) the modalities of utilisation of funds and implementation schedules for the projects or programmes;

(iv) monitoring and reporting mechanism for the projects or programmes; and

(v) details of need and impact assessment, if any, for the projects undertaken by the company:

Provided that Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

10. Administration/Implementation of CSR Projects

1) The Board shall ensure the CSR activities are undertaken by the company itself or through: -

(a) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or

(b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or

(c) any entity established under an Act of Parliament or a State legislature; or

(d) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

2) The company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.

3) The company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes in accordance with these rules.

4) The Board of a company shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.

5) In case of ongoing project, the Board of a Company shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period."

11. Monitoring & Reporting of CSR Activities

a. To ensure effective implementation of the CSR programmes undertaken at each work centre, a monitoring mechanism will be put in place by the work centre head;

b. The report on progress on the CSR programme undertaken by the Company will be put forward to the CSR Committee with full details of cost incurred and result achieved on a regular basis;

c. Work centres will try to obtain feedback from beneficiaries about the programs implemented at the area;

d. Appropriate documentation of the Company's CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis;

e. CSR initiatives of the Company will be reported in the Annual Report of the Company &

the Board's Report in compliance with Section 135 and rules made thereunder; and

f. Company will establish an accounting system to ensure proper accounting of CSR spends.

12. Conclusion:

The Board of Directors on the recommendation of CSR Committee can amend its policy as and when required deemed fit. Any or all provisions of CSR Policy would be subjected to revision/amendment in accordance with the regulations on the subject as may be issued from relevant statutory authorities, from time to time.

In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference to be made to CSR Committee. In all such matters, the interpretation & decision of the Committee shall be final.

'ANNEXURE – E'

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)
FOR FINANCIAL YEAR (FY) 2024-25

1. Brief outline of the CSR Policy of the Company.

- AIESL envisions to act in a socially responsible manner to contribute to the socio-economic development of local communities we operate in, viz. airports and city offices, by building stronger, developed sustainable communities & raise the quality of life of people of the Country.
- The Board of Directors of the Company have adopted a CSR Policy, which recognizes that Corporate Social Responsibility is not merely compliance, it is a commitment to support initiatives that benefit the community at large by one or more focus areas as specified in Schedule VII of the Act.
- To ensure effective implementation of the CSR programmes undertaken at each work centre, a monitoring mechanism will be put in place by the work centre head.
- The company will establish an accounting system to ensure proper accounting of CSR spends.
- A brief outline of the Company's CSR Policy including an overview of projects or programs proposed to be undertaken can be viewed on the website of the Company i.e. www.aiesl.in.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year in their respective tenure
1.	Shri Asangba Chuba Ao	Chairman (w.e.f. 01-01-2024 till 11-03-2025)	2	1
2.	Shri Amit Kumar	Chairman (w.e.f. 18-03-2025)	2	1
3.	Shri Padam Lal Negi	Member	2	1
4.	Shri Rahul Jain	Member (till 14-05-2024)	2	0
5.	Dr. Alok Pande	Member (w.e.f. 27-05-2024 till 25-02-2025)	2	1
6.	Shri Manoj Kumar	Member (w.e.f. 04-03-2025)	2	1
7.	Shri Shobhit Gupta	Member (w.e.f. 27-05-2024)	2	0
8.	Smt. Nayonika Dutta	Member (w.e.f. 27-05-2024)	2	2

*The CSR Committee met twice during the year i.e. 04-06-2024 & 26-03-2025.

3. **Provide the web link where the Composition of the CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:**

S. No	Particulars	Weblink
1.	Composition of CSR Committee	https://www.aiesl.in/Composition-of%20CSR-Committee.aspx
2.	CSR Policy	https://www.aiesl.in/CSRPolicy.aspx
3.	CSR Projects approved by the Board	https://www.aiesl.in/CSRProjects.aspx

4. **Provide the details of the Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).:**

   Impact assessment is not applicable for the financial year 2024-25, as no CSR project requiring impact assessment under Rule 8(3) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, was completed during the year. The CSR projects approved with AIIMS were sanctioned towards the end of the financial year and have not commenced during the year. Contributions made to the Prime Minister's National Relief Fund are exempt from impact assessment.

5. **Details of the amount available for setoff in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules 2014, and amount required for setoff for the financial year, if any:**

   Not Applicable

6. **Average net profit of the company as per section 135(5):** Rs.596,11,70,610.39/-
7. (a) **Two percent of average net profit of the company as per section135(5):** Rs.11,92,23,412.21/-
   (b) **Surplus arising out of the CSR projects or programs or activities of the previous financial years:** NIL.
   (c) **Amount required to be set off for the financial year, if any:** Nil
   (d) **Total CSR obligation for the financial year(7a+7b-7c).:** Rs.11,92,23,412.21/-
8. (a) **CSR amount spent or unspent for the financial year:**

<table>
<tr><th colspan="2" rowspan="2">Total Amount Spent for the Financial Year.</th><th colspan="5">Amount Unspent (in Rs.)</th></tr>
<tr><th colspan="2">Total Amount transferred to Unspent CSR Account as per section 135(6).</th><th colspan="3">Amount transferred to any fund specified under Schedule VII as per the second proviso to section135(5).</th></tr>
<tr><th>Amount in Rs.</th><th>Date of Transfer</th><th>Amount</th><th>Date of transfer</th><th>Name of the Fund</th><th>Amount</th><th>Date of transfer</th></tr>
<tr><td>5,72,23,412/- in the Prime Minister's National Relief Fund</td><td>31-03-2025</td><td>6,20,00,000/-</td><td>30-04-2025</td><td>-</td><td>-</td><td>-</td></tr>
</table>

The CSR expenditure amounting to ₹11,92,23,412.21/- was approved for FY 2024-25 in the last week of March 2025. Out of the approved CSR obligation, ₹6,20,00,000/- was earmarked for healthcare-related CSR projects with AIIMS, New Delhi, and ₹5,72,23,412/-, being the balance CSR amount, was contributed to the Prime Minister's National Relief Fund during the year. Since the healthcare *projects involve AIIMS-led procurement of specialized medical equipment and electric buses and shuttles, and the MoU is yet to be executed, the projects could not commence during FY 2024-25. Accordingly, the unspent amount was transferred to the Unspent CSR Account in accordance with Section 135(6) of the Companies Act, 2013.*

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	**Sl. No.**		1.	2.
(2)	**Name of the Project.**		Procurement of E-Buses and E-Shuttles for patient transport	Procurement of critical pediatric surgical instruments and equipment
(3)	**Item from the list of activities in Schedule VII to the Act.**		Healthcare	Healthcare
(4)	**Local area (Yes/No).**		Yes	Yes
(5)	**Location of the project.**	**State.**	Delhi	Delhi
		District.	Delhi	Delhi
(6)	**Project duration.**		2 FYs (March 2025-March 2026)	2 FYs (March 2025-March 2026)
(7)	**The amount allocated for the project (in Rs.).**		2,68,00,000/-	3,52,00,000/-
(8)	**Amount spent in the current financial Year (in Rs.).**		Nil	Nil
(9)	**Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).**		2,68,00,000/-	3,52,00,000/-
(10)	**Mode of Implementation**		Through Implementing Agency	Through Implementing Agency
(11)	**Mode of Implementation-Through Implementing Agency**	**Name**	All India Institute of Medical Sciences (AIIMS) – New Delhi	All India Institute of Medical Sciences (AIIMS) – New Delhi
		CSR Registration number.	Not Applicable	Not Applicable

(c) Details of CSR amount spent against other than ongoing projects for the financial year: Nil.

(1)	**Sl. No.**		-
(2)	**Name of the Project**		-
(3)	**Item from the list of activities in schedule VII to the Act.**		-
(4)	**Local area (Yes/No).**		-

(5)	**Location of the project.**	**State.**	-
		District.	-
(6)	**Amount spent for the project (inRs.).**		-
(7)	**Mode of implementation on Direct (Yes/No).**		NA
(8)	**Mode of implementation-Through implementing agency.**	**Name**	NA
		CSR Registration number.	NA

(d) Amount spent on Administrative Overheads: NIL

(e) Amount spent on Impact Assessment, if applicable: NA

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Nil

(g) Excess amount for set off, if any: Nil

Sl. No.	Particulars	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section135(5)	11,92,23,412.21/-
(ii)	Total amount spent for the Financial Year	5,72,23,412/-
(iii)	Excess amount spent for the financial year[(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programs or Activities of the previous financial years, if any	-
(v)	Amount available for set-off in succeeding financial years. [(iii)-(iv)]	-

Note–1: *The CSR expenditure amounting to ₹11,92,23,412.21/- was approved for FY 2024-25 in the last week of March 2025. Out of the approved CSR obligation, ₹6,20,00,000/- was earmarked for healthcare-related CSR projects with AIIMS, New Delhi, and ₹5,72,23,412/-, being the balance CSR amount, was contributed to the Prime Minister's National Relief Fund during the year. Since the healthcare projects involve AIIMS-led procurement of specialized medical equipment and electric buses and shuttles, and the MoU is yet to be executed, the projects could not commence during FY 2024-25. Accordingly, the unspent amount was transferred to the Unspent CSR Account in accordance with Section 135(6) of the Companies Act, 2013.*

9. (a) Details of Unspent CSR amount for the preceding three financial years: Nil

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	**Project ID.**	**Name of the Project.**	**Financial Year in Which the project was commenced.**	**Project duration.**	**Total amount allocated for the project (in Rs.).**	**Amount spent on the project in the reporting Financial Year (in Rs).**	**Cumulative amount spent at the end of reporting Financial Year. (in Rs.)**	**Status of the project Completed/ Ongoing.**
1.	-	-	-	-	-	-	-	-
	TOTAL	-	-	-	-	-	-	-

10. **In case of the creation or acquisition of capital assets, furnish the details relating to the assets created or acquired through CSR spent in the financial year (asset-wise details).:** NA

    (a) **Date of creation or acquisition of the capital asset(s):** NA

    (b) **Details of the entity or public authority or beneficiary under whose name such capital assets is registered, their address etc.:** NA

    (c) **Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).:** NA

11. **Specify the reason(s), if the company has failed to spend two percent of the average net profit as per section 135(5):**

    The unspent CSR amount pertains to healthcare CSR projects approved by the Board on 26-03-2025 to be implemented by AIIMS, New Delhi, involving procurement of specialized medical equipment and electric buses and shuttles. As the projects involve AIIMS-led procurement, the final scope and specifications are subject to completion of procedural formalities, including execution of the Memorandum of Understanding (MoU). Accordingly, the projects could not be commenced during FY 2024-25. The unspent amount was transferred to the Unspent CSR Account in compliance with Section 135(6) of the Companies Act, 2013.

    The CSR utilization certificate for the FY 2024-25 as provided by the then Chief Financial Officer of the Company is placed as **'Annexure E-1' to this Report.*

For AI Engineering Services Limited

Sd/-	**Sd/-**
Amit Kumar	**Sharad Agarwal**
Chairman of CSR Committee	**Chief Executive Officer**

'ANNEXURE – E-1'

TO WHOMSOEVER IT MAY CONCERN

Date: 24-12-2025

This is to certify that funds amounting to Rs.11,92,23,412.21/- disbursed for Corporate Social Responsibility (CSR) activities. Out of total CSR obligation for the financial year, Rs.5,72,23,412/- contributed to the Prime Minister's National Relief Fund and Rs.6,20,00,000/- remained unspent in respect of ongoing CSR projects, for which the amount was transferred to the Unspent CSR Account in accordance with Section 135(6) of the Companies Act, 2013. The unspent amount pertains to healthcare projects approved towards the end of the financial year, and the delay in utilization is due to procedural formalities, including finalization of project documentation involved in its implementation.

Details of CSR expenditure are as follows:

Particulars	Rs.
Amount Outlay (Budgeted)	11,92,23,412.21
Amount spent on: 31-03-2025	5,72,23,412.00
Amount unspent	6,20,00,000.00
Amount Transferred to Unspent CSR Account on: 30-04-2025	6,20,00,000.00
Excess amount spent	Nil

For AI Engineering Services Limited

Sd/-

Rakesh Kumar Jain

Chief Financial Officer

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st March 2025

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

To

The Members

AI ENGINEERING SERVICES LIMITED

(CIN: U74210DL2004GOI125114)

2nd Floor, CRA Building, Safdarjung Airport Area,

Safdarjung Airport, Central Delhi, India, 110003

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **AI ENGINEERING SERVICES LIMITED** (hereinafter called *"the Company"*). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the **AI ENGINEERING SERVICES LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the company, to the extent information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications provided to us and the representations made by the Management. We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2025 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2025 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under as amended from time to time;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder - **Not Applicable as the Securities of the Company are not listed on any Stock Exchange**.

(iii) The Depositories Act, 1956 and the regulations and Bye-laws framed there under;

(iv) The 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 Borrowings: **Not Applicable to the Company during the Audit Period;**

(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 (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **Not Applicable to the Company during the Audit Period;**

  b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **Not Applicable to the Company during the Audit Period;**

  c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **Not Applicable to the Company during the Audit Period;**

  d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **Not Applicable to the Company during the Audit Period;**

e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; **Not Applicable to the Company during the Audit Period;**

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations,1993 regarding the Companies Act and dealing with client; **Not Applicable to the Company during the Audit Period;**

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; **Not Applicable to the Company during the Audit Period;** and

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - **Not Applicable to the Company during the Audit Period.;**

(vi) The company has complied with other laws as applicable to the industry as per the undertaking given by the company.

We have also examined with:

i) Applicable Secretarial Standards issued by the Institute of Company Secretaries of India; and

ii) The Listing Agreements entered into by the Company with Stock Exchange(s) and the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 - **Not Applicable to the Company during the Audit Period.**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

In respect of other laws specifically applicable to the company, we have relied on information/data provided by the Company during the course of audit and reporting is limited to that extent.

We further report that:

The Board of Directors of the Company, audit committee and Remuneration committee are not duly constituted with proper balance of Independent Directors as per provision of DPE Guidelines on Corporate Governance 2010. Further the appointment of independent directors in public companies which are wholly owned subsidiaries of unlisted public companies are not require to appoint independent directors under section 149(4) and 178 of Companies Act, 2013 read with Rule 4(2) of Companies (Appointment and Qualification of Directors) Amendment Rules, 2014) as amended.

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

The company was granted an extension of time vide order 30th August, 2024 for the purpose of holding Annual General Meeting (which was due to be held on or before 30th September, 2024 by 3 months on the application filed under section 96 of the Companies Act, 2013 and the Annual General Meeting of the company was held on 20/12/2024. However, the audited Financial Statements of the company were adopted by members in the adjourned AGM of the company held on 8th July 2025.

Adequate notice is given to all Directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent within prescribed time limit, 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.

All the decisions of Board of Directors and Committee Meeting were carried unanimously.

We further report that there are adequate systems and processes in the company commensurate with size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period no event has occurred which had a major bearing on the Company's Affair in pursuance of the laws, rules, regulations and standards etc.

For Saurabh Agrawal & Co.
Company Secretaries
Peer Review No. 3020/2023
Firm Registration No. P2002DE043100

Date: 30-01-2026
Place: New Delhi
UDIN: F005430G003736707

Sd/-
CS Saurabh Agrawal
Partner
FCS: F5430; C.P. No.: 4868

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

'ANNEXURE A'

To

The Members

AI ENGINEERING SERVICES LIMITED

(CIN: U74210DL2004GOI125114)

2nd Floor, CRA Building, Safdarjung Airport Area,

Safdarjung Airport, Central Delhi, India, 110003

Our Secretarial Audit Report for the financial year 31st March, 2025 is to be read along with this letter.

➢ ***Management Responsibility***

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively;

➢ ***Auditor's Responsibility***

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances;
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion;
4. We 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 test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion;
5. Wherever required we have obtained the management's representation about the Compliance of laws, rules and regulations and happening of events etc;

➢ ***Disclaimer***

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company;
7. We have not verified the correctness and appropriations of financial records and books of accounts of the Company.

For Saurabh Agrawal & Co.
Company Secretaries
Peer Review No. 3020/2023
Firm Registration No. P2002DE043100

Date: 30-01-2026
Place: New Delhi
UDIN: F005430G003736707

Sd/-
CS Saurabh Agrawal
Partner
FCS: F5430; C.P. No.: 4868

MANAGEMENT REPLY TO THE OBSERVATIONS OF THE SECRETARIAL AUDITOR FOR FY 2024-25

Sl. No.	Audit Observations	Management Reply
A	The Board of Directors of the Company, audit committee and Remuneration committee are not duly constituted with proper balance of Independent Directors as per provision of DPE Guidelines on Corporate Governance 2010. Further, the appointment of independent directors in public companies which are wholly owned subsidiaries of unlisted public companies are not required to appoint independent directors under section 149(4) and 178 of Companies Act, 2013 read with Rule 4(2) of Companies (Appointment and Qualification of Directors) Amendment Rules, 2014) as amended.	This is a statement of fact.
B	The company was granted an extension of time vide order 30th August 2024 for the purpose of holding Annual General Meeting (which was due to be held on or before 30th September 2024 by 3 months on the application filed under section 96 of the Companies Act, 2013 and the Annual General Meeting of the company was held on 20th December 2024. However, the audited Financial Statements of the company were adopted by members in the adjourned AGM of the company held on 8th July 2025.	This is a statement of fact. The Financial Statements of the Company for FY 2023-24 were approved by the Board in its 93rd meeting held on 26-03-2025 based on the recommendations of the Audit Committee. The financial statements, after the approval of the Board, were forwarded to Statutory Auditors for the report thereon and thereafter along with Auditors' Report to the office of the Comptroller and Auditor General of India (C&AG) for their comments thereon. The Nil comments of C&AG received vide its letter dated 16-05-2025 and the same was noted by the Audit Committee and Board in their respective meetings held on 19-06-2025. Thereafter, the audited financial statements of the company for the FY 2023-24 were adopted in the Adjourned 19th AGM of the company held on 08-07-2025.

MANAGEMENT REPLY TO INDEPENDENT AUDITOR'S REPORT FOR THE YEAR 2024 -25

Sl. No.	Audit Observations	Management Reply
1	The Company operates two ERP systems, namely RAMCO (for MRO operations including materials management, inventory, work orders and billing) and SAP (for financial accounting). These systems are not fully integrated and the interface between RAMCO and SAP is not properly reconciled or mapped. During the course of audit, we were not provided direct access to the RAMCO system due to security and confidentiality restrictions. Data originating in RAMCO is migrated to SAP through automated interfaces, without adequate reconciliation controls. In the absence of direct system access, audit trails, system reports and reconciliation mechanisms, we are unable to assess the risk of material misstatement arising from information flows across systems. Both software lacks following: - documented controls - migration protocols - Internal control audit procedures governing the use of multiple systems. Consequently, we are unable to obtain sufficient audit evidence regarding the completeness, accuracy, valuation of transactions and balances relating to inventory, work-in-progress, work orders, consumption, unbilled revenue, billing and receivable /payable related financial statement line items. The possible effects of above matters, if any cannot be quantified hence, we are unable to work out impact of above deficiency on the standalone financial statements for the year ending March'25.	The Company has provided login credentials to the audit team for SAP and Audit team has mainly requested for providing data in excel or the format provided by them. Further, apart from this audit team has access to all company data and documents as well as to the departments concerned and all data and details have been provided/shown to them during their visits as well as to various emails. Remote access of RAMCO could not be provided to the auditors as the system contains confidential and sensitive data relating to the customers' airplanes, including IAF. However, transactional details, inventory list, work orders etc. as requested were provided. Further, the operation of the Company is widespread on PAN India basis hence source documents/details i.e. planning, procurement, materials management, inventory, production, work orders etc. of various transactions incurred by the stations are located over there. As the audit team had not visited the stations, scanned copies/emails etc. of the same have been provided to the extent possible. Further, w.r.t SAP & RAMCO automatic interface, as stated in the observation itself, basic data is captured in RAMCO & then flows to SAP through automatic interface and transaction incurred during the years has been properly recorded. There are legacy issues as the inventory was under the control of the then Holding Company (AIL) and after disinvestment control has been taken over by the Company and for the first time physical verification of Inventory has been done. Resultant adjustments in the books of accounts have been carried out and adequately disclosed vide note no. 5.1 of the notes to accounts.

		Further, all the details and data for the year 2024-25 have been provided to the audit team as per their requirements. Further all the related details such as purchases, revenue, billings, including reconciliation between books of accounts and GST returns etc. have also been regularly filed through GST Returns, Income Tax, TDS Returns etc. The Company follows all the GoI guidelines, rules and regulations. Various stakeholders like C&AG, Income Tax Departments, GST Department etc. are doing audit of the company and the company has never received any notice etc. for non-availability of audit evidence to verify the completeness and accuracy of transactions.
2.	Inventory valuation, existence and controls (Ind AS 2) Inventory has been valued in the financial statements based on balances recorded in SAP. However, the following significant control deficiencies and non-compliances with Ind AS 2 were observed: (a) Aircraft-related inventory ₹41.88 crore and Non-Aircraft Inventory ₹2.41 crore Aircraft-related quantities and values are maintained in RAMCO, whereas non-aircraft inventory is maintained in SAP. Inventory balances as per RAMCO and SAP have following shortcomings/gaps detail as below:	**a.** Physical verification of Inventory of materials in the nature of stores and spares has been carried out by the Company during the year and value of the same has been established as ₹969.39 million. Further, the company has identified that out of ₹969.39 million, ₹550.60 million of tools are in the nature of Capital Items and the same has been capitalised during FY 2022-23 to FY 2024-25 at the purchase price or cost available in RAMCO. Accordingly, the value of physically verified inventory (as derived from RAMCO) is ₹418.79 million as against the book value of inventory of ₹728.06 million.

Inventory as per	Opening (01.04.2024)		During the year		Closing Balance (31.03.2025)	
			Debit/Receipts	Credit/Issues		
	Quantity	Value	Value	Value	Quantity	Value
RAMCO	**4,27,008.62**	**77,55,46,936.50**	**99,91,35,984**	**-71,49,73,466**	**6,00,847.47**	**1,05,97,09,514.87**
PHYSICAL VERIFCA TION (Internally done by Stock keeper)					**3,83,514.47**	**89,07,75,206.38**
Add: Suspense					quantity not available	7,86,34,275.73
						96,94,09,482.11
Less Capitalized						
in 2022-23					quantity not available	-7,25,72,364.74
in 2023-24					"--do---"	-7,07,22,390.77
in 2024-25: Out of Physical Verification					"--do---"	-34,93,37,620.30
in 2024-25					"--do---"	-5,79,66,020.99
					"--do---"	-55,05,98,396.80
Net physical value after capitalization					"--do---"	**41,88,11,085.31**
SAP* (only value Migrated from RAMCO)	quantity not available	**68,39,58,784.58**	**6,10,20,26,668.70**	**5,86,94,95,364.78**	quantity not available	**41,87,90,812.17**
Add: Non Air Craft Inventory (as per manually maintained no change since 2022-23 **	quantity not available	2,43,56,858.00			quantity not available	2,40,79,041.75
						44,28,69,853.92
Less: Provision		50,00,00,000.00				2,63,79,765.42
Net Balance		**18,39,58,784.58**				**41,64,90,088.50**

** Adjustment passed by AIESL on basis of office notes dated 8.8.2025 signed by CFO & CEO without approval of audit committee / board whereas as per company's Instruments of delegation of powers administrative and financial vests power with the board

*** Adjustment passed only on the basis of value without considering quantity difference. Quantity as per RAMCO is 600847.47 and Physical 383514.47. Moreover, correction done in SAP Financial Figures and no correction entry passed in RAMCO in current year and earlier years also.

Inventory value as per RAMCO is ₹105.97 crore, whereas balances as per SAP is ₹72.80 crore (after net write-offs of ₹41.88 crore) which is booked in a single ledger of non-aircraft inventory without classifying them in

Hence, ₹309.27 million has been the difference between physical balances and book balances (418.79 million - 728.06 million). Accordingly, ₹309.27 million has been written off against the provision for ₹500.00 million which had been made for likely reduction in the value of inventory in the FY 2022-23. Further, ₹52.76 million inventory in shops/ in transit is under verification. A provision of ₹ 26.38 Million, being 50% of ₹52.76 million, for likely shortage in the inventory under verification has been retained. Consequent to the above adjustments, amount of ₹164.35 million (i.e. ₹500.00 million less ₹309.27 million and ₹26.38 million) has been written back. The required adjustments for capitalization have been carried out at purchase price actual inventory ledgers, in financial statement also in inventory notes not classified correctly.

NOTE "5": INVENTORIES

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024	As at April 01, 2023
Stores and Spare Parts	436.97	17.42	17.46
Loose Tools	-	402.76	431.60
Fuel, Gas, Coal, Oil and lubricants	5.90	0.55	0.55
Non-Aircraft Inventory	-	6.38	6.38
Other Inven tory	-	256.84	148.40
Total	**442.87**	**683.96**	**604.39**
Less: Provision for Inventory Reconcilia tion (Refer Note No. 5.i)	26.38	500.00	500.00
Total	**416.49**	**183.96**	**104.39**

a. (i) The Company had created a provision of ₹50 crore for inventory shortages in earlier years (FY 2023 and FY 2024), of which ₹16.44 crore was reversed during the current year through a single inventory account on the premise that certain inventory items represented fixed assets (tools) purchased during FY 2014 to FY 2023–24. Further, assets aggregating to ₹55.05 crore were capitalized from inventory based solely on values extracted from RAMCO without supporting documentary evidence. This is contrary to the basic principles of asset capitalization, which require inclusion of all directly attributable costs supported by documentation. We were unable to quantify the impact of these differences on the financial statements.

(ii) RAMCO Inventory reports have certain items which show positive quantity but negative value or negative quantity with positive value and nil quantity with significant value or minimal value with significant quantity.

available in RAMCO (excluding incidental costs, if any) considering the fact that the number of items included were more than 10,000 procured over the period of several years. This fact has been appropriately disclosed vide note no.5.1 of the notes to accounts.

Further, to take care of the potential shortage of inventory, a provision of Rs.500 million was made during the financial year 2022-23. The same had already been informed to the Audit Committee /Board of Directors while presenting the accounts for the year 2022-23 and 2023-24. The resultant adjustments during the current financial year have been made to regularize the actual shortage established during the current financial year. The adjustments have been made with the approval of the Chief Executive Officer (CEO) (who is the in charge for looking after the day-to-day affairs of the company) based on the recommendations of the Chief Finance Officer (CFO) and Chief of Procurement (COP).

As per the existing Instrument of delegation of powers, there is no requirement of prior approval of the Audit Committee/Board of Directors.

Further, required accounting adjustments have been carried out for correct reporting of the transactions. However, for updating the Ramco records, some changes are required in the software which will be done in due course with simultaneous adjustments as required in SAP.

b. The Policy of the Company for the Inventories is “Inventories consist of various stores and spares which are valued at lower of cost and Net Realizable Value ('NRV'). Costs of inventories are determined on weighted average basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.” The weighted average is calculated on the system itself.

	RAMCO Inventory reports several items are marked as unserviceable, customer-owned, tools, returnable/exchangeable, on loan or rent but their actual location and value/quantity not be verifiable. Movements in SAP / RAMCO systems appear incomplete, incorrectly updated, or not recorded leading to incomplete audit trail. for example - Non-Aircraft inventory maintained manually, - Domestic fixed assets (e.g., desktops) are recorded via manual approvals, GEM portal orders, - Some manual work orders. More than 50000 number of inventory items, including low-value petty assets expensed amounting ₹ 2.89 crores below ₹5,000, not physically verified. Many items have values below ₹1 or ₹2, and therefore the existence, completeness, and valuation of these items is not verifiable. (b) Inventory valuation is stated to be on a weighted average basis as per accounting policy; however, supporting ERP reports and computation logic were not made available for verification. (c) Physical verification of inventory revealed discrepancies between RAMCO reports, SAP reports and figures reported by the internal auditors. These differences remain unreconciled, and the inventory value recognised in the financial statements is not verifiable. (d) Physical verification of inventory was ₹89.07 Cr across 161 warehouses supporting details including quantities, UOM and part numbers were not available. In addition, unverified ₹7.86 Cr shops/in-transit without quantity/warehouse details making total of ₹96.94 Cr. Physical verification was consolidated by AIESL on receiving email from various locations. We have not received mails of physical verification data from all warehouses. Moreover there was no common format for verification and has quantity mentioned with textual remarks	Sample cases for such valuation have also been provided to the auditors. **c.** Please refer our reply in "a" above i.e. Physical verification of Inventory of materials in the nature of stores and spares has been carried out by the Company during the year and value of the same has been established as ₹969.39 million. Further, the company has identified that out of ₹969.39 million, ₹550.60 million of tools are in the nature of Capital Items and the same has been capitalized during FY 2022-23 to FY 2024-25 at the purchase price or cost available in RAMCO. Accordingly, the value of physically verified inventory (as derived from RAMCO) is ₹418.79 million as against the book value of inventory of ₹728.06 million. Hence, ₹309.27 million has been derived as the difference between physical balances and book balances (₹418.79 million - ₹728.06 million). Accordingly, ₹309.27 million has been written-off against the provision for ₹500.00 million which had been made for likely reduction in the value of inventory in the FY 2022-23. Further, ₹52.76 million of inventory in shops/in transit is under verification. A provision of ₹26.38 million, being 50% of ₹52.76 million, for likely shortage in the inventory under verification has been retained. Consequent to the above adjustments, amount of ₹164.35 million (i.e. ₹500.00 million less ₹ 309.27 million and ₹26.38 million) has been written back. **d.** Proper records are maintained for all the items mentioned in observation i.e. Goods in Transit (Import/domestic), AIESL Inventory lying with third parties and Other Parties Inventory lying with AIESL (within and outside India), Work-in-Progress (open jobs / work orders) at hangars, repair shops and workstations. These records are maintained at floor shops, tools stores etc. Scan copy of some of them have been provided to the audit team. Further, w.r.t. system to monitor slow-

(“available,” “partially available”, “not available”, “alternative available”) instead of numeric data which had chances of mistake in consolidating and bifurcating figures only from text. Cut-off dates were not consistently followed; some verification was conducted months before i.e. in February 2025 or after 31 March 2025 i.e. May or September 2025

Physical Verification sheet had RAMCO and Physical quantity with special mention of difference column but quantity difference was not correct e.g. even where RAMCO and physical quantity was same it shows difference.

RAMCO correct/complete data is not mentioned with physical quantity with condition (unserviceable”, assigned / attributed quantity) and status (Owned / Customer owned).

Differences are shows as net as shortage but there is quantity in short and also in excess.

(e) Assets capitalized from inventory aggregating to ₹55.05 crore during the year FY 2022-23 to 2024-25 which were related to as old as FY 2014–15 and lack individual asset-wise records, supporting documentation, accurate capitalisation dates and depreciation commencement dates. As a result, depreciation calculations could not be verified. Certain assets may have already completed their useful lives, and identification of untraceable items remains pending.

	Quantity	Value
Capitalized	Quantity not available	-55,05,98,396.80
in 2022-23		-7,25,72,364.74
in 2023-24		-7,07,22,390.77
in 2024-25: Out of Physical Verification		-34,93,37,620.30
in 2024-25		-5,79,66,020.99

moving, dead and unserviceable stock, consumption / Cost of goods consumed, Repair / job-work transactions under returnable challans etc. is maintained at every station, Department concerned, Shops etc. are having all such details like tools movement register, unserviceable tools list even the details of last service of the tools and next due. Such details have also been audited by DGCA from time to time. Accounting impact, if any, of Unserviceable/dead stock will be taken in the subsequent year on approval by the competent authority.

e. ₹550.60 million of tools are in the nature of Capital Items and the same has been capitalized during FY 2022-23 to FY 2024-25 at the purchase price or cost available in RAMCO.

Further, the assets have been depreciated from the date the same has been procured/entered in RAMCO and life has been taken as per Companies Act. Unidentified items have been written off as disclosed in note no 5.1 of the notes to accounts.

All the details of depreciation along with calculation in excel sheet has also been provided to the audit team.

f. All the details along with note sheets etc. have been provided to the audit team during the audit. The company has carried out scrutiny of various ledgers, supplier suspense accounts, vendor’s GL, customers code/GLs including certain control ledger, GRIR accounts, security deposit from vendors etc. Accordingly suitable accounting adjustments have been made for non-moving items in GLs mainly due to erroneous adjustment/ clearing or balances without any supporting documentation.

g. Non-aircraft materials of Rs. 2.41 crores represent inventory of Stationery, Uniforms, Fuel etc. for which manual records are maintained by storing locations spread across the stations. The amount of Rs. 2.41 crores represent the closing value of such materials. Earlier

(f) The Company does not maintain proper records for goods in transit (domestic and import), inventory lying with third parties (within and outside India), third-party inventory lying with the Company, work-in-progress relating to open jobs and work orders, slow-moving, obsolete and unserviceable inventory, consumption / cost of goods consumed, and repair or job-work transactions under returnable challans.

(g) Non-aircraft inventory of ₹2.41 crore is maintained manually outside the ERP system. These balances could not be verified and many items have remained unchanged for several years.

these items were charged to revenue. At the end of the year, the same has been reversed to the extent of the value of the closing balance.

GL	Description	31.3.23	31.3.24	31.3.25
2211003230	Non Aircraft Inventory	63,80,006	63,80,006	-
2211003040	Fuel, Gas, Coal, Oil and lubricants	5,52,589	5,52,589	59,03,347
2211003000	**Inflight & Hotel Items - Consumable**	**1,24,993**	**1,24,993**	**41,87,90,812**
2211003080	DIT Spares	1,58,902	1,58,902	-
2211003090	Commercial Stores	89,38,995	89,04,315	35,92,567
2211003100	Uniform Stores	79,31,025	79,31,025	1,24,41,049
2211003120	Printing&StatioStore	3,05,027	3,05,027	21,42,078
		2,43,56,858	2,43,56,858	44,28,69,854
	Less			**41,87,90,812**
	Net			**2,40,79,042**

Table below given as working source for the above notes

GL	GL description	Balance of BS	Maintain as per regional confirmation	Increase/ Decrease
2211003100	Uniform Stores	79,31,025	1,24,41,049	45,10,024
2211003120	Printing & Statio Store	3,05,027	21,42,078	18,37,051
2211003090	Commercial Stores	89,04,315	35,92,567	-53,11,748
2211003040	Fuel, Gas, Coal, Oil and lubricants	5,52,589	59,03,347	53,50,758
		1,76,92,956	**2,40,79,042**	**63,86,086**

Material balances including suspense accounts and GRIR balances migrated from RAMCO to SAP could not be independently verified due to non-availability of underlying records, limited system access and dependence on operational departments outside the control of the finance function.

3.	Employee cost and payroll controls Employee cost constitutes a significant portion of the Company's expenses. Attendance and leave records are maintained manually across various locations, despite availability of a payroll module in SAP. As per internal audit observations, employee strength as per HR records was 4,636, whereas salary for March 2025 was processed for 5,104 employees. Further, employee separations are not updated in the HR module on a real-time basis, creating a risk of salary processing post separation. These control weaknesses impact the accuracy and completeness of employee cost.	As per Internal Audit report the figure provided by HR was 4646. It has further been clarified by CHRO that this figure did not include ROC employees and the total number as on 1st March was 5132 as against the salary sheet prepared for March 2025. It is further added that the source of information for both HR and Finance is the same namely SAP. The difference between the two set of figures may be attributable to various reasons such as no salary for long absence etc. Further, the Company is in the process of implementing Bio-matric attendance and integration of leave/absence/separation data with the payroll system for avoiding any such incidence.
4.	Supplier suspense, GRIR balances and write-backs Transactions relating to goods and services received with invoices pending are reflected as supplier suspense in RAMCO and GRIR in SAP. These balances, being interim in nature, should ordinarily be nil or fully explained. However, multiple debit and credit balances have remained unadjusted for several years. The Company follows a practice of periodic net write-back of such balances, including debit balances. One specific debit balance of ₹7.87 crore relating to an overseas vendor (Hamilton Sundstrand) outstanding since FY 2020–21 was written back during the year without reconciliation, confirmation or supporting documentation. We were unable to verify the appropriateness and impact of such write-backs.	All the details along with note sheets etc. have been provided to the audit team during the audit. The company has carried out scrutiny of various ledgers, supplier suspense accounts, vendor's GL, customers code/GLs including certain control ledger, GRIR accounts, security deposit from vendors etc. Accordingly suitable accounting adjustments have been made for non-moving items in GLs mainly due to erroneous adjustment/clearing or balances without any supporting documentation including the debit balance of Rs.7.87 crores transferred from erstwhile AIL in 2020-21.
5.	Restatement of prior period financial statements The financial statements of several earlier years (FY 2019–20 to FY 2023–24) were restated due to identification of prior period errors. Further, certain financial years have been restated more than once, including: FY 2020–21, FY 2022–23, which was restated in more than one subsequent period. Additionally, during the current financial year FY 2024–25, comparative figures relating to FY 2023–24 and FY 2022–23 have been restated again. The recurring restatements have predominantly impacted items such as Other	IndAS – 8 *"Accounting Policies, Changes in Accounting Estimates and Errors"* doesn't envisage correction of errors as an exception and not as a recurring practice as stated in observation. It states that Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

Financial Liabilities, Trade Payables (restated in each year), and Trade Receivables, Other Current Liabilities and Revenue in multiple years. Repeated errors of same nature across years indicate:

- Weak internal control,
- Deficient accounting systems,
- Lack of reliable financial reporting.

While Ind AS 8 (Para 5 & 42) permits correction of prior period errors upon identification, **Standards are principle-based**, not permission-based and clearly presumes: Errors are occasional; Errors arise due to oversight or mistake. It does not legitimize repetition. Multiple restatements of same balances over multiple years: Break comparability (IND AS 1) repeated restatement not acceptable as Financials would be perpetually provisional which is un-complied under SA 315, SA 330, SA 700 & SA 705. The repeated and recurring nature of restatements across multiple reporting periods and across key financial statement line items indicates deficiencies in the Company's accounting processes, systems and internal financial controls. Restatements were largely based on management adjustments rather than complete reconciliation, confirmation, physical verification or independent audit evidence, and year-on-year corrections and reversals continue, which is not consistent with the intent of Ind AS 8.

(a) was available when financial statements for those periods were approved for issue; and

(b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

And as mentioned in the observation itself that the underlying causes relating to legacy balances, reconciliation gaps, system limitations and control deficiencies continue to remain unresolved, impacting the reliability of opening balances for the current year and due to various legacy balances such correction has been done based on reconciliation and corrections have been done as per IndAS-8 by retrospective restatement by correcting the recognition, measurement and disclosure of amounts of elements of financial statements as if a prior period error had never occurred.

Further as stated in the observation about para 5 & 42 of IndAS – 8. In this regard we would like to state that para – 5 is definition para of various terms used in IndAS and para – 42 states that

Subject to paragraph 43, an entity shall correct material prior period errors retrospectively in the first set of financial statements approved for issue after their discovery by:

Restatement from 2019-20	restated in 24-25		restated in 24-25	restated in 23-24		restated in 22-23		restated in 22-23	restated in 21-22		restated in 20-21	
Particulars	31.3.24	31.3.24	31.3.23	31.3.23	31.3.23	31.3.22	31.3.22	31.3.21	31.3.21	31.3.21	31.3.20	31.3.20
(i) Property, Plant & Equipment						5,923.07	5,887.08	530.98		487.96		
i) Inventories						606.22	684.54	749.92		828.24		
a) Trade Receivables	12,900.27	12,764.27	8,424.91	8,315.66	8,166.44				12,799.78	12,531.10		
e) Other Financial Assets	40.72	25.12										
iii) Current Tax Assets						1,046.73	1,085.04	751.65		780.72		
iv) Other Current Assets						158.87	160.67	186.27		188.07		
ii) Other Equity	-6,851.83	-7,060.37	-9,235.85	-9,413.65	-9,566.87	-15,862.00	-15,481.79	-24,154.55	-23,921.58	-23,850.10	-23,969.50	-23,453.32
ii) Non-Current Provisions											7,070.30	6,554.09
Trade Payable - MSME											7.10	-
- Other than MSME	2,283.43	2,198.03	1,475.99	1,390.60	1,875.47	3,881.17	4,044.71	5,930.61		6,094.44	7,564.30	4,516.40
c) Other Financials Liability	812.49	954.83	600.03	757.97	648.16	767.36	613.51	19,371.58	19,340.82	19,072.20	31,940.00	31,954.50
ii) Current Provisions						1,376.70	1,369.11		2,668.03	2,596.60	2,840.00	3,107.25
iii) Other Current Liabilities			947.72		572.65	322.13	22.26	3,006.49		2,706.62	2,404.60	5,177.87
Revenue from Operations	20,906.57	20,879.83	19,792.49	19,683.24	19,534.02			11,589.49		11,600.19		
Other Income			837.14		764.59			430.90		255.24		
Depreciation and Amortization Expense						613.45	606.42	146.55		115.20		
Other Expenses						5,306.96	5,167.03	3,801.43	3,434.84	3,363.40		
Exceptional Items											516.20	-

		(a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented. The company has restated the financials based on the above para itself. And as stated in above points as well that the company has carried out scrutiny of various ledgers, supplier suspense accounts, vendor's GL, customers code/GLs including certain control ledger, GRIR accounts, security deposit from vendors etc. Accordingly suitable accounting adjustments have been made for non-moving items in GLs mainly due to erroneous adjustment/clearing or balances without any supporting documentation.
6.	Revenue recognition and unbilled revenue (Ind AS 115) Revenue recognition, including unbilled revenue, provisions and subsequent billing adjustments, is dependent on operational data, work completion certifications and customer acceptance, Contract Completion milestone recorded in RAMCO like status of customer/work order, Job, Task with man hours and consumption, data/reconciliation of which is not available/verifiable and neither fully synchronized with SAP. Unbilled revenue is identified on basis of actual billing in next year June quarter which directly booked in customer and income same like actual billing instead of a provision GL which misinterpret or not show actual balances of customers and their advances. Advances from customer / customer debit balances will show NIL or with reduced but in actual have some balance which shows inconsistency and in clarity in revenue recognition policy. Actual position of Customer balances including advances cannot be verifiable in absence of balance confirmation. Unbilled is also booked due to internal reason because of vendor certified invoice pending internally or completion certificate/customer acceptance. It is wrong practice and cannot be base for unbilled revenue.	The company has fully complied with IndAS – 115 for revenue recognition and for billing, GST law has also been complied with. Further, it is rightly said in the observation that revenue recognition, including unbilled revenue, provisions and subsequent billing adjustments, is dependent on operational data, work completion certifications and customer acceptance, Contract Completion milestone recorded in RAMCO like status of customer/work order, Job, Task with man hours and consumption, data/reconciliation. All the details along with note sheets etc. have been provided to the audit team during the audit and these details are mainly at the stations where work has been executed. Further, the company has already started compiling the quarterly accounts for a better view and understanding of the financial performance. Furthermore, all unbilled revenue has been accounted for in the books of accounts properly and disclosed vide note no. 6.1 at the end of March'25. The total unbilled receivables amounting to Rs. 93.05 crores as against Rs. 195.60 crores as on March'24. Complete reconciliation of the opening unbilled receivables and the closing unbilled receivables have been provided to the auditors.

	Unbilled not recognized /booked timely like in last year due to Boeing loan order not accounted related to 2022-23 and Air India 33 Crores credit notes and invoice related to Feb'22 to 2023-24 not booked in 2021-22 to 2023-24 unbilled booked and figures restated once highlighted by us. Scrap billing of MK enterprises of September 2023 billed on 30.4.2025 of Rs. 21.30 Lacs where as payment received on 30.9.2023. Goods delivered on manual challan, there is gross violation of accounting treatment as adjustment entry passed through unbilled revenue account. These are test cases and we are unable to quantify any such instances and amount. These practices weaken controls over revenue recognition and may result in material misstatement of revenue, receivables and profit.	Details of M/s MK Enterprises, for scrap sales receipt of September 2023, was also included in the unbilled revenue details since the scrap billing got delayed due to late receipt of required billing details from the concerned user department. Since the GST invoice for this transaction was raised in April'2025, it was required to be included in unbilled revenue as at 31.03.2025. Thus, there was no violation of accounting treatment in passing the entry though unbilled revenue account.
7.	Write-back of liabilities During the year, liabilities aggregating to ₹177.89 crore were written back as income, of which ₹120.83 crore was disclosed as exceptional items. These balances relate to vendors, employees and other parties and were written back based on management's assessment of limitation periods, without adequate evidence of cessation of obligation such as confirmations, correspondence, settlements or legal closure. Several balances related to Government / PSU entities, related parties and overseas vendors. Liabilities, income and profit for the year may therefore be materially misstated.	As stated above also the company has done reconciliation/scrutiny of various ledgers, supplier suspense accounts, vendor's GL, customers code/GLs, GLs pertaining to staffs' recoverable/payables including certain control ledger, GRIR accounts, security deposit from vendors etc and found that these balances are mainly due to legacy transfer of entries from the then holding company (Air India Ltd. prior to disinvestment), long open line items in SAP without any demand/claim from parties, non-movement of balances in GLs for more than three years, erroneous adjustment/ clearing or balances without any supporting documentation for which the company has taken the accounting impact. Further, few control ledgers/GLs/Accounts are under process of reconciliation and the same will be completed in due course and accounting impact, if any, of the same arising out of the reconciliation will be taken on approvals from appropriate authority.

		Further, w.r.t. ₹120.83 crore was disclosed as exceptional items refer Note No – 27 "The Department of Public Enterprises, Ministry of Heavy Industries, vide notification No. W-08/005/2016-DPE(WC) dated 9th June, 2016, had appointed 3rd Pay Revision Committee (PRC) with an aim to provide employees of CPSE's with suitable working conditions, emoluments and incentives to motivate them to strive for the profitability of the company. The committee submitted its report on 21st November, 2016 and recommended to implement the same. The company has initiated the process for the implementation of 3rd PRC for eligible categories of employees and estimated ₹2,532.60 million towards implementation and a provision of ₹2,532.60 million has been made in the books of accounts in the FY 2023-24. Additional liability of ₹62.42 million has also been made for FTE wage increase as per approval from competent authority. Both provisions for total amounting to ₹2,595.02 has been classified as exceptional items in FY 2023-24. After the negotiations with stake holders by the committee constituted by the MOCA, differential liability to the extent of ₹1,208.30 million has been written back.
8.	Capital work-in-progress – Nagpur Engine Overhaul Facility Capital work-in-progress relating to the GEnx / GE90 Engine Overhaul Workshop at Nagpur amounting to ₹113 crore, transferred from Air India in April 2021, has remained suspended for over three years. No impairment assessment or recoverable value assessment has been carried out, and the carrying value remains unverified. Despite continued follow-up during the current audit cycle, sufficient appropriate audit evidence to conclusively verify and reconcile the above matters was not made available. These issues have persisted over multiple years, including periods prior to the Company's disinvestment, and remain unresolved as at the reporting date.	GEnx / GE90 Engine Overhaul Workshop, a capital work in progress (CWIP) at Nagpur of ₹1137.68 million had been transferred by the then Air India Limited in April, 2021 to the company based on the decision of the Board of the then Air India Limited and AIESL. The project was started in the year 2017 by the then Air India Limited. During the FY 2022-23 a capital budget provision of ₹600 million for the completion of the under-construction facilities was proposed by the company and the board had approved the same subject to the novation of the agreements with PMC and contractors in favor of AIESL which was earlier entered into by Air India Limited and GBSA with GE so that offset credit USD million could be made available to AIESL. However, none of the above-mentioned contracts could be novated in favor of AIESL hence no further capital expenditure for the subject work has been incurred so far. AIESL intends to

		complete the project after necessary tie-up with OEM and obtaining related additional regulatory clearances. This also required significant infusion of funds for which AIESL is in talks with potential fund provider. In the opinion of the management there is no erosion in the value of WIP as the same will be fully useful once the job is restarted.
	Emphasis of Matter	**Reply**
1	The Company has sought exemption from the provisions of Sections 149(4), 177 and 178 of the Companies Act, 2013 relating to appointment of Independent Directors and constitution of the Audit Committee and Nomination and Remuneration Committee, vide letter dated 01 September 2020 addressed to the Department of Public Enterprises. The response from the Department of Public Enterprises is awaited.	This is statement of fact and the same has been disclosed in Note No. 34.
2	Identification of Micro, Small and Medium Enterprises (MSME) vendors and computation of interest payable under the MSME Development Act, 2006 is carried out manually, despite availability of system functionality in SAP, which is currently not operative. Consequently, the accuracy and completeness of MSME disclosures and interest computations could not be independently verified.	MSME interest has been calculated as per relevant law and calculation sheet has also been provided to the auditor for verification and payment to MSME vendors can be verified from SAP and Bank statements.
3	Trade receivable ageing has been prepared manually based on SAP-generated data. Customer accounts contain multiple debit and credit entries within the same ledger, and in the absence of a systematic process for balance confirmation from customers, the ageing and recoverability of trade receivables could not be independently verified.	The Company has provided the detailed report of ageing generated in SAP. Further, the Debit and Credit balances have been knocked off to arrive at the correct receivable and related ageing. Further, The Company has sought for the confirmation of balances for all the major trade receivables & trade payables. However, only some of the parties have responded and are in agreement with the books of the Company. Wherever the balances confirmed are not in agreement with the books in that case reconciliation of difference is under process.

4	The Company has taken land and premises on lease from Mumbai International Airport Limited (MIAL) and other airport operators, where lease agreements do not clearly determine the lease rentals and escalation mechanisms. During the year, the Company has written back lease-related liabilities aggregating to ₹31.88 crore pertaining to MIAL without making provision for lease expenses for the current year. Consequently, income for the year may be overstated to that extent. Further, provisions for expenses are adjusted directly through expense accounts instead of being maintained through separate provision accounts, and year-wise movement of provisions is not adequately disclosed.	The company has made provision of ₹318.80 million in FY 2022-23 towards MIAL rental increase for the land parcel occupied by the Company based on draft agreement provided by the MIAL with increase in rent as the company was inclined to accept the increased rents. Further, as no finality on the subject could be reached between the parties hence no provision has been created for the increase rate in FY 2023-24 and since MIAL is continued to bill as per the old rates in the current financial year hence the provision created in the FY 2022-23 for ₹318.80 million has been written back. In this regard it is also added i) at present there is no agreement between AIESL and MIAL ii) AIESL has been paying as per the invoices raised by the MIAL. iii) neither of the parties has initiated any legal action.
5.	The Company has overseas establishments at Dubai and Kathmandu. Separate books of account are not maintained for these branches. For the Dubai branch, only bank statements are maintained by the Head Office, and for the Kathmandu branch, no separate bank account exists. Assets and liabilities of these overseas establishments have not been separately identified and disclosed.	All transactions relating to Kathmandu have been accounted for directly at AIESL HQ itself. All transaction relating to Dubai have been accounted for at AIESL HQ based on all the details relating to income& expenses obtained from Dubai.
6.	Customer and vendor accounts contain both debit and credit balances in separate ledgers, and net balances are presented in the Balance Sheet as receivable or payable. In the absence of comprehensive party-wise reconciliation and confirmations, the accuracy, rights and obligations relating to such balances could not be independently verified.	The Company has sought for the confirmation of balances for all the major trade receivables & trade payables. However, only some of the parties have responded and are in agreement with the books of the Company. Wherever the balances confirmed are not in agreement with the books in that case reconciliation of difference is under process.
7.	The Company has not deducted tax at source while accounting for certain provisions for expenses. The impact of such non-compliance with Income-tax Act, 1961 could not be ascertained.	As per various Court Judgement i.e. in *UCO Bank v. Union of India*[2014] 369 ITR 335/51 taxmann.com 253/[2015] 228 Taxman 141 clearly held as follows:

		When a general provision is made without crediting the interest to the accounts of identifiable payees, the credit of interest to such account is not a credit to an account of a person who is liable to be assessed to tax. In this view, the petitioner would have no obligation to deduct tax, because at the time of credit there is no person assessable in respect of that income which may be represented by the interest accrued/paid in respect of the deposits. The words "credit of such income to the account of the payee" occurring in Section 194A of the Act have to be ascribed a meaning in conformity with the scheme of the Act and that would necessarily imply that deduction of tax bears nexus with the income of an assesse. Further as per various Courts' judgement for deduction of TDS the identity of the ultimate beneficiary (payee) and the precise amount payable to the payee are the prerequisites to press the TDS provisions into service. In other words, if no income is attributable to the identifiable payee, there is no liability to deduct tax at source in the hands of the tax deductor. Further, in various cases where the company has identified the payee in that case TDS has been deducted on provisions.
	Key audit matter	**Reply**
8	Interest payable or receivable on inter-company balances has been computed on an average balance basis instead of in accordance with the applicable Memorandum of Settlement / agreements with group entities. Moreover many agreements are still in name of Air India which needs to be changed to AIESL	As per the decision taken by the top management of the group companies, interest has been levied based on an average of opening and closing balance. This practice is consistently followed by the group companies. Necessary amendments in MSA have been carried out during March -2022 itself.
1.	MSME vendor identification and interest computation As explained in the Emphasis of Matter, identification of MSME vendors and computation of interest payable is carried out manually. Given the volume of vendors and transactions, this area was considered a key audit matter due to the risk of non-compliance with statutory requirements and potential understatement of liabilities.	Refer our reply of Emphasis matter point no. 2

2.	Trade receivable ageing and recoverability Trade receivable ageing is prepared manually and customer accounts contain multiple debit and credit entries without systematic netting or confirmation. In the absence of customer confirmations, the recoverability and ageing of receivables involved significant management judgment and was therefore considered a key audit matter.	Refer our reply of Emphasis matter point no. 3
3.	Netting of debit and credit balances in customer and vendor ledgers Customer and vendor accounts reflect both debit and credit balances which are netted and presented as receivable or payable in the Balance Sheet. Due to lack of reconciliation and confirmations, the presentation and recoverability of such balances required significant audit attention and was therefore considered a key audit matter.	Refer our reply of Emphasis matter point no. 6

INDEPENDENT AUDITOR'S REPORT

To the Members of AI Engineering Services Limited

(Subsidiary of AI Asset Holding Limited)

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying standalone financial statements of AI Engineering Services Limited ("the Company") (refer Note 1(A) and 1(B) to the standalone financial statements), which comprise the Standalone Balance Sheet as at March 31, 2025, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, of the standalone state of affairs of the Company as at March 31, 2025, its standalone total comprehensive income, changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements relevant to our audit of the standalone financial statements in India, in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained sufficient and appropriate audit evidence to provide a basis for our qualified opinion.

1. ERP systems, integration and access limitations

   The Company operates two ERP systems, namely RAMCO (for MRO operations including materials management, inventory, work orders and billing) and SAP (for financial accounting). These systems are not fully integrated and the interface between RAMCO and SAP is not properly reconciled or mapped. During the course of audit, we were not provided direct access to the RAMCO system due to security and confidentiality restrictions. Data originating in RAMCO is migrated to SAP through automated interfaces, without adequate reconciliation controls.

   In the absence of direct system access, audit trails, system reports and reconciliation mechanisms, we are unable to assess the risk of material misstatement arising from information flows across systems. Both software lacks following:

   - documented controls
   - migration protocols
   - Internal control audit procedures governing the use of multiple systems.

   Consequently, we are unable to obtain sufficient audit evidence regarding the completeness, accuracy, valuation of transactions and balances relating to inventory, work-in-progress, work orders, consumption, unbilled revenue, billing and receivable /payable related financial statement line items.

The possible effects of above matters, if any cannot be quantified hence, we are unable to work out impact of above deficiency on the standalone financial statements for the year ending March'25.

2. Inventory valuation, existence and controls (Ind AS 2)

Inventory has been valued in the financial statements based on balances recorded in SAP. However, the following significant control deficiencies and non-compliances with Ind AS 2 were observed:

(a) Aircraft-related inventory ₹41.88 crore and Non Aircraft Inventory ₹2.41 crore

Aircraft-related quantities and values are maintained in RAMCO, whereas non-aircraft inventory is maintained in SAP. Inventory balances as per RAMCO and SAP have following shortcomings/ gaps detail as below:

Inventory as per	Opening (01.04.2024)		During the year		Closing Balance (31.03.2025)	
			Debit/Receipts	Credit/Issues		
	Quantity	Value	Value	Value	Quantity	Value
RAMCO	4,27,008.62	77,55,46,936.50	99,91,35,984	-71,49,73,466	6,00,847.47	1,05,97,09,514.87
PHYSICAL VERIFCATION (Internally done by Stock keeper)					3,83,514.47	89,07,75,206.38
Add: Suspense					quantity not available	7,86,34,275.73
						96,94,09,482.11
Less Capitalized						
in 2022-23					quantity not available	-7,25,72,364.74
in 2023-24					"--do---"	-7,07,22,390.77
in 2024-25 : Out of Physical Verification					"--do----"	-34,93,37,620.30
in 2024-25					"--do----"	-5,79,66,020.99
					"--do----"	-55,05,98,396.80
Net physical value after capitalization					"--do----"	41,88,11,085.31
SAP * (only value Migrated from RAMCO)	quantity not available	68,39,58,784.58	6,10,20,26,668.70	5,86,94,95,364.78	quantity not available	41,87,90,812.17
Add : Non Air Craft Inventory (as per manually maintained no change since 2022-23 **	quantity not available	2,43,56,858.00			quantity not available	2,40,79,041.75
						44,28,69,853.92
Less : Provision		50,00,00,000.00				2,63,79,765.42
Net Balance		18,39,58,784.58				41,64,90,088.50

** Adjustment passed by AIESL on basis of office notes dated 8.8.2025 signed by CFO & CEO without approval of audit committee /board whereas as per company's Instruments of delegation of powers administrative and financial vests power with the board.

*** Adjustment passed only on the basis of value without considering quantity difference. Quantity as per RAMCO is 600847.47 and Physical 383514.47. Moreover correction done in SAP Financial Figures and no correction entry passed in RAMCO in current year and earlier years also.

Inventory value as per RAMCO is ₹105.97 crore, whereas balances as per SAP is ₹72.80 crore (after net write-offs of ₹41.88 crore) which is booked in a single ledger of non-aircraft inventory without classifying them in actual inventory ledgers, in financial statement also in inventory notes not classified correctly.

NOTE "5" : INVENTORIES

(Amount in ₹)

Particulars	As at March 31, 2025	As at March 31, 2024	As at April 01, 2023
Stores and Spare Parts	43,69,66,506.92	1,74,24,262.12	1,74,58,942.12
Loose Tools	-	40,27,64,792.41	43,16,01,390.15
Fuel, Gas, Coal, Oil and lubricants	59,03,347.00	5,52,589.34	5,52,589.34
Non-Aircraft Inventory	-	63,80,006.11	63,80,006.11
Other Inventory	-	25,68,37,134.60	14,84,01,918.85
Total	**44,28,69,853.92**	**68,39,58,784.58**	**60,43,94,846.57**
Less : Provision for Inventory Recon	2,63,79,765.42	50,00,00,000.00	50,00,00,000.00
Total	**41,64,90,088.50**	**18,39,58,784.58**	**10,43,94,846.57**

(a) (i) The Company had created a provision of ₹50 crore for inventory shortages in earlier years (FY 2023 and FY 2024), of which ₹16.44 crore was reversed during the current year through a single inventory account on the premise that certain inventory items represented fixed assets (tools) purchased during FY 2014 to FY 2023–24. Further, assets aggregating to ₹55.05 crore were capitalized from inventory based solely on values extracted from RAMCO without supporting documentary evidence. This is contrary to the basic principles of asset capitalization, which require inclusion of all directly attributable costs supported by documentation. We were unable to quantify the impact of these differences on the financial statements.

(ii) RAMCO Inventory reports have certain items which show **positive quantity but negative value or negative quantity with positive value and nil quantity with significant value or minimal value with significant quantity**.

RAMCO Inventory reports several items are marked as **unserviceable, customer-owned, tools, returnable/exchangeable, on loan or rent but their actual location and value/quantity not be verifiable**.

Movements in **SAP / RAMCO systems** appear **incomplete, incorrectly updated, or not recorded** leading to incomplete audit trail. for example - Non-Aircraft inventory maintained manually, -Domestic fixed assets (e.g., desktops) are recorded via **manual approvals, GEM portal orders, -Some manual work orders**.

More than 50000 number of inventory items, including low-value petty assets expensed amounting ₹2.89 crores below ₹5,000, not physically verified. Many items have values below ₹1 or ₹2, and therefore the existence, completeness, and valuation of these items is not verifiable.

(b) Inventory valuation is stated to be on a weighted average basis as per accounting policy; however, supporting ERP reports and computation logic were not made available for verification.

(c) Physical verification of inventory revealed discrepancies between RAMCO reports, SAP reports and figures reported by the internal auditors. These differences remain unreconciled, and the inventory value recognised in the financial statements is not verifiable.

(d) Physical verification of inventory was ₹**89.07 Cr** across 161 warehouses supporting details including **quantities, UOM and part numbers** were not available. In addition, unverified ₹**7.86 Cr** shops/in-transit without quantity/warehouse details making total of ₹**96.94 Cr**.

Physical verification was consolidated by AIESL on receiving email from various locations. We have not received mails of physical verification data from all warehouses. Moreover there was no **common format** for verification and has quantity mentioned with textual remarks (“available,” “partially available”, “not available”, “alternative available”) instead of numeric data which had chances of mistake in consolidating and bifurcating figures only from text. Cut-off dates were not consistently followed; some verification was conducted **months before i.e.** in February 2025 **or after 31 March 2025** i.e. May or September 2025.

Physical Verification sheet had RAMCO and Physical quantity with special mention of difference column but quantity difference was not correct e.g. even where RAMCO and physical quantity was same it shows difference.

RAMCO correct/complete data is not mentioned with physical quantity with condition (unserviceable”, assigned /attributed quantity) and status (Owned /Customer owned).

Differences are shows as net as shortage but there is quantity in short and also in excess.

(e) Assets capitalized from inventory aggregating to ₹55.05 crore during the year FY 2022-23 to 2024-25 which were related to as old as FY 2014–15 and lack individual asset-wise records, supporting documentation, accurate capitalisation dates and depreciation commencement dates. As a result, depreciation calculations could not be verified. Certain assets may have already completed their useful lives, and identification of untraceable items remains pending.

	Quantity	Value
Capitalized	**Quantity not available**	**-55,05,98,396.80**
in 2022-23		-7,25,72,364.74
in 2023-24		-7,07,22,390.77
in 2024-25 : Out of Physical Verification		-34,93,37,620.30
in 2024-25		-5,79,66,020.99

(f) The Company does not maintain proper records for goods in transit (domestic and import), inventory lying with third parties (within and outside India), third-party inventory lying with the Company, work-in-progress relating to open jobs and work orders, slow-moving, obsolete and unserviceable inventory, consumption / cost of goods consumed, and repair or job-work transactions under returnable challans.

(g) Non-aircraft inventory of ₹2.41 crore is maintained manually outside the ERP system. These balances could not be verified and many items have remained unchanged for several years.

GL	Description	31.3.23	31.3.24	31.3.25
2211003230	Non Aircraft Inventory	63,80,006	63,80,006	-
2211003040	Fuel, Gas, Coal, Oil and lubricants	5,52,589	5,52,589	59,03,347
2211003000	**Inflight & Hotel Items - Consumable**	**1,24,993**	**1,24,993**	**41,87,90,812**
2211003080	DIT Spares	1,58,902	1,58,902	-
2211003090	Commercial Stores	89,38,995	89,04,315	35,92,567
2211003100	Uniform Stores	79,31,025	79,31,025	1,24,41,049
2211003120	Printing&StatioStore	3,05,027	3,05,027	21,42,078
		2,43,91,538	2,43,56,858	44,28,69,854
	Less			**41,87,90,812**
	Net			**2,40,79,042**

Table below given as working source for the above notes

GL	GL description	Balance of BS	Maintain as per regional confirmation	Increase/Decrease
2211003100	Uniform Stores	79,31,025	1,24,41,049	45,10,024
2211003120	Printing&StatioStore	3,05,027	21,42,078	18,37,051
2211003090	Commercial Stores	89,04,315	35,92,567	-53,11,748
2211003040	Fuel, Gas, Coal, Oil and lubricants	5,52,589	59,03,347	53,50,758
		1,76,92,956	**2,40,79,042**	**63,86,086**

Material balances including suspense accounts and GRIR balances migrated from RAMCO to SAP could not be independently verified due to non-availability of underlying records, limited system access and dependence on operational departments outside the control of the finance function.

3. Employee cost and payroll controls

Employee cost constitutes a significant portion of the Company's expenses. Attendance and leave records are maintained manually across various locations, despite availability of a payroll module in SAP. As per internal audit observations, employee strength as per HR records was 4,636, whereas salary for March 2025 was processed for 5,104 employees. Further, employee separations are not updated in the HR module on a real-time basis, creating a risk of salary processing post separation. These control weaknesses impact the accuracy and completeness of employee cost.

4. Supplier suspense, GRIR balances and write-backs

Transactions relating to goods and services received with invoices pending are reflected as supplier suspense in RAMCO and GRIR in SAP. These balances, being interim in nature, should ordinarily be nil or fully explained. However, multiple debit and credit balances have remained unadjusted for several years. The Company follows a practice of periodic net write-back of such balances, including debit balances. One specific debit balance of ₹7.87 crore relating to an overseas vendor (Hamilton Sundstrand) outstanding since FY 2020–21 was written back during the year without reconciliation, confirmation or supporting documentation. We were unable to verify the appropriateness and impact of such write-backs.

5. Restatement of prior period financial statements

The financial statements of several earlier years (FY 2019–20 to FY 2023–24) were restated due to identification of prior period errors. Further, certain financial years have been restated more than once, including: FY 2020–21, FY 2022–23, which was restated in more than one subsequent period. Additionally, during the current financial year FY 2024–25, comparative figures relating to FY 2023–24 and FY 2022–23 have been restated again. The recurring restatements have predominantly impacted items such as Other Financial Liabilities, Trade Payables (restated in each year), and Trade Receivables, Other Current Liabilities and Revenue in multiple years. Repeated errors of same nature across years indicate:

- Weak internal control,
- Deficient accounting systems,
- Lack of reliable financial reporting.

While Ind AS 8 (Para 5 & 42) permits correction of prior period errors upon identification, **Standards are principle-based**, not permission-based and clearly presumes: Errors are occasional; Errors arise due to oversight or mistake. It does not legitimize repetition. Multiple restatements of same balances over multiple years: Break comparability (IND AS 1) repeated restatement not acceptable as Financials would be perpetually provisional which is un-complied under SA 315, SA 330, SA 700 & SA 705. The repeated and recurring nature of restatements across multiple reporting periods and across key financial statement line items indicates deficiencies in the Company's accounting processes, systems and internal financial controls. Restatements were largely based on management adjustments rather than complete reconciliation, confirmation, physical verification or independent audit evidence, and year-on-year corrections and reversals continue, which is not consistent with the intent of Ind AS 8.

Restatement from 2019-20	restated in 24-25		restated in 24-25	restated in 23-24		restated in 22-23		restated in 22-23	restated in 21-22		restated in 20-21	
Particulars	31.3.24	31.3.24	31.3.23	31.3.23	31.3.23	31.3.22	31.3.22	31.3.21	31.3.21	31.3.21	31.3.20	31.3.20
(i) Property, Plant & Equipment						5,923.07	5,887.08	530.98		487.96		
i) Inventories						606.22	684.54	749.92		828.24		
a) Trade Receivables	12,900.27	12,764.27	8,424.91	8,315.66	8,166.44				12,799.78	12,531.10		
e) Other Financial Assets	40.72	25.12										
iii) Current Tax Assets						1,046.73	1,085.04	751.65		780.72		
iv) Other Current Assets						158.87	160.67	186.27		188.07		
ii) Other Equity	-6,851.83	-7,060.37	-9,235.85	-9,413.65	-9,566.87	-15,862.00	-15,481.79	-24,154.55	-23,921.58	-23,850.10	-23,969.50	-23,453.32
ii) Non-Current Provisions											7,070.30	6,554.09
Trade Payable - MSME											7.10	-
- Other than MSME	2,283.43	2,198.03	1,475.99	1,390.60	1,875.47	3,881.17	4,044.71	5,930.61		6,094.44	7,564.30	4,516.40
c) Other Financials Liability	812.49	954.83	600.03	757.97	648.16	767.36	613.51	19,371.58	19,340.82	19,072.20	31,940.00	31,954.50
ii) Current Provisions						1,376.70	1,369.11		2,668.03	2,596.60	2,840.00	3,107.25
iii) Other Current Liabilities			947.72		572.65	322.13	22.26	3,006.49		2,706.62	2,404.60	5,177.87
Revenue from Operations	20,906.57	20,879.83	19,792.49	19,683.24	19,534.02			11,589.49		11,600.19		
Other Income			837.14		764.59			430.90		255.24		
Depreciation and Amortization Expense						613.45	606.42	146.55		115.20		
Other Expenses						5,306.96	5,167.03	3,801.43	3,434.84	3,363.40		
Exceptional Items											516.20	-

6. Revenue recognition and unbilled revenue (Ind AS 115)

Revenue recognition, including unbilled revenue, provisions and subsequent billing adjustments, is dependent on operational data, work completion certifications and customer acceptance, Contract Completion milestone recorded in RAMCO like status of customer/work order, Job, Task with man hours and consumption, data/reconciliation of which is not available/verifiable and neither fully synchronized with SAP. Unbilled revenue is identified on basis of actual billing in next year June quarter which directly booked in customer and income same like actual billing instead of a provision GL which misinterpret or not show actual balances of customers and their advances .Advances from customer / customer debit balances will show NIL or with reduced but in actual have some balance which shows inconsistency and in clarity in revenue recognition policy. Actual position of Customer balances including advances cannot be verifiable in absence of balance confirmation.

Unbilled is also booked due to internal reason because of vendor certified invoice pending internally or completion certificate/customer acceptance. It is wrong practice and cannot be base for unbilled revenue.

Unbilled not recognized /booked timely like in last year due to Boeing loan order not accounted related to 2022-23 and Air India 33 Crores credit notes and invoice related to Feb'22 to 2023-24 not booked in 2021-22 to 2023-24 unbilled booked and figures restated once highlighted by us .

Scrap billing of MK enterprises of September 2023 billed on 30.4.2025 of Rs. 21.30 Lacs where as payment received on 30.9.2023. Goods delivered on manual challan, there is gross violation of accounting treatment as adjustment entry passed through unbilled revenue account.

These are test cases and we are unable to quantify any such instances and amount.

These practices weaken controls over revenue recognition and may result in material misstatement of revenue, receivables and profit.

7. Write-back of liabilities

During the year, liabilities aggregating to ₹177.89 crore were written back as income, of which ₹120.83 crore was disclosed as exceptional items. These balances relate to vendors, employees and other parties and were written back based on management's assessment of limitation periods, without adequate evidence of cessation of obligation such as confirmations, correspondence, settlements or legal closure. Several balances related to Government / PSU entities, related parties and overseas vendors. Liabilities, income and profit for the year may therefore be materially misstated.

8. Capital work-in-progress – Nagpur Engine Overhaul Facility

Capital work-in-progress relating to the GEnx / GE90 Engine Overhaul Workshop at

Nagpur amounting to ₹113 crore, transferred from Air India in April 2021, has remained suspended for over three years. No impairment assessment or recoverable value assessment has been carried out, and the carrying value remains unverified.

Despite continued follow-up during the current audit cycle, sufficient appropriate audit evidence to conclusively verify and reconcile the above matters was not made available. These issues have persisted over multiple years, including periods prior to the Company's disinvestment, and remain unresolved as at the reporting date.

Our opinion is qualified in respect of the above matters.

EMPHASIS OF MATTER

We draw attention to the following matters, which are appropriately disclosed in the notes to the standalone financial statements. Our opinion is not modified in respect of these matters:

1. The Company has sought exemption from the provisions of Sections 149(4), 177 and 178 of the Companies Act, 2013 relating to appointment of Independent Directors and constitution of the Audit Committee and Nomination and Remuneration Committee, vide letter dated 01 September 2020 addressed to the Department of Public Enterprises. The response from the Department of Public Enterprises is awaited.
2. Identification of Micro, Small and Medium Enterprises (MSME) vendors and computation of interest payable under the MSME Development Act, 2006 is carried out manually, despite availability of system functionality in SAP, which is currently not operative. Consequently, the accuracy and completeness of MSME disclosures and interest computations could not be independently verified.
3. Trade receivable ageing has been prepared manually based on SAP-generated data. Customer accounts contain multiple debit and credit entries within the same ledger, and in the absence of a systematic process for balance confirmation from customers, the ageing and recoverability of trade receivables could not be independently verified.
4. The Company has taken land and premises on lease from Mumbai International Airport Limited (MIAL) and other airport operators, where lease agreements do not clearly determine the lease rentals and escalation mechanisms. During the year, the Company has written back lease-related liabilities aggregating to ₹31.88 crore pertaining to MIAL without making provision for lease expenses for the current year. Consequently, income for the year may be overstated to that extent. Further, provisions for expenses are adjusted directly through expense accounts instead of being maintained through separate provision accounts, and year-wise movement of provisions is not adequately disclosed.
5. The Company has overseas establishments at Dubai and Kathmandu. Separate books of account are not maintained for these branches. For the Dubai branch, only bank statements are maintained by the Head Office, and for the Kathmandu branch, no separate bank account exists. Assets and liabilities of these overseas establishments have not been separately identified and disclosed.
6. Customer and vendor accounts contain both debit and credit balances in separate ledgers, and net balances are presented in the Balance Sheet as receivable or payable. In the absence of comprehensive party-wise reconciliation and confirmations, the accuracy, rights and obligations relating to such balances could not be independently verified.
7. The Company has not deducted tax at source while accounting for certain provisions for expenses. The impact of such non-compliance with Income-tax Act, 1961 could not be ascertained.
8. Interest payable or receivable on inter-company balances has been computed on an average balance basis instead of in accordance with the applicable Memorandum of Settlement / agreements with

group entities. Moreover, many agreements are still in name of Air India which needs to be changed to AIESL.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. MSME vendor identification and interest computation

   As explained in the Emphasis of Matter, identification of MSME vendors and computation of interest payable is carried out manually. Given the volume of vendors and transactions, this area was considered a key audit matter due to the risk of non-compliance with statutory requirements and potential understatement of liabilities.

2. Trade receivable ageing and recoverability

   Trade receivable ageing is prepared manually and customer accounts contain multiple debit and credit entries without systematic netting or confirmation. In the absence of customer confirmations, the recoverability and ageing of receivables involved significant management judgment and was therefore considered a key audit matter.

3. Netting of debit and credit balances in customer and vendor ledgers

   Customer and vendor accounts reflect both debit and credit balances which are netted and presented as receivable or payable in the Balance Sheet. Due to lack of reconciliation and confirmations, the presentation and recoverability of such balances required significant audit attention and was therefore considered a key audit matter.

Other Matter

A) TDS and Income-tax Matters

1. **Pending Tax Demands and Penalty Proceedings**

   The Company is subject to multiple pending TDS demands relating to FY 2014-15 to FY 2018-19, arising mainly from alleged short / non-deduction, delay in deposit, delay in filing of TDS returns and non-issuance of TDS certificates. These demands originated pursuant to survey proceedings under Section 133A conducted on 17 March 2020.

2. **Internal Controls over TDS Compliance**

   Tax-related controls, particularly relating to monitoring of threshold-based TDS applicability and foreign remittance compliance under Section 195, are largely manual in nature. Such controls increase the risk of errors, delays and non-compliance, especially in view of the Company's scale and volume of transactions.

3. **Deduction of Tax under Multiple Sections**

   TDS under multiple sections (194C, 194J, 194I, 194Q and 195) deducted from same party cannot be verified as per SAP records and management-provided details. While deduction under different sections for the same PAN is not prohibited per se, such practices elevate risk, particularly in light of historical demands under Section 201.

4. **Use of Miscellaneous Party Ledger**

   A common "Miscellaneous Party" general ledger account is used for accounting one-time vendors, which reduces audit trail clarity and increases the risk of incorrect TDS classification and compliance gaps.

5. **Non-receipt and Accounting of TDS Certificates (Form 16 / 16A) and Issuance of TDS Certificates by the Company**

   TDS certificates from customers were not received, maintained or reconciled on a periodic basis. Further, TDS receivable was not accounted for customer-wise during the year and was instead booked at year-end based on Form 26AS. In the absence of a defined cut-off mechanism and balance confirmations from customers, we were unable to determine the accuracy, completeness and period-wise recognition of TDS receivable and trade receivables, which may result in misstatement of assets and revenue to the extent.

   No evidence or records were provided regarding timely issuance of Form 16 / Form 16A to vendors and employees for taxes deducted during the year. The continuation of similar deficiencies, which had earlier resulted in tax demands and penalty exposure, indicates persistent weaknesses in statutory compliance controls.

B) GST Matters: Complex GST Operations and Reconciliations

The Company operates through multiple GST registrations and undertakes high-value transactions involving complex GST compliance, including utilization of input tax credit (ITC), management of electronic ledgers and return reconciliations. Certain negative liability balances and unutilized credits were observed during the year. As explained by management, these arose due to timing differences, statutory utilization restrictions, credit note adjustments and prior-period reconciliations, and were monitored and adjusted in subsequent GST returns.

C) Presentation of Advances from Customers

Advances received from customers have been presented under “Trade Payables” in the balance sheet, based on management’s assessment of their nature and expected settlement.

D) State bank of India OD account balance NIL as on 31.3.2025 secured under FD lien: OD limit and utilization under borrowings and FD lien secured against OD under bank balances disclosure not shown in financial statement

E) Few Instances of typographical, **spelling, and reference inconsistencies** observed in the financial statements and notes thereto, including:

1. **Note 19 – Employee Benefit Expenses:** Wording **“Provision”** versus **“Expense”** inconsistent.
2. **Income-tax / TDS Contingent Liability Table:** Incorrect reference to **Section 210(1) / 210(1A)** instead of **201(1) / 201(1A)**.
3. **Fellow Subsidiary Companies Table:** Inconsistent naming of **Air India Airport Services Limited (AIASL)**, and other minor presentation discrepancies.
4. **Note 11 – Equity Share Capital:** Previous year authorised share capital figure and opening balance date are incorrectly presented.

<u>Information Other than the Financial Statements and Auditor’s Report Thereon</u>

The Company’s Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the Board’s Report including Annexure to Board’s Report, Business Responsibility Report, Corporate Governance and Shareholder’s Information, but does not include the standalone financial statements and our auditor’s report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance,

total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so the Board of Directors is also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or

conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and we have given our comments in emphasis and key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the ***Annexure-A*** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that subject to our opinion on Emphasis and Key audit matter:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, except for the impact of the matter referred in the basis of qualified opinion section of our report, proper books of account as required by law have been kept by the Company subject to remarks in key audit matters so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, Statement of Changes in Equity and the Statement of Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
   e) The company, being a government company, is exempt from the provisions of section 164 (2)

of the Companies Act, 2013 vide Notification no GSR 463 (E) dated 05-06-2015 from Ministry of Corporate Affairs.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”. Our report expresses qualified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.

g) The provisions of Section 197 read with schedule V of Companies Act 2013 relating to managerial remuneration are not applicable to the Company, being a Government Company in terms of MCA notification no. GSR 463 (E) dated June 5, 2015.

h) We have come across adverse remarks relating maintenance of accounts and other matters connected therewith hence we have made comment stated in emphasis, key audit matter and other matter of this report.

i) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – *Refer Note 1 (M (a) & Note 23 to notes to standalone financial statements;*

   ii. The Company does not foresee any material losses on long term contracts and has not entered into derivative contracts. Hence no provision for the same has been made.

   iii. There is no amount required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. a) The management has represented, that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entities, including, foreign entities (“Intermediaries“), with the understanding, whether recorded in writing or otherwise , that the intermediary shall

      - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Intermediaries “) by or on behalf of the Funding Party or
      - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries;

and

j) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities including foreign entities (“Funding Parties”) with the understanding, whether recorded in writing or otherwise, that the company shall

   - directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Intermediaries “) by or on behalf of the Funding Party or
   - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries;

k) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub clause iv (a) and iv (b) contain any material misstatement.

l) The Company has not declared any dividend during the year; hence this para is not applicable.

3. As required by section 143(5) of the Act and in pursuance of directions issued by the Office of the Comptroller and Auditor General of India for the year ended March 31st, 2025, we report that:

   a) Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.

Qualification has been given as per point no. 1 of the report

- Company has passed lot of duplicate/rectification entries and significant numbers of entries are posted on 31st March 2025 in back date during our audit period.
- The Company has no system of calculation of Interest on outstanding of Inter Company balances. The same has been done manually.

b) Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/ interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of Lender Company).

On the basis of information and explanation given to us, company has not availed loan from any company and there is no restructuring, waiver / write off of debts/ loans/ interest etc. made by the lender to the company during the year.

c) Whether funds received/receivable for specific schemes from central/ state government or its agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.

On the basis of information and explanation given to us, no funds have been received / receivable for specific schemes from central / state agencies.

For and on behalf of

AAJV and Associates

Chartered Accountants

Firm Registration No. 007739N

Sd/-

CA Ajay K Bajaj

Partner

Membership No. 086306

UDIN: 25086306PHBSJL8721

Place: New Delhi

Date: 26-12-2025

Annexure – A to the Independent Auditor's Report

Referred to in paragraph 1 under "Report on other legal and regulatory requirements" of our report of even date

(i) (a) i) The Company is in the process of updating its records showing full particulars including quantitative details and situations of tangible assets and qualification given on the assets capitalization and depreciation .

ii) Company does not owe any intangible assets; hence para relating to it are not applicable.

(b) As explained to us, the Company has a program of physical verification of tangible assets once in two years. Physical verification of tangible assets has not been carried out during the year.

(c) The title deeds pertaining to the immovable properties (except properties which are leased by the company with duly executed lease agreements in the company's favour) disclosed in the financial statements are not held in the name of the company.

Description of property	Gross carrying value	Held in name of	Whether promoter, director or their relative or employee	Period held – indicate range, where appropriate	Reason for not being held in name of company*
PPE					
a) Building	264.40 Crores	Air India Ltd.	No	8.4.2021	Refer Note no. 35 (ix) & 2(a) ii of financial Statements
b) Jet 9D Test House	1.04 Crores	Air India Ltd.	No	1.4.2019	Refer Note no. 35 (ix) 2(a) ii of financial Statements

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no revaluation of property, plant and equipment (including the right of use assets) or intangible assets or both has been done by the company of it's during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(ii) (a) As per information and explanations given to us, there is no proper system of Physical verification of inventory and detailed note given in qualification in main report

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not been sanctioned any working capital limits from banks or financial institutions on the basis of security of current assets during the year. Accordingly, the provisions of clause 3(ii)(b) of the order is not applicable to the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not made investments, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year. Accordingly, the provisions of clause 3(iii)(a) to (f) of the order is not applicable to the Company.

(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has given loans to Alliance Air Aviation Limited (AAAL), similar subsidiary company of AI Asset holding limited and the company has not made investments, given any guarantees and security. Accordingly, the provisions of clause 3(iv) of the order is not applicable to the Company.

(v) Company has not accepted any deposits or amounts which are deemed to be deposits from the public within the meaning of provisions of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the provisions of clause 3(v) of the order is not applicable to the Company.

(vi) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under subsection (1) of section 148 of the Companies Act 2013. Accordingly, the provisions of clause 3(vi) of the order is not applicable to the Company.

(vii) (a) On the basis of our examination of the books of accounts, and records of the company, we have observed that the Company was regular in depositing undisputed statutory dues including employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities except TDS, GST as per note of Other matter point A) & B) and Provident Fund. Company has cleared all such undisputed dues by year end. Arrears of outstanding statutory dues as on the last day of the financial year 31st March 2025 of more than six months from the date they became payable are as below:

Nature of Statutory Dues	**Amount Outstanding for more than 6 months as on 31st March 2025 (Rs. In Crores)**
Goods and Service Tax	2.18
VAT	NIL
PF	0.84

Statutory dues, if any, in respect of foreign business area not covered during the audit, since the record are maintained at the respective business areas which were not available for verification, we are unable to comment whether the dues have been deposited on a time basis.

(b) According to information and explanations given to us, there are statutory dues which have not been deposited by Company on account of dispute.

S. No.	**AY**	**TDS/Income Tax**	**Demand Amount (Crores)**
1	2015-16	TDS	2.84
2	2016-17	TDS	4.46
3	2017-18	TDS	6.34
4	2018-19	TDS	18.46
5	2019-20	TDS	32.38
		Total	**64.47**

*Interest u/s 220(2) on the above demand as on 31st March, 2025 will be ₹39.16 Crores.

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

However, prior period income except qualification at point of main report to the tune of Rs. 2.67 Crores for FY 2023-24 and Rs. 18.18 Crores for FY 2022-23 has been booked in current year. *(Refer note no. 25 , 26 & SOCE to notes to accounts).*

(ix) (a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause 3(ix)(a) of the Order is not applicable.

(b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) Company does not have any subsidiary, reporting under clause 3(ix)(e) of the Order is not applicable.

(f) The Company has not raised any loans during the year and hence reporting on clause 3(ix)(f) of the Order is not applicable.

(x) (a) No moneys has been raised by way of initial public offer or further public offer (including debt instruments) during the year by the Company. Accordingly, the provisions of clause 3(x) (a) of the order is not applicable to the Company.

(b) The company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, the provisions of clause 3(x) (b) of the order is not applicable to the Company.

(xi) (a) Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company has been noticed or reported during the year. Accordingly, the provisions of clause 3(xi) (a) of the order is not applicable to the Company.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.

(xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a),(b) and (c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act where applicable and the details have been disclosed in the note 31 to the financial statements, as required by the applicable accounting standards.

(xiv) (a) Company does not have an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports for the period under audit were not considered as they does not give any discrepancy or input on stock , physical verification of asset , ageing , debit credit balances of same parties , employees old balances etc. Compliance of the internal audit reports and audit committee findings needs lot of improvement.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) As represented by the management, the Group does not have more than one Core Investment Company (CIC) as part of the Group as per the definition of Group contained in the Core Investment Companies (Reserve Bank) Directions, 2016.

(xvii) The Company has not incurred cash losses in the current year and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, data is not generated from SAP Software as such we are unable to comment, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) The Company is not required to transfer amounts to a fund specified in Schedule VII of the Companies Act in compliance with second proviso to sub section (5) of section 135 of the Act. Accordingly, requirement to report on Clause 3(xx) (a) and (b) of the Order is not applicable to the Company

(xxi) The Company is not required to prepare consolidated financial statements. Accordingly, requirement to report on Clause 3(xxi) of the Order is not applicable to the Company.

For and on behalf of

AAJV and Associates

Chartered Accountants

Firm Registration No. 007739N

Sd/-

CA Ajay K Bajaj

Partner

Membership No. 086306

UDIN: 25086306PHBSJL8721

Place: New Delhi

Date: 26-12-2025

Annexure – B to the Independent Auditor's Report

Referred to in paragraph 2(g) under "Report on other legal and regulatory requirements" of our report of even date

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of AI Engineering Services Limited ("the Company") as of March 31st, 2025 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the

Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

According to the information and explanations given to us and based on our audit, the following weaknesses have been identified as at March 31, 2025:

i) The Company did not have an effective system for timely accounting of entries, to prevent duplicate / rectification accounting entries. Accounting books in SAP are not freeze as some entries are passed even after the signing of Balance sheet. Internal control for freeze of one year financial statement and passing of the entry rights are with one person which needs check to control by senior position person.

ii) In SAP most of the entries and entries pertaining to expenses borne by other group companies and then reimbursed by the Company had no supporting's to check the validity of entry.

iii) The Company did not have effective system of reconciliation of balance with other parties.

iv) The Company has internal audit conducted by chartered accountant firm wherein scope of audit work is not exhaustive as per size and volume business done by company. Compliance of internal audit report is still pending and hence we are unable to comment on any consequential effect in the books of accounts of company. We suggest that internal audit reports along with compliance may be placed before Audit Committee of Board at regular interval.

MATERIAL WEAKNESS

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

OPINION

In our opinion, except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls except qualification in main report over financial reporting were operating effectively as of 31st March 2025 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of March 31st, 2025 standalone financial statements of the Company, and these material weaknesses do affect our opinion on the standalone financial statements of the Company.

For and on behalf of
AAJV and Associates
Chartered Accountants
Firm Registration No. 007739N

Sd/-
CA Ajay K Bajaj
Partner
Membership No. 086306
UDIN: 25086306PHBSJL8721
Place: New Delhi
Date: 26-12-2025

Compliance Certificate

We have conducted the audit of accounts of AI Engineering Services Limited for the year ended 31st March, 2025 in accordance with the directions issued by the Comptroller & Auditor General of India under section 143 (5) of the Companies Act, 2013 and certify that we have complied with all the Directions issued to us.

For and on behalf of

AAJV and Associates

Chartered Accountants

Firm Registration No. 007739N

Sd/-

CA Ajay K Bajaj

Partner

Membership No. 086306

UDIN: 25086306PHBSJL8721

Place: New Delhi

Date: 26-12-2025

AI ENGINEERING SERVICES LIMITED

CIN - U74210DL2004GOI125114

Regd. Office: 2nd Floor, CRA Building, Safdarjung Airport, Delhi - 110003

BALANCE SHEET AS AT 31st MARCH 2025

(₹ in Million)

	Particulars	Note No.	As at March 31, 2025	As at March 31, 2024 (Restated)*	As at April 1, 2023 (Restated)*
ASSETS:					
1.	**Non-current Assets**				
	(i) Property, Plant & Equipment	2 (a)	5,085.82	5,089.36	5,482.69
	(ii) Right of use assets	2 (b)	40.87	40.35	53.80
	(iii) Capital Work-in-Progress	2 (a)	1,137.68	1,137.68	1,137.68
	(iv) Financial Assets:				
	a) Others Financial Assets	3	1.00	1.00	0.06
	(v) Deferred tax assets (net)	4	1,751.35	1,739.26	1,550.14
	(vi) Income Tax Assets	4	-	-	-
			8,016.72	**8,007.64**	**8,224.36**
2.	**Current Assets**				
	i) Inventories	5	416.49	183.96	104.39
	ii) Financial Assets:				
	a) Trade Receivables	6	11,360.66	12,900.27	8,424.91
	b) Cash and Cash Equivalents	7	3,698.56	2,213.27	397.84
	c) Bank Balance other than (b) above	8	5,841.00	2,401.38	3,628.88
	d) Loans	9	300.00	-	-
	e) Other Financial Assets	3	41.93	40.72	14.97
	iii) Current Tax Assets	4	870.59	330.52	886.67
	iv) Other Current Assets	10	679.89	833.31	840.91
			23,209.12	**18,903.42**	**14,298.57**
	TOTAL		**31,225.84**	**26,911.05**	**22,522.93**
EQUITY AND LIABILITIES:					
1.	**Equity**				
	i) Equity Share Capital	11	1,666.67	1,666.67	1,666.67
	ii) Other Equity	12	–2,877.37	–6,851.83	–9,235.85
			–1,210.71	**–5,185.17**	**–7,569.19**
2.	**Liabilities:**				
	Non Current Liabilities				
	i) Financial Liabilities				
	a) Lease liabilities	2 (c)	28.42	33.14	46.27
	b) Trade Payables	14	-	-	-
	c) Other Financial Liabilities	15	22,636.45	20,822.96	21,739.44
	ii) Non-Current Provisions	13	5,428.72	6,284.77	3,773.08
	iii) Other Liabilities		-	-	-
			28,093.58	**27,140.88**	**25,558.78**
	Current Liabilities				
	i) Financial Liabilities				
	a) Lease liabilities	2 (c)	19.07	13.12	11.31
	b) Trade Payables	14			
	- MSME		86.48	48.04	31.30
	- Other than MSME		1,841.17	2,283.43	1,475.99
	c) Other Financials Liability	15	855.59	812.49	600.03
	ii) Current Provisions	13	1,094.61	1,376.74	1,466.99
	iii) Other Current Liabilities	16	446.05	421.52	947.72
			4,342.96	**4,955.34**	**4,533.33**
	TOTAL		**31,225.84**	**26,911.05**	**22,522.93**
			0	**0**	**-**

Notes no. 1-41 forming integral part of the Financial Statement

***Refer note 25 for details regarding the restatement as a result of error or omission**

As per our report of even date attached

For and on Behalf of
AAJV and Associates
Chartered Accountants
FRN : 007739N

Sd/-
CA Ajay K Bajaj
Partner
M.No. 086306
UDIN: 25086306PHBSJL8721

Place: New Delhi
Date: 26-12-2025

For and on behalf of the Board of Directors

Sd/-
Amit Kumar
Chairman
DIN 11001643

Sd/-
Padam Lal Negi
Director
DIN 10041387

Sd/-
Sharad Agarwal
Chief Executive Officer

Sd/-
Rakesh Kumar Jain
Chief Financial Officer

Sd/-
Sakshi Mehta
Company Secretary

AI ENGINEERING SERVICES LIMITED

CIN - U74210DL2004GOI125114

Regd. Office: 2nd Floor, CRA Building, Safdarjung Airport, Delhi - 110003

'STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2025

(₹ in Million)

	Particulars	Note No.	2024-25	2023-24 (Restated)*	2022-23 (Restated)*
	Income				
I	Revenue from Operations	17	18,106.91	20,906.57	19,792.49
II	Other Income	18	1,353.59	923.70	837.14
III	**Total Income (I+II)**		**19,460.50**	**21,830.27**	**20,629.63**
IV	**Expenses**				
i	Employee Benefit Expenses	19	8,800.28	7,653.24	6,855.75
ii	Finance Costs	20	1,891.54	1,856.64	1,920.84
iii	Depreciation and Amortization Expense	2(a) & 2(b)	839.29	610.36	592.73
iv	Other Expenses	21	4,096.27	5,404.27	4,818.79
	Total Expenditure (i+ii+iii+iv)		**15,627.38**	**15,524.50**	**14,188.11**
	Total Expenditure After Prior Period Adj		**15,627.38**	**15,524.50**	**14,188.11**
V	**Profit/ (Loss) before Exceptional Items and Tax (III-IV)**		**3,833.12**	**6,305.77**	**6,441.52**
VI	Exceptional Items	27	1,208.30	-2,595.03	2,334.21
VII	**Profit/ (Loss) After Extraordinary Items and Before Tax (V+VI)**		**5,041.42**	**3,710.74**	**8,775.73**
VIII	**Tax Expenses:**				
	i) Current Tax	4	970.16	1,407.22	338.97
	ii) Deferred Tax Expense/(Income)	4	–12.09	–189.12	1,652.73
	iii) Tax Adjustment relating to earlier year		36.76	–83.97	168.31
IX	**Profit/ (Loss) after Tax for the period (IX-X)**		**4,046.60**	**2,576.61**	**6,615.72**
X	**Other Comprehensive Income**				
	Actuarial Gain/(Loss) on Defined benefit obligation	19.i	–72.13	–192.59	10.42
	Total Comprehensive Income		**3,974.46**	**2,384.02**	**6,626.15**
XI	**Earning per Share of Rs. 10 each**				
	Basic	22	**24.28**	**15.46**	**39.69**
	Diluted	22	**24.28**	**15.46**	**39.69**

Notes no. 1-41 forming integral part of the Financial Statement

***Refer note 25 for details regarding the restatement as a result of error or omission**

As per our report of even date attached

For and on Behalf of
AAJV and Associates
Chartered Accountants
FRN: 007739N

For and on behalf of the Board of Directors

Sd/-
Amit Kumar
Chairman
DIN 11001643

Sd/-
Padam Lal Negi
Director
DIN 10041387

Sd/-
Sharad Agarwal
Chief Executive Officer

Sd/-
Rakesh Kumar Jain
Chief Financial Officer

Sd/-
Sakshi Mehta
Company Secretary

Place: New Delhi
Date: 26-12-2025

AI ENGINEERING SERVICES LIMITED

CIN - U74210DL2004GOI125114

Regd. Office: 2nd Floor, CRA Building, Safdarjung Airport, Delhi - 110003

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2025

(₹ in Million)

Particulars	As at March 31, 2025		As at March 31, 2024 (Restated)*		As at April 1, 2023 (Restated)*	
A. CASH FLOW FROM OPERATING ACTIVITIES						
Net (Loss) / Profit Before Taxes and Exceptional Items:		3,833.12		6,305.77		6,441.52
Adjustment for:						
Depreciation and amortisation expenses	839.29		610.36		592.73	
(Loss) / Profit from sale of Property Plant & Equipments (Net)	0.46		0.86		8.23	
Interest on Call & Fixed Deposit	–475.80		–376.18		–154.01	
Interest Expense	1,887.32		1,852.18		1,915.49	
Interest on lease liabilities	4.22		4.46		5.35	
Provision for Expected Credit Loss	69.12		73.23		142.72	
Provision no Longer Required	565.48		21.16		15.76	
Provision for Inventory Reconciliation	-		-		500.00	
Net unrealised exchange gain	2.75		45.31		67.62	
Re-measurement of employee benefits obligations	–72.13		–192.59		10.42	
Other Adjustments	1,171.54	3,992.26	–2,511.05	–472.27	2,165.90	5,270.23
Operating (Loss) / Profit Before Working Capital Changes		**7,825.38**		**5,833.50**		**11,711.75**
Change in Assets & Liabilities						
Trade and Other Receivables	1,467.73		–4,593.90		–3,100.77	
Trade and Other Payables	–403.83		824.18		–1,924.83	
Other Financial Assets & Other Assets	–3,681.64		1,920.11		–4,386.09	
Other Financial Liabilities & Other Liabilities	–2,680.03	–5,297.77	–2,104.92	–3,954.53	–4,676.19	–14,087.88
Cash flow from operations		**2,527.61**		**1,878.97**		**–2,376.13**
Net Income Tax (Paid)\Refund		–620.00		-188.01		266.61
Net Cash Flow (used in)/ from Operating Activities		**1,907.61**		**1,690.96**		**–2,109.52**

B. CASH FLOW FROM INVESTING ACTIVITIES						
Acquisition of Fixed Assets	–820.62		–206.67		–150.12	
Sale of Property Plant & Equipments (Net)	-		2.23		-	
Interest Income	417.42	–403.20	344.68	140.25	103.09	–47.03
Net Cash Flow used in Investing Activities		**–403.20**		**140.25**		**–47.03**
C. CASH FLOW FROM FINANCING ACTIVITIES						
Hire Charges of Right of Use Assets	–19.12		–15.77		–15.02	
Net Cash Flow from/(used in) Financing Activities		**–19.12**		**–15.77**		**–15.02**
Net increase/ (Decrease) in Cash and Cash equivalents		1,485.29		1,815.43		–2,171.57
Cash and Cash equivalents (Opening balance)		**2,213.27**		**397.84**		**2,569.40**
Cash and Cash equivalents (Closing balance)		**3,698.56**		**2,213.27**		**397.84**
Component of Cash and Cash Equivalents						
Cash in hand	0.31		0.46		0.60	
Balance in Current Account	418.24		32.71		83.83	
Other Deposit Account	3,280.00		2,180.10		313.40	
Draft/Chq. In Hand	**-**	**3,698.56**	**-**	**2,213.27**	**-**	**397.84**
		-		–0		–0

Notes no. 1-41 forming integral part of the Financial Statement

***Refer note 25 for details regarding the restatement as a result of error or omission**

For and on Behalf of
AAJV and Associates
Chartered Accountants
FRN : 007739N

For and on behalf of the Board of Directors

Sd/-
Amit Kumar
Chairman
DIN 11001643

Sd/-
Padam Lal Negi
Director
DIN 10041387

Sd/-
CA Ajay K Bajaj
Partner
M.No. 086306
UDIN: 25086306PHBSJL8721

Sd/-
Sharad Agarwal
Chief Executive Officer

Sd/-
Rakesh Kumar Jain
Chief Financial Officer

Place: New Delhi
Date: 26-12-2025

Sd/-
Sakshi Mehta
Company Secretary

AI ENGINEERING SERVICES LIMITED

CIN - U74210DL2004GOI125114

Regd. Office: 2nd Floor, CRA Building, Safdarjung Airport, Delhi - 110003

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH, 2025

(₹ in Million)

A. Equity Share Capital	As at 31.03.2025		As at 31.03.2024		As at 01.04.2023	
	No. of Share	₹	No. of Share	₹	No. of Share	₹
Balance at the beginning of the reporting period	166.67	1,666.67	166.67	1,666.67	166.67	1,666.67
Changes in equity share capital due to prior period errors	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	166.67	1,666.67	166.67	1,666.67	166.67	1,666.67
Changes in equity share capital during the year						
Add: Equity Shares allotted during the year	-	-	-	-	-	-
Less: Buybacks	-	-	-	-	-	-
Balance at the end of reporting period	**166.67**	**1,666.67**	**166.67**	**1,666.67**	**166.67**	**1,666.67**

Particulars	Other Equity (Restated)		Total equity attributable to equity Holders of the company
	Reserves and Surplus	Other comprehensive income - Reserve	
	Retained Earnings	Remeasurement of defined benefit plans	
Opening Balance as at 1 April 2022	–15,862.00	-	–15,862.00
Effect of Deferred Tax Asset of earlier years	-	-	-
Profit/(Loss) for the period	6,284.71	-	6,284.71
Add/Less: Prior Period Adjustments in FY 2023-24	149.22	-	149.22
Add/Less: Prior Period Adjustments in FY 2024-25	181.80	-	181.80
Other Comprehensive Income/(loss)	-	10.42	10.42
Balance as at 01 April 2023	**–9,246.28**	**10.42**	**–9,235.85**
Opening Balance as at 1 April 2023	–9,235.85	-	–9,235.85

Effect of Deferred Tax Asset of earlier years	-	-	-
Profit/(Loss) for the period	2,549.87	-	2,549.87
Add/Less: Prior Period Adjustments in FY 2024-25	26.74	-	26.74
Other Comprehensive Income/(loss)	-	–192.59	–192.59
Balance as at 31 March 2024	**–6,659.24**	**–192.59**	**–6,851.83**
Opening Balance as at 1 April 2024	–6,851.83	-	–6,851.83
Effect of Deferred Tax Asset of earlier years	-	-	-
Profit/(Loss) for the period	4,046.60	-	4,046.60
Add/Less: Prior Period Adjustments	-	-	-
Other Comprehensive Income/(loss)	-	–72.13	–72.13
Balance as at 31 March 2025	**–2,805.24**	**–72.13**	**–2,877.37**

Notes no. 1-41 forming integral part of the Financial Statement

*Refer note 25 for details regarding the restatement as a result of error or omission

For and on Behalf of
AAJV and Associates
Chartered Accountants
FRN : 007739N

For and on behalf of the Board of Directors

Sd/-
Amit Kumar
Chairman
DIN 11001643

Sd/-
Padam Lal Negi
Director
DIN 10041387

Sd/-
CA Ajay K Bajaj
Partner
M.No. 086306
UDIN: 25086306PHBSJL8721

Sd/-
Sharad Agarwal
Chief Executive Officer

Sd/-
Rakesh Kumar Jain
Chief Financial Officer

Place: New Delhi
Date: 26-12-2025

Sd/-
Sakshi Mehta
Company Secretary

AI ENGINEERING SERVICES LIMITED

CIN - U74210DL2004GOI125114

Regd. Office: 2nd Floor, CRA Building, Safdarjung Airport, Delhi - 110003

Notes forming part of the financial statements as at and for the year ended March 31, 2025

NOTE "1" : OVERVIEW & MATERIAL ACCOUNTING POLICIES

A. Corporate Information

AI Engineering Services Limited (a wholly owned subsidiary of AI Assets Holding Limited a Government of India Company) is a public limited company incorporated in India under the provisions of the Companies Act applicable in India with a CIN: U74210DL2004GOI125114. The Company has changed its name from Air India Engineering Services Limited to AI Engineering Services Limited dated 3rd August, 2020.The registered office of the company is situated at: 2nd Floor, CRA Building, Safdarjung Airport, New Delhi - 110003. The company secured DGCA approval for providing MRO services from 1st January, 2015. The company is providing aircraft engineering related services, Line Maintenance Services and MRO services to Indian and Foreign parties, mainly airlines.

The Financial Statements have been approved for issue in accordance with a resolution of the Board of directors passed in its meeting held on 26 December 2025.

B Material Accounting Policies

A summary of the material accounting policies applied in the preparation of the financial statements are as given below. These accounting policies have been applied consistently to all periods presented in the financial statements. It allows for an understanding as to how material transactions, other events and conditions are reported.

i) Compliance with Ind AS

The Financial Statements of the company for the year ended 31st March 2025 have been prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial assets and liabilities which are measured at fair values, the provisions of the Companies Act, 2013 ("the Act") (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, and relevant amendment rules issued thereafter. Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

ii) Basis of Preparation & Presentation of Financial Statement

The financial statements have been prepared and presented on going concern basis and under the historical cost convention on accrual basis except for certain financial assets and liabilities which are measured at fair value or amortized cost at the end of each financial year.

The financial statements of the Company comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (“the Act”) read with Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act.

All assets and liabilities have been classified as current (within 12 months) and non-current (after 12months) as per the Company’s operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013."

The Company being in service sector, there is no specific operating cycle; however, 12 months period has been adopted as "The Operating Cycle" in-terms of the provisions of Schedule III to the Companies Act 2013. Accordingly, current liabilities and current assets include the current portion of non-current financial liabilities and assets.

iii) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these Financial Statements within the scope of Ind AS 116, Financial Statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1,2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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

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

C. Use of Estimates, Judgements & Assumptions

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates and judgements are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the standalone financial statements.

D. New Standards, Interpretations and Amendments Adopted by the Company

Ministry of Corporate Affairs ('MCA') notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended 31st March, 2025, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

E. Property Plant & Equipment

a. Property Plant and Equipment are stated at cost including incidental costs incurred pertaining to the acquisition and bringing them to the location for use and interest on loans borrowed where applicable, upto the date of putting the concerned asset to use.

b. Physical Verification of Assets

Physical Verification of Assets is done on a rotational basis so that every asset is verified once in every three years in the below mentioned order and the discrepancies, if any, observed are dealt with in the books of accounts accordingly.

S. No.	Location	Year
1	Delhi and Kolkata	2023-24
2	Hyderabad, Thiruvanthapuram and all other small locations	2024-25
3	Mumbai and Nagpur	2025-26

F. Depreciation / Amortization

a. Depreciation is provided on all assets on straight-line method over the useful life of assets as provided in Part C of Schedule II of the Companies Act 2013, keeping a residual value of 5% of the original cost.

b. Depreciation on addition to assets provided for the full year of acquisition and no depreciation is provided in the year of disposal.

c. Intangible asset which has a definite useful economic life are amortized over the estimated useful life. Intangible Assets which have an indefinite useful life are tested for impairment.

G. Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration and the company applied practical expedient to "grandfather approach" for the assessment of transactions as leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17. Leases as Lessee (Assets taken on lease) the Company applies a single recognition and measurement approach for all leases, except for short-term leases, leases of low-value assets and the lease contracts in which the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty.

As a lessee:

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

i. the contact involves the use of an identified asset,

ii. the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

iii. the Company has the right to direct the use of the asset.

For the short-term, low-value leases and the lease contracts in which the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

As a Lessor:

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the ROU asset arising from the head lease. For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

H. Revenue Recognition

The Company derives revenue primarily from maintenance, Repair and Overhaul services (MRO Services) and line maintenance (technical handling) of Aircraft Engines and other aircraft related services.

Revenue from Operations:-

a. Revenue is recognized when the entity satisfies a performance obligation by transferring the promised good or service (i.e., an asset) to a customer. An asset is transferred when the customer obtains control of that asset.

b. In case of other contracts for Line Maintenance services, revenue is being recognised based on number of flights handled.

c. Revenue from the training services is recognized when the training services has been initiated to provide.

Other Income:-

Other income is comprised primarily of interest income, dividend income, gain/loss on investments and exchange gain / loss on forward and options contracts and on translation of foreign currency assets and liabilities.

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

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

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

d. Warranty claim/credit note received from vendors are recognised on acceptance of claim/receipt of credit note.

e. **Foreign Currency Monetary Item**

   i. Foreign currency Revenue and Expenditure transactions relating to Foreign Stations are recorded at established monthly rates (based on published IATA rates).

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

e. Government Grants

The Company recognizes government grants only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received. Government grants related to assets are treated as deferred income and are recognized in the net profit in the Statement of Profit and Loss on a systematic and rational basis over the useful life of the asset. Government grants related to revenue are recognized on a systematic basis in the net profit in the Statement of Profit and Loss over the periods necessary to match them with the related costs which they are intended to compensate.

I. Inventories

Inventories consist of various stores and spares which are valued at lower of cost and Net Realizable Value ('NRV'). Costs of inventories are determined on weighted average basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

J. Employee Benefit Expenses

a. **Short term employee benefits:** All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits. The benefits like salaries, wages, and short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related services.

b. **Post-employment benefits:** Defined Contribution Plans consists of contribution to Employees Provident Fund. The Company has Employees Provident Fund Trusts under the Provident Fund Act, 1925 for Permanent employees till 1st December’ 2021. After that, trust has been dissolved and amount had been transferred to EPFO under Employees' Provident Fund Scheme, 1952. As regards Fixed Term Contract (FTC) employees, Provident Fund (PF) dues are deposited with the office of Employees’ Provident Fund Organization (EPFO) by the Company. There had been a Supreme Court (SC) judgment dated February 28, 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the EPF Act. There are interpretative aspects related to the Judgment including the effective date of application. In the view of the management, the contribution for PF is to be calculated as per Employee’s Provident Funds and Miscellaneous Provisions Act, 1952. Employees’ State Insurance Corporation (ESIC) dues are regularly deposited with government authorities. The company’s payment to defined contribution plans are recognized as an expense during the period in which the employees perform the services that the payment covers.

c. ESI dues are regularly deposited with government authorities.

Defined Benefit Plans, which are not funded, consist of Gratuity, Leave Encashment including Sick Leave and other benefits.

The liability for Gratuity and Leave Encashment are actuarially determined under the Projected Unit Credit Method at the end of the financial year.

For the medical benefits of all the eligible and permanent retired/retiring employees (transferred from the then AIL to the company), Govt. has approved dated 16th February 2022 a scheme under which all such employees shall subscribe to become member of CGHS Facilities through AIAHL (Parent company) and related expenditure for this scheme will be borne by the Govt. of India to AIAHL out of budgetary support.

K. Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that carrying amount of its non - financial asset has been impaired. If any such indication exists, the provision for impairment is made in accordance with IND AS-36. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognized for the asset in prior years.

L. Taxes on Income

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current income tax

Provision for current tax, if any, is made in accordance with the provisions of Income Tax Act, 1961. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b. Deferred Tax

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized in respect for carry forward tax losses, un- availed tax credit and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be adjusted. Deferred tax assets unrecognized or recognized, are reviewed at each reporting date and are recognized / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Significant management judgment is required to determine the probability of deferred tax asset.

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

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

c. Minimum alternate tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In such year the Company recognizes MAT credit as a deferred tax asset. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to recoup all or part of the asset.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

d. Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they are relating to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

M. Provisions, Contingent Liabilities & Contingent Assets

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

b. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, it carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

c. When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an assets if it is virtually certain that reimbursement will be received and amount of the receivable can be measured reliably.

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

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

f. **Onerous contracts:** An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Present obligations arising under onerous contracts are recognized and measured as provisions.

N. Earning Per Share

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

O. Financial Instruments

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

a. Financial Assets

i. Classification

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

ii. Initial recognition and measurement

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

iii. Subsequent measurement

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

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

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

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

vii. De-recognition

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

viii. Impairment of other financial assets

The Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss on the financial assets that are trade receivables or contract revenue receivables etc.

ix. Write-off

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

b. Financial Liabilities

i. Initial recognition and measurement

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

ii. Classification

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

iii. Subsequent measurement

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

iv. Financial liabilities at amortized cost:

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

v. Financial liabilities at fair value through Statement of Profit and Loss:

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

vi. De-recognition

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

vii. Offsetting of financial instruments

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

P. Borrowing Cost

i. Borrowing cost that are directly attributable to acquisition, construction of qualifying assets including capital work–in-progress are capitalized, as part of the cost of assets, up to the date of commencement of commercial use of the assets.

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

Q. Foreign Currency Monetary Items

i. Foreign currency Revenue and Expenditure transactions relating to Foreign Stations are recorded at established monthly rates (based on published IATA rates).

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

R. Contract Balances

i. Contract assets

A contract asset is the right to consideration in exchange for services rendered to the customer. If the company performs by rendering of services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration including Trade receivables

ii. Contract Liabilities

A contract liability is the obligation to render services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company render services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the company performs under the contract including advance received from customer

iii. Refund Liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities at the end of each reporting period

S. Threshold Limit

The Company has adopted following materiality thresh hold limits in the classification of expenses/ incomes and disclosure:

Threshold Items	Unit	Threshold Value
Prior Period Expenditure/Revenue		
- Restatement based on individual limits	Million in INR	80
- Restatement based on overall limits		1% of Total Revenue of previous financial year
Fair Valuation of Financial Instruments	Million in INR	80
Procurement of Property, Plant and Equipments	INR	₹ 5,000.00

AI ENGINEERING SERVICES LIMITED

CIN - U74210DL2004GOI125114

Regd. Office: 2nd Floor, CRA Building, Safdarjung Airport, Delhi - 110003

Notes to Financial Statements For The Year Ended March 31, 2025

NOTE "2(a)" : PROPERTY, PLANT AND EQUIPMENT

(₹ in Million)

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION				NET BLOCK	
		As at April 01, 2024	Additions	Other Adjust-ments	Disposals / Adjustments	As at March 31, 2025	As at April 01, 2024	For the year	Deductions / Adjustments	Total Upto March 31, 2025	As at March 31, 2025	As at March 31, 2024
	TANGIBLE ASSETS :											
a)	**Land**	208.54	-	-	-	208.54	-	-	-	-	208.54	208.54
b)	**Buildings**	2,657.19	1.19	-	-	2,658.38	314.71	103.35	-	418.06	2,240.32	2,342.49
c)	**Airframe Rotables**	-	101.51	-	-	101.51	-	4.82	-	4.82	96.69	-
d)	**Plant & Equipment**											
	Workshop Equipment, Instruments,	2,728.29	600.42	-	1.35	3,327.37	1,648.07	439.69	1.14	2,086.62	1,240.75	1,080.22
	Machinery and Plants	1,938.68	4.42	-	2.07	1,941.03	595.55	185.30	1.82	779.02	1,162.01	1,343.13
	GH & Ramp Equipment	0.86	9.67	-	-	10.53	0.54	0.80	-	1.33	9.20	0.32
e)	**Furniture & Fixtures**	63.04	5.50	-	-	68.54	37.79	10.86	-	48.64	19.90	25.26
f)	**Electrical Fittings**	220.22	0.10	-	-	220.33	154.62	40.38	-	194.99	25.33	65.61
g)	**Computer System**	33.86	85.75	-	-	119.60	21.16	33.51	-	54.67	64.93	12.69
h)	**Vehicles**	14.46	7.03	-	-	21.49	9.89	2.04	-	11.93	9.56	4.58
i)	**Office Equipment**	22.17	5.04	-	0.01	27.20	15.65	2.97	0.01	18.62	8.58	6.52
TOTAL FOR TANGIBLE ASSETS (A)		7,887.33	820.62	-	3.43	8,704.52	2,797.97	823.70	2.97	3,618.70	5,085.82	5,089.36
Capital Work-in-Progress (Refer Note No. 2(a).i)		1,137.68	-	-	-	1,137.68	-	-	-	-	1,137.68	1,137.68
Total Capital Work-in-Progress (B)		1,137.68	-	-	-	1,137.68	-	-	-	-	1,137.68	1,137.68
Grand Total (A+B)		9,025.01	820.62	-	3.43	9,842.20	2,797.97	823.70	2.97	3,618.70	6,223.49	6,227.03
PREVIOUS YEAR		8,828.48	206.67	-	10.15	9,025.01	2,208.11	596.91	7.05	2797.72	6,227.03	6,620.37

Note 2(a).i: GEnx / GE90 Engine Overhaul Workshop, a capital work in progress (CWIP) at Nagpur of ₹1137.68 million had been transferred by the then Air India Limited in April, 2021 to the company based on the decision of the Board of the then Air India Limited and AIESL. The project was started in the year 2017 by the then Air India Limited. During the FY 2022-23 a capital budget provision of ₹600 million for the completion of the under-construction facilities was proposed by the company and the board had approved the same subject to the novation of the agreements with PMC and contractors in favor of AIESL which was earlier entered into by Air India Limited and GBSA with GE so that offset credit USD million could be made available to AIESL. However, none of the above-mentioned contracts could be novated in favor of AIESL hence no further capital expenditure for the subject work has been incurred so far. AIESL intends to complete the project after necessary tying-up with OEM and obtaining related additional regulatory clearances. This also required significant infusion of funds for which AIESL is in talks with potential fund provider.

Note 2(a).ii: The above Property, Plant and Equipment includes building Jet 9D Test House which has been transferred from the then Air India Limited to the company as on 1st April, 2019. The building has been constructed by the then Air India Limited and book transfer to the company at carrying value of ₹10.42 million.

Note 2(a).iii: Physical Verification & Reconciliation

The company has completed physical verification of assets, bar code tagging and reconciliation of the same with the quantities as appeared in the fixed asset register (FAR) at Hyderabad location (Previous Year; Delhi, Thiruvananthapuram and Kolkata). As per the physical verification report, 5887 line items has been identified as surplus which is not appearing in FAR but physically available at the location and 182 items have not been identified. The unidentified items having value of ₹0.33 million has been adjusted appropriately with the approval of the competent authority. Further, the surplus assets will be capitalised after its reconciliation with the items of inventory, stores and spares as appearing in the books of the company as it might be possible that the surplus assets may include in inventory, stores and spares of the company.

Note 2(a).iv: Additions of ₹820.62 million during the year includes ₹407.30 million of tools which are in the nature of Capital Items identified during the physical verification of Inventory and the same has been capitalised during FY 2024-25 at the purchase price available in RAMCO (excluding incidental cost, if any).

Note 2(a).v: In FY 2023-24, the company had capitalised Property, Plant & Equipment based on the value of purchase order due to mismatch in the invoice value of the vendor as compared to purchase order (USD 11,361). However, assets have already been received and put to use but payment has not yet been made by the Company to the vendor. Further, the company was previously using material management system having common interface with the then holding company (Air India Limited) as a result of which the purchase order contains details of the then holding company and the vendor has also issued the invoice in the name of the then holding company and the same is under process for rectification.

NOTE "2(b)" : RIGHT OF USE ASSETS

(₹ in Million)

Sr. No.	Particulars	GROSS CARRYING AMOUNT				DEPRECIATION				NET CARRYING AMOUNT	
		As at April 01, 2024	Additions	Disposals / Adjust-ments	As at March 31, 2025	As at April 01, 2024	For the year	Disposals / Adjust-ments	Total Upto March 31, 2025	As at March 31, 2025	As at March 31, 2024
	TANGIBLE RIGHT OF USE ASSETS:										
a)	**Land**	67.24	-	-	67.24	26.90	13.45	-	40.35	26.90	40.35

b)	**Vehicles**	-	16.12	-	16.12	-	2.14	-	2.14	13.98	-
BALANCE		**67.24**	**16.12**	**-**	**83.36**	**26.90**	**15.59**	**-**	**42.49**	**40.87**	**40.35**
PREVIOUS YEAR		**-**	**67.24**	**-**	**67.24**	**-**	**13.45**	**-**	**13.45**	**53.80**	**-**

Note 2(b).i: The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the Statement of Profit and Loss.

NOTE "2(C)": LEASE LIABILITIES

The following is the break-up of current and non-current lease liabilities as at March 31, 2025 and March 31, 2024:

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024	As at April 01, 2023
Lease liabilities on initial recognition as on 1st April	**46.27**	**57.57**	**67.24**
Additions	16.12	-	-
Interest accrued	4.22	4.46	5.35
Lease principal payments	14.90	11.31	9.67
Lease interest payments	4.22	4.46	5.35
Reversal	19.12	15.77	15.02
As at 31st March:-			
Current Lease Liabilities	19.07	13.12	11.31
Non-Current Lease Liabilities	28.42	33.14	46.27
TOTAL	**47.49**	**46.27**	**57.57**

The table below provides details regarding the contractual maturities of lease liabilities as at 31st March 2025:

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024	As at April 01, 2023
Less than 1 year	19.07	13.12	11.31
1- 5 Years	28.42	33.14	46.27
More than 5 years	-	-	-
TOTAL	**47.49**	**46.27**	**57.57**

Note 2(c).i: The company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

AI ENGINEERING SERVICES LIMITED

Notes to Financial Statements For The Year Ended March 31, 2025

NOTE "3" : OTHER FINANCIAL ASSETS

(₹ in Million)

Particulars	As at March 31, 2025		As at March 31, 2024		As at April 01, 2023	
	Non - Current	Current	Non - Current	Current	Non - Current	Current
Bank Deposits - (With more than 12 Months maturity) (Refer Note No. 23.ii)	1.00	-	1.00	-	0.06	-
Security Deposits	-	29.42	-	25.12	-	14.94
Other Non Trade Receivable	-	12.50	-	15.60	-	0.03
TOTAL	**1.00**	**41.93**	**1.00**	**40.72**	**0.06**	**14.97**

NOTE "4": INCOME TAXES

Income tax expense in the statement of Profit and Loss comprises:

(₹ in Million)

Particulars	2024-25	2023-24	2022-23
Current Tax	970.16	1,407.22	338.97
Deferred Tax Expense/(Income)	-12.09	-189.12	1,652.73
Tax Adjustment relating to earlier year*	36.76	-83.97	168.31
TOTAL	**994.82**	**1,134.13**	**2,160.00**

*This represents short / (excess) provision of income tax (net) of earlier years identified in the current year.

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024	For the year ended 31 March 2023
Profit / (Loss) before tax	**3,833.12**	**6,305.77**	**6,441.52**
Total Taxable Income (A)	3,854.74	5,445.61	7,459.22
Carry Forward Loss (B)	-	-	6,112.40
Net Taxable Income (A-B)	**3,854.74**	**5,445.61**	**1,346.82**

Effective Income Tax Rate (%)	25.17	25.168	25.168
Loss brought forward	-	-	-
Income tax recognized in the statement of profit and loss	970.16	1,407.22	338.97

The details of income tax assets and income tax liabilities as at March 31, 2025 and March 31, 2024:

(₹ in Million)

Particulars	**As at March 31, 2025**		**As at March 31, 2024**		**As at April 01, 2023**	
	Non - Current	**Current**	**Non - Current**	**Current**	**Non - Current**	**Current**
Total Advance payment for Income Tax and TDS	-	1,840.75	-	1,737.74	-	1,225.63
Less: Provision for Tax	-	970.16	-	1,407.22	-	338.97
Total	**-**	**870.59**	**-**	**330.52**	**-**	**886.67**

The movement in gross deferred income tax assets and liabilities (before set off) for the year ended March 31, 2025 is as follows:

(₹ in Million)

Particulars	**As at March 31, 2025**	**As at March 31, 2024**	**As at April 01, 2023**
Deferred tax liabilities on account of (DTL)			
Depreciation	64.00	90.38	73.06
Total deferred tax liability	**64.00**	**90.38**	**73.06**
Deferred tax asset on account of (DTA)			
Provision for doubtful advances	-	-	-
Provision for expected credit loss	151.44	168.40	150.33
Provision for employee benefits	951.46	1,033.59	1,056.78
Net ROU/Lease Liability	11.95	11.64	14.49
40A(i) 30% expenses	-	31.77	176.14
43B(h) Disallowances	14.35	4.60	-
Provision for Inventory obsolescence/reco.	6.64	125.84	125.84
Other tax disallowances / (allowances)	679.51	453.78	99.61
Total deferred tax asset	1,815.35	1,829.63	1,623.20
Net deferred tax asset	**1,751.35**	**1,739.26**	**1,550.14**

Deferred tax assets (DTA) are the amounts of income taxes recoverable in future periods in respect of the carry forward of unused tax losses, the carry forward of unused tax credits and deductible temporary differences (which are temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled). Deferred tax liabilities (DTL) are the amounts of income taxes payable in future periods in respect of taxable temporary differences. The company has convincing evidence that sufficient taxable profit will be available against which the unused tax losses, deductible timing differences or unused tax credit can be utilized by the entity in near future. Hence in line with Ind AS 12 “Income Taxes” Deferred Tax assets / Liabilities have been created.

The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024	As at April 01, 2023
Deferred tax asset (net)	1,815.35	1,829.63	1,623.20
Deferred tax liability (net)	64.00	90.38	73.06

AI ENGINEERING SERVICES LIMITED

Notes to Financial Statements For The Year Ended March 31, 2025

NOTE "5": INVENTORIES **(₹ in Million)**

Particulars	As at March 31, 2025	As at March 31, 2024	As at April 01, 2023
Stores and Spare Parts	436.97	17.42	17.46
Loose Tools	-	402.76	431.60
Fuel, Gas, Coal, Oil and lubricants	5.90	0.55	0.55
Non-Aircraft Inventory	-	6.38	6.38
Other Inventory	-	256.84	148.40
Total	**442.87**	**683.96**	**604.39**
Less : Provision for Inventory Reconciliation (Refer Note No. 5.i)	26.38	500.00	500.00
Total	**416.49**	**183.96**	**104.39**

Note 5.i: Physical Verification of Inventory

Physical verification of Inventory of materials in the nature of stores and spares has been carried out by the Company during the year and value of the same has been established as ₹969.39 million. Further, the company has identified that out of ₹969.39 million, ₹550.60 million of tools are in the nature of Capital Items and the same has been capitalised during FY 2022-23 to FY 2024-25 at the purchase price available in RAMCO (excluding incidental cost, if any). Accordingly, the value of physically verified inventory (as derived from RAMCO) is ₹418.79 million as against the book value of inventory of ₹728.06 million. Hence, ₹309.27 million has been the difference between physical balances and book balances (418.79 million - 728.06 million). Accordingly, ₹309.27 million has been written-off against the provision for ₹500.00 million which had been made for likely reduction in the value of inventory in the FY 2022-23. Further, ₹52.76 million of inventory in shops/in transit is under verification. A provision of ₹26.38 Million, being 50% of ₹52.76 million, for likely shortage in the inventory under verification has been retained. Consequent to the above adjustments, amount of ₹164.35 million (i.e. ₹500.00 million less ₹309.27 million and ₹26.38 million) has been written back. Further ,the company has taken the purchase price as cost of the inventory (excluding incidental cost, if any) on the Balance Shet date.

NOTE "6": TRADE RECEIVABLES **(₹ in Million)**

Particulars	As at March 31, 2025	As at March 31, 2024	As at April 01, 2023
Secured, Considered Good	-	-	
Unsecured, Considered Good	11,360.66	12,900.27	8,424.91
Trade Receivables having significant increase in Credit Risk	601.70	669.10	597.30
Trade Receivables - Credit Impaired	-	-	
Total	**11,962.36**	**13,569.36**	**9,022.21**
Less : Allowance for Doubtful	601.70	669.10	597.30
Total	**11,360.66**	**12,900.27**	**8,424.91**

Note 6.i: Trade receivable ageing schedule

(₹ in Million)

As at March 31, 2025		Outstanding for the following period from due date of payment					
Particulars	**Unbilled Receivable**	**Less than 6 month**	**6 month - 1 year**	**1 -2 years**	**2-3 years**	**More than 3 years**	**Total**
Undisputed trade receivable - considered good	930.94	6,523.16	1,118.30	788.93	152.09	1,847.23	11,360.66
Undisputed trade receivable - which have significant increase in credit risk	-	-	6.32	9.09	41.17	545.12	601.70
Undisputed trade receivable - credit impaired	-	-	-	-	-	-	-
Disputed trade receivable - considered good	-	-	-	-	-	-	-
Disputed trade receivable - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivable - credit impaired	-	-	-	-	-	-	-
Net trade receivables	**930.94**	**6,523.16**	**1,124.62**	**798.03**	**193.26**	**2,392.36**	**11,962.36**

(₹ in Million)

As at March 31, 2024		Outstanding for the following period from due date of payment					
Particulars	**Unbilled Receivable**	**Less than 6 month**	**6 month - 1 year**	**1 -2 years**	**2-3 years**	**More than 3 years**	**Total**
Undisputed trade receivable - considered good	1,956.06	5,409.70	2,850.77	811.91	1,705.95	165.89	12,900.27
Undisputed trade receivable - which have significant increase in credit risk	-	6.23	2.78	53.89	12.71	593.48	669.10
Undisputed trade receivable - credit impaired	-	-	-	-	-	-	-
Disputed trade receivable - considered good	-	-	-	-	-	-	-
Disputed trade receivable - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivable - credit impaired	-	-	-	-	-	-	-
Net trade receivables	**1,956.06**	**5,415.93**	**2,853.54**	**865.80**	**1,718.66**	**759.37**	**13,569.36**

(₹ in Million)

As at April 01, 2023		Outstanding for the following period from due date of payment					
Particulars	**Unbilled Receivable**	**Less than 6 month**	**6 month - 1 year**	**1 -2 years**	**2-3 years**	**More than 3 years**	**Total**
Undisputed trade receivable - considered good	2,730.03	3,280.87	434.24	1,750.62	99.06	130.08	8,424.91
Undisputed trade receivable - which have significant increase in credit risk	-	27.19	14.96	16.79	6.19	532.17	597.30

Undisputed trade receivable - credit impaired	-	-	-	-	-	-	-
Disputed trade receivable - considered good	-	-	-	-	-	-	-
Disputed trade receivable - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivable - credit impaired	-	-	-	-	-	-	-
Net trade receivables	**2,730.03**	**3,308.06**	**449.20**	**1,767.42**	**105.25**	**662.25**	**9,022.21**

i. The credit period on sales of services ranges from 30 to 60 days with or without security.

ii. The company does not generally hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the company to the counterparty however the offset has been adjusted on FIFO basis.

iii. Trade receivables from related parties' details has been described in note 31 E.

iv. Trade receivables does not include any receivables from directors and officers of the company.

v. Trade receivables does not include any amount of receivables from struck off companies.

NOTE "7": CASH AND CASH EQUIVALENTS **(₹ in Million)**

Particulars	As at March 31, 2025	As at March 31, 2024	As at April 01, 2023
Balances with Banks			
a) In Current Accounts	418.24	32.71	83.83
b) In Deposit Accounts (Maturity less than 3 months)	3,280.00	2,180.10	313.40
c) Cash in Hand	0.31	0.46	0.60
Cheques, Drafts on Hand	**-**	**-**	**-**
Total	**3,698.56**	**2,213.27**	**397.84**

Note 7.i: The process of year end physical verification of cash in hand has been done by the authorised officials and the certificate of cash balance has been duly certified by the official concerned.

Note 7.ii: The Company has requested for the confirmation of the balances from the bank as on 31st March 2025. The Company has obtained confirmation/bank statements in respect of all the bank accounts/fixed deposits. They are in reconciliation with the books of accounts of the Company as on 31st March, 2025.

NOTE "8": BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024	As at April 01, 2023
Balance with Banks			
In Margin Money Deposits (3 < Maturity < 12) (Refer Note No. 22.ii)	79.39	240.99	1.00
Other Fixed Deposits (3 < Maturity < 12)	5,761.61	2,160.39	3,627.88
Total	**5,841.00**	**2,401.38**	**3,628.88**

NOTE "9": LOANS **(₹ in Million)**

Particulars	As at March 31, 2025	As at March 31, 2024	As at April 01, 2023
Loans receivables – Considered Good - Secured;	-	-	-
Short-Term Loan to Group Co. Considered Good - Unsecured	300.00	-	-
Loans receivables which have significant increase in credit risk	-	-	-
Loans receivables – Credit Impaired.	-	-	-
Total	**300.00**	**-**	**-**

*The Company has given short term loan of ₹300.00 million to Alliance Air Aviation Limited for Financial Support at the rate of 9% per annum and on the terms and conditions as specified in the sanction letter dated 6th November, 2024.

NOTE "10": OTHER - CURRENT ASSET **(₹ in Million)**

Particulars	As at March 31, 2025	As at March 31, 2024	As at April 01, 2023
Prepaid Expenses	170.78	272.38	122.69
Advances Recoverable in Cash or Kind	130.14	167.17	264.85
Petty Cash	-	0.002	0.02
GST TDS Receivable	0.55	5.70	4.30
Interest accrued on FDRs	146.80	88.42	56.93
GST Input	231.62	299.62	392.11
Total	**679.89**	**833.31**	**840.91**

AI ENGINEERING SERVICES LIMITED

Notes to Financial Statements For The Year Ended March 31, 2025

NOTE "11": EQUITY SHARE CAPITAL

(₹ in Million)

Particulars	As at March 31, 2025		As at March 31, 2024		As at April 01, 2023	
	Number of shares	₹	Number of shares	₹	Number of shares	₹
a) AUTHORISED						
1000,000,000 Equity Shares (Previous Year: 10,00,000,000) of Rs.10 each	1,000.00	10,000.00	1,000.00	10,000.00	1,000.00	10,000.00
	1,000.00	10,000.00	1,000.00	10,000.00	1,000.00	10,000.00
b) ISSUED, SUBSCRIBED AND FULLY PAID-UP SHARES						
1666,66,500 Equity Shares of Rs. 10 each	166.67	1,666.67	166.67	1,666.67	166.67	1,666.67
	166.67	1,666.67	166.67	1,666.67	166.67	1,666.67

c) Reconciliation of number of shares:

(₹ in Million)

Particulars	As at March 31, 2025		As at March 31, 2024		As at April 01, 2023	
	Number of shares	₹	Number of shares	₹	Number of shares	₹
Equity Shares at the beginning of the year	166.67	1,666.67	166.67	1,666.67	166.67	1,666.67
Add: Equity Shares Allotted during the year	-	-	-	-	-	-
Equity Shares at the end of the year	166.67	1,666.67	166.67	1,666.67	166.67	1,666.67

d) Rights Preferences and restriction attached to equity shares

i The company has single class of shares i.e. Equity Shares having at par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share ii In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

iii There were no bonus shares issued and there is an instance of shares being issued for consideration other than cash and no shares have been bought back by the company from incorporation date to the date of Balance Sheet.

iv Share allotted pursuant to contract without payment being received in cash and share bought back during the period of 5 year immediately preceding the reporting date is Nil (Previous Year: Nil).

e) Details of Shares held by the Holding Company

(₹ in Million)

Particulars	As at March 31, 2025		As at March 31, 2024		As at April 01, 2023	
Shares held by Holding Company	Number of shares	₹	Number of shares	₹	Number of shares	₹
AI Assets Holding Limited* *from January 12, 2022	166.67	1,666.67	166.67	1,666.67	166.67	1,666.67

f) Details of Shareholders holding more than 5%

(₹ in Million)

Particulars	As at March 31, 2025		As at March 31, 2024		As at April 01, 2023	
	Number of shares	₹	Number of shares	₹	Number of shares	₹
AI Assets Holding Limited** **from January 12, 2022	166.67	1,666.67	166.67	1,666.67	166.67	1,666.67

g) Promoter's shareholding

(₹ in Million)

Particulars	As at March 31, 2025		As at March 31, 2024		As at April 01, 2023	
	Number of shares held	%	Number of shares held	%	Number of shares held	%
AI Assets Holding Limited	166.67	100%	166.67	100%	166.67	100%

Note:

The number of shares held and percentage of holding represents the shares held in the individual capacity.

Promoter here means promoter as defined in the Companies Act, 2013, as amended.

AI ENGINEERING SERVICES LIMITED

Notes to Financial Statements For The Year Ended March 31, 2025

NOTE "12": OTHER EQUITY **(₹ in Million)**

Particulars	As at March 31, 2025		As at March 31, 2024 (Restated)*		As at April 01, 2023 (Restated)*	
Surplus / (Deficit) in Profit and Loss Account:						
Balance as per last Balance Sheet		–6,851.83		–9,235.85		–15,862.00
Profit / (Loss) for the year	4,046.60		2,549.87		6,284.71	
Less:						
Transfer to General Reserve	-		-		-	
Add/Less: Prior Period Adjustments in FY 2023-24	-		-		149.22	
Add/Less: Prior Period Adjustments in FY 2024-25			26.74		181.80	
Other comprehensive income						
Add: Actuaria Gain/(Loss) on Defined benefit obligation	–72.13		–192.59		10.42	
Net Surplus		3,974.46		2,384.02		6,626.15
Total Reserves & Surplus		**–2,877.37**		**–6,851.83**		**–9,235.85**

Retained Earnings:

Retained earnings are the profits that the company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings includes re-measurement loss/(gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss. Retained earnings is a free reserve available to the Company.

AI ENGINEERING SERVICES LIMITED

Notes to Financial Statements For The Year Ended March 31, 2025

NOTE "13": PROVISIONS

(₹ in Million)

Particulars	As at March 31, 2025		As at March 31, 2024		As at April 01, 2023	
	Non-Current	Current	Non-Current	Current	Non-Current	Current
Provision for Employee Benefits						
a) Gratuity (Refer Note No. 19.i.b)	1,739.30	512.23	1,872.62	529.90	1,891.95	543.19
b) Leave Encashment	1,133.22	395.70	1,264.53	383.59	1,302.84	407.54
c) Other Benefits	2,556.20	-	3,147.62	-	578.28	-
Provision other than Employee Benefits						
a) Other than employees	-	186.69	-	463.24	-	516.25
TOTAL	**5,428.72**	**1,094.61**	**6,284.77**	**1,376.74**	**3,773.08**	**1,466.99**

NOTE "14": TRADE PAYABLES

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024	As at April 01, 2023
Due to Micro and Small Enterprises	86.48	48.04	31.30
Others Payables	1,841.17	2,283.43	1,475.99
TOTAL	**1,927.64**	**2,331.47**	**1,507.29**

Note 14.1: Ageing of Trade Payables

As at March 31, 2025 (₹ in Million)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed dues (MSME)	83.39	0.61	1.93	0.54	86.48
(ii) Undisputed dues (Others)	1,279.28	343.10	209.45	9.34	1,841.17
(iii) Disputed dues (MSME)	-	-	-	-	-
(iv) Disputed dues (Others)	-	-	-	-	-
Total	**1,362.68**	**343.71**	**211.38**	**9.88**	**1,927.64**

As at March 31, 2024 (₹ in Million)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed dues (MSME)	45.05	2.34	0.51	0.14	48.04
(ii) Undisputed dues (Others)	1,929.83	215.71	28.74	109.15	2,283.43
(iii) Disputed dues (MSME)	-	-	-	-	-
(iv) Disputed dues (Others)	-	-	-	-	-
Total	**1,974.88**	**218.05**	**29.25**	**109.29**	**2,331.47**

As at April 01, 2023 **(₹ in Million)**

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed dues (MSME)	30.98	0.17	-	0.16	31.30
(ii) Undisputed dues (Others)	71.82	411.12	771.48	221.57	1,475.99
(iii) Disputed dues (MSME)	-	-	-	-	-
(iv) Disputed dues (Others)	-	-	-	-	-
Total	**102.80**	**411.28**	**771.48**	**221.73**	**1,507.29**

i. Trade payable are normally settled within 30 to 60 days

ii. Trade payable to related parties has been disclosed in Note 31 E.

NOTE "15": OTHER FINANCIAL LIABILITY

(₹ in Million)

Particulars	As at March 31, 2025		As at March 31, 2024		As at April 01, 2023	
	Non-Current	Current	Non-Current	Current	Non-Current	Current
Security Deposit	-	46.35	-	39.32	-	30.42
Earnest Money Deposit	-	3.43	-	1.62	-	4.93
Loan & Advances	-	-	-	-	-	17.40
Payable to Employees	-	577.65	-	646.31	-	455.41
Inter company Payable/ Receivable	22,636.45	-	20,822.96	-	21,739.44	-
Others	-	228.16	-	125.23	-	91.87
TOTAL	**22,636.45**	**855.59**	**20,822.96**	**812.49**	**21,739.44**	**600.03**

NOTE "16": OTHER CURRENT LIABILITIES

(₹ in Million)

Particulars	As at March 31, 2025	As at March 31, 2024	As at April 01, 2023
Statutory Dues	413.07	302.12	572.65
Unspent Grant-in-Aid from GoI (Refer Note No. 16.1)	32.98	119.40	375.07
TOTAL	**446.05**	**421.52**	**947.72**

Note 16.1: Government Grant

As per the decision of Government of India (MoCA), a scheme has been approved for providing grant for SESF expenses. In line with the said scheme, summary of grant received by the company and its utilization during the financial year 2024-25 are as under: -

(₹ in Million)

Particulars	FY 2024-25	FY 2023-24	FY 2022-23
Opening Un-spent Grant-in-aid	119.40	375.07	338.90
Total of budgetary support/Grants received by the Company from Min. of Civil Aviation, GOI	-	-	393.10
Grant utilized for SESF Expenses *	31.42	255.67	356.93
Grant returned during the year & unadjusted advance	55.00	-	-
Total Unspent Grant in Aid	**32.98**	**119.40**	**375.07**

* Including Rs 15.57 Million advance payment and Rs 9.16 Million balance payable to BEL.

NOTE "17": REVENUE FROM OPERATIONS

(₹ in Million)

Sr no.	Particulars	2024-25	2023-24 (Restated)	2022-23 (Restated)
1	**Sales of Services**			
	Technical Handling Services Revenue	6,111.00	7,196.89	5,555.29
	Other Servicing Revenue	11,143.17	12,591.98	13,422.77
		17,254.23	**19,788.87**	**18,978.07**
2	**Other Operating Revenue**			
	Engineering Training Revenue	129.60	157.73	113.36
		129.60	**157.73**	**113.36**

NOTE "18": OTHER INCOME

(₹ in Million)

Sr no.	Particulars	2024-25	2023-24 (Restated)	2022-23 (Restated)
1	**Interest Income**	758.28	635.54	343.99
2	Grant-In-Aid Revenue (Refer Note No. 16.1)	6.69	255.67	356.93
3	Other Income	588.61	32.49	136.22
	TOTAL	**1,353.59**	**923.70**	**837.14**

Note 18.1: Increase in Other Income in comparison to previous year is mainly due to liability written-back / provision no longer required of ₹318.80 million MIAL's increased rental provision (Refer Note No. 40), ₹164.35 million Provision for Inventory Reconciliation (Refer Note No. 5.i) and ₹67.39 million ECL provision (Refer Note No. - 37.i).

NOTE "19": EMPLOYEE BENEFIT EXPENSES

(₹ in Million)

Sr no.	Particulars	2024-25	2023-24 (Restated)	2022-23 (Restated)
1	**Salaries, Wages & Bonus**	7,615.43	6,550.93	5,976.59
2	Contribution to Provident and Other Funds	425.50	300.80	297.67
3	Staff Welfare Expenses	194.20	283.29	161.40
4	Provision for Gratuity	277.08	242.97	261.20
5	Provision for Leave Encashment	288.08	275.25	158.89
	TOTAL	**8,800.28**	**7,653.24**	**6,855.75**

Note 19.i: Employees Benefit Plans

a. Defined Contribution Plan

Employees' provident fund: The company subscribes to EPFO under Employees' Provident Fund Scheme, 1952 which governs the provident fund plans in respect on employees on contract. The company as well as the employees contributes at applicable rates to the provident fund out of which provident fund is paid to the employees. Company's contribution to provident fund recognized in the Statement of profit and loss is ₹425.49 million (previous year: ₹300.80 million)

b. Defined benefit plans

Gratuity: Gratuity is payable to all the eligible employees of the company on superannuation, death, or permanent disablement, in terms of the provisions of the Payment of Gratuity Act. The company has a defined benefit gratuity plan in India (unfunded). Gratuity is paid from the company as and when it becomes due and is paid as per the company scheme for Gratuity.

Disclosure statement as per Ind AS of gratuity:

Sr no.	Particulars	2024-25	2023-24 (Restated)	2022-23 (Restated)
1	**Type of Benefit**	Gratuity	Gratuity	Gratuity
2	Country	India	India	India
3	Reporting Currency	INR	INR	INR
4	Reporting Standard	Indian Accounting	Indian Accounting	Indian Accounting
5		Standard 19 (Ind AS 19)	Standard 19 (Ind AS 19)	Standard 19 (Ind AS 19)
6	Funding Status	Unfunded	Unfunded	Unfunded
7	Starting Period	01-04-24	01-04-23	01-04-22
8	Date of Reporting	31-03-25	31-03-24	31-03-23
9	Period of Reporting	12 Months	12 Months	12 Months
10	Reference ID	1071961	915080	788472
11	**Assumptions (Previous Period)**			
i	Expected Return on Plan Assets	N.A.	N.A.	N.A.
ii	Rate of Discounting	7.22%	7.50%	7.23%
iii	Rate of Salary Increase	5.50%	5.50%	5.50%
iv	Rate of Employee Turnover	2.00%	2.00%	2.00%
v	Mortality Rate During Employment	Indian Assured Lives Mortality	Indian Assured Lives Mortality	Indian Assured Lives Mortality
		2012-14 (Urban)	2012-14 (Urban)	2012-14 (Urban)
12	**Assumptions (Current Period)**			
i	Expected Return on Plan Assets	N.A.	N.A.	N.A.
ii	Rate of Discounting	6.81%	7.22%	7.50%
iii	Rate of Salary Increase	5.50%	5.50%	5.50%
iv	Rate of Employee Turnover	2.00%	2.00%	2.00%
v	Mortality Rate During Employment	Indian Assured Lives Mortality	Indian Assured Lives Mortality	Indian Assured Lives Mortality
		2012-14 (Urban)	2012-14 (Urban)	2012-14 (Urban)

		As at March 31, 2025	As at March 31, 2024	As at March 31, 2023
13	**Table Showing Change in the Present Value of Defined Benefit Obligation**			
i	Interest Cost	170.94	181.03	192.95
ii	Current Service Cost	73.79	61.93	68.25
iii	Past Service Cost	-	-	-
iv	Liability Transferred In/ Acquisitions	-	-	-
v	(Liability Transferred Out/ Divestments)	-	-	-
vi	(Gains)/ Losses on Curtailment	-	-	-
vii	(Liabilities Extinguished on Settlement)	-	-	-
viii	(Benefit Paid Directly by the Employer)	-467.85	-468.18	-532.55
ix	(Benefit Paid From the Fund)	-	-	-
x	The Effect Of Changes in Foreign Exchange Rates	-	-	-
xi	Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	-	-	-
xii	Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	43.28	29.07	-25.57
xiii	Actuarial (Gains)/Losses on Obligations - Due to Experience	28.85	163.53	15.14
	Present Value of Benefit Obligation at the End of the Period	**2,251.53**	**2,402.52**	**2,435.14**
14	**Table Showing Change in the Fair Value of Plan Assets**			
	Fair Value of Plan Assets at the Beginning of the Period	**-**	**-**	**-**
i	**Interest Income**	**-**	**-**	**-**
ii	**Contributions by the Employer**	**-**	**-**	**-**
iii	**Expected Contributions by the Employees**	**-**	**-**	**-**
iv	**Assets Transferred In/Acquisitions**	**-**	**-**	**-**
v	**(Assets Transferred Out/ Divestments)**	**-**	**-**	**-**
vi	**(Benefit Paid from the Fund)**	**-**	**-**	**-**
vii	**(Assets Distributed on Settlements)**	**-**	**-**	**-**

viii	**Effects of Asset Ceiling**	**-**	**-**	**-**
ix	**The Effect of Changes In Foreign Exchange Rates**	**-**	**-**	**-**
x	**Return on Plan Assets, Excluding Interest Income**	**-**	**-**	**-**
	Fair Value of Plan Assets at the End of the Period	**-**	**-**	**-**
		As at March 31, 2025	**As at March 31, 2024**	**As at March 31, 2023**
15	**Amount Recognized in the Balance Sheet**			
i	(Present Value of Benefit Obligation at the end of the Period)	-2,251.53	-2,402.52	-2,435.14
ii	Fair Value of Plan Assets at the end of the Period	-	-	-
iii	Funded Status (Surplus/ (Deficit))	-2,251.53	-2,402.52	-2,435.14
	Net (Liability)/Asset Recognized in the Balance Sheet	**-2,251.53**	**-2,402.52**	**-2,435.14**
16	**Net Interest Cost for Current Period**			
i	Present Value of Benefit Obligation at the Beginning of the Period	2,402.52	2,435.14	2,716.91
ii	(Fair Value of Plan Assets at the Beginning of the Period)	-	-	-
iii	Net Liability/(Asset) at the Beginning	2,402.52	2,435.14	2,716.91
iv	Interest Cost	170.94	181.03	192.95
v	(Interest Income)	-	-	-
	Net Interest Cost for Current Period	**170.94**	**181.03**	**192.95**
16	**Expenses Recognized in the Statement of Profit or Loss for Current Period**			
i	Current Service Cost	73.79	61.93	68.25
ii	Net Interest Cost	170.94	181.03	192.95
iii	Past Service Cost	-	-	-
iv	(Expected Contributions by the Employees)	-	-	-
v	(Gains)/Losses on Curtailments and Settlements	-	-	-

vi	Net Effect of Changes in Foreign Exchange Rates	-	-	-
	Expenses Recognized	**244.73**	**242.97**	**261.2**
17	**Expenses Recognized in the Other Comprehensive Income (OCI) for Current Period**			
i	Actuarial (Gains)/Losses on Obligation for the Period	72.13	192.59	-10.42
ii	Return on Plan Assets, Excluding Interest Income	-	-	-
iii	Change in Asset Ceiling	-	-	-
	Net (Income)/Expense for the Period Recognized in OCI	**72.13**	**192.59**	**-10.42**
		As at March 31, 2025	**As at March 31, 2024**	**As at March 31, 2023**
18	**Balance Sheet Reconciliation**			
i	Opening Net Liability	2,402.52	2,435.14	2,716.91
ii	Expenses Recognized in Statement of Profit or Loss	244.73	242.97	261.2
iii	Expenses Recognized in OCI	72.13	192.59	-10.42
iv	Net Liability/(Asset) Transfer In	-	-	-
v	Net (Liability)/Asset Transfer Out	-	-	-
vi	(Benefit Paid Directly by the Employer)	-467.85	-468.18	-532.55
vii	(Employer's Contribution)	-	-	-
	Net Liability/(Asset) Recognized in the Balance Sheet	**2,251.53**	**2,402.52**	**2,435.14**
19	**Category of Assets**			
i	Government of India Assets	-	-	-
ii	State Government Securities	-	-	-
iii	Special Deposits Scheme	-	-	-
iv	Debt Instruments	-	-	-
v	Corporate Bonds	-	-	-
vi	Cash and Cash Equivalents	-	-	-
vii	Insurance fund	-	-	-

viii	Asset-Backed Securities	-	-	-
ix	Structured Debt	-	-	-
x	Other	-	-	-
xi	Total	-	-	-
20	**Other Details**			
i	No of Members in Service	4,540.00	4,789.00	4,503
ii	Per Month Salary for Members in Service	247.88	250.99	220.34
iii	Weighted Average Duration of the Defined Benefit Obligation	6.23	6.00	5
iv	Average Expected Future Service	14.00	14.00	12
v	Defined Benefit Obligation (DBO) - Total	2,251.53	2,402.52	2,435.14
vi	Defined Benefit Obligation (DBO) - Due but Not Paid	47.28	34.93	21.35
vii	Expected Contribution in the Next Year	-	-	-
21	**Maturity Analysis of the Benefit Payments**			
	Projected Benefits Payable in Future Years from the Date of Reporting			
i	1st Following Year	512.23	529.90	543.19
ii	2nd Following Year	260.58	278.70	256.14
iii	3rd Following Year	315.51	415.71	441.64
iv	4th Following Year	221.82	298.91	381.54
v	5th Following Year	190.64	207.64	272.3
vi	Sum of Years 6 To 10	688.52	687.93	679.81
vii	Sum of Years 11 and above	1,277.43	1,241.68	933.88
22	**Sensitivity Analysis**	**As at March 31, 2025**	**As at March 31, 2024**	**As at March 31, 2023**
	Defined Benefit Obligation on Current Assumptions	**2,251.53**	**2,402.52**	**2,435.14**
i	Delta Effect of +1% Change in Rate of Discounting	**-102.01**	**-99.83**	**-89.24**
ii	Delta Effect of -1% Change in Rate of Discounting	**115.05**	**111.73**	**98.11**
iii	Delta Effect of +1% Change in Rate of Salary Increase	**74.38**	**72.29**	**61.43**

iv	Delta Effect of -1% Change in Rate of Salary Increase	**-73.11**	**-73.08**	**-63.76**
v	Delta Effect of +1% Change in Rate of Employee Turnover	**14.61**	**16.53**	**15.08**
vi	Delta Effect of -1% Change in Rate of Employee Turnover	**-16.08**	**-18.11**	**-16.23**
vii	The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.			
viii	The sensitivity analysis presented above may not be representative of the actual change in the Defined Benefit Obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.			
ix	Furthermore, in presenting the above sensitivity analysis, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the Defined Benefit Obligation as recognized in the balance sheet.			
x	There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.			
23	**Notes**			
	Gratuity is payable as per entity's scheme as detailed in the report.			
	Actuarial gains/losses are recognized in the period of occurrence under Other Comprehensive Income (OCI).			
	All above reported figures of OCI are gross of taxation.			
	Salary escalation & attrition rate are considered as advised by the entity; they appear to be in line with the			
	industry practice considering promotion and demand & supply of the employees.			
	Maturity Analysis of Benefit Payments is undiscounted cashflows considering future salary, attrition & death in			
	respective year for members as mentioned above.			
	Average Expected Future Service represents Estimated Term of Post - Employment Benefit Obligation.			
	Weighted Average Duration of the Defined Benefit Obligation is the weighted average of cash flow timing,			
	where weights are derived from the present value of each cash flow to the total present value.			
	Any benefit payment and contribution to plan assets is considered to occur end of the year to depict liability and fund movement in the disclosures.			
24	**Qualitative Disclosures**			

	Para 139 (a) Characteristics of defined benefit plan
	The entity has a defined benefit gratuity plan in India (unfunded). The entity's defined benefit gratuity plan is a final salary plan for employees.
	Gratuity is paid from entity as and when it becomes due and is paid as per entity scheme for Gratuity.
	Para 139 (b) Risks associated with defined benefit plan
	Gratuity is a defined benefit plan and entity is exposed to the Following Risks:
	Interest rate risk: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision.
	Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.
	Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. entity has to manage pay- out based on pay as you go basis from own funds.
	Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.
	Para 139 (c) Characteristics of defined benefit plans
	During the year, there were no plan amendments, curtailments and settlements.
	Para 147 (a)
	Gratuity plan is unfunded.

'NOTE "20" : FINANCE COST

(₹ in Million)

Sr no.	Particulars	2024-25	2023-24 (Restated)	2022-23 (Restated)
1	Interest Expenses	1,887.32	1,852.18	1,915.49
2	Interest expense on lease liability	4.22	4.46	5.35
	TOTAL	**1,891.54**	**1,856.64**	**1,920.84**

'NOTE "21" : OTHER EXPENSES

(₹ in Million)

Sr no.	Particulars	2024-25	2023-24 (Restated)	2022-23 (Restated)
1	Insurance Expenses	128.86	171.97	167.31

2	Consumable Exp Relating to Stores & Spares	534.10	1,606.39	631.87
3	Handling Charges	104.76	158.51	208.70
4	Communication Charges	12.73	9.70	9.24
5	Travelling Expenses	206.16	186.03	206.24
6	Rent	1,046.06	1,078.60	1,087.24
7	Rates and Taxes	52.44	55.55	160.09
8	Repair Maintenance:			
	i) Buildings	51.66	29.18	33.51
	ii) Others	1,039.29	978.04	699.32
9	Hire of Transport	205.73	211.30	150.25
10	Fees to DGCA	5.87	4.05	1.20
11	Electricity & Heating Charges	339.34	292.68	296.07
12	Water Charges	39.11	12.22	16.34
13	Publicity & Sales Promotion	1.25	2.25	3.07
14	Printing and Stationery	11.50	8.31	6.73
15	Professional & Legal Charges	53.44	36.00	23.91
16	Auditors' Remuneration and Expenses			
	i) Audit Fees	0.40	0.40	0.40
	ii) Other Expenses	0.01	0.04	0.03
17	Other Audit Expenses	0.46	0.23	0.69
18	Bank Charges	1.39	6.57	0.49
19	SESF Expenses (Refer Note No 16.I)	6.69	255.67	356.93
20	Exchange Variation	-	60.80	-
21	Loss on Sale of Assets/Scrap	0.46	0.86	8.23
22	Provision for Doubtful Receivable & Advances	69.12	73.23	142.72
23	Provision for Inventory Reconciliation (Expenses)	-	-	500.00
24	CSR Expenses	119.22	91.00	40.94
25	Other Misc. Expenses	66.22	74.66	67.28
	TOTAL	**4,096.27**	**5,404.27**	**4,818.79**

OTE "22": EARNING PER SHARE

Disclosure of Earnings Per Share (EPS) computation as per Indian Accounting Standard -33

Particulars	2024-25	2023-24 (Restated)	2022-23 (Restated)
Profit available for appropriation as per Statement of Profit & Loss	4,046.60	2,576.61	6,615.72
Weighted average No. of equity shares outstanding during the year	166.67	166.67	166.67
Basic and Diluted EPS	**24.28**	**15.46**	**39.69**
Face value per equity share	**10**	**10**	**10**

AI ENGINEERING SERVICES LIMITED

Notes to Financial Statements For The Year Ended March 31, 2025

NOTE "23": CONTINGENT LIABILITIES, CONTINGENT ASSETS & COMMITMENTS

23.i. Contingent liabilities (to the extent not provided for)

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

(₹ in Million)

Sr no.	Particulars	As at March 31, 2025	As at March 31, 2024	As at April 01, 2023
(i)	Income Tax Demand Notices received by the Company which are under appeal (*).	644.74	644.74	643.65
(ii)	Other Claims on account of Staff**/Civil/ Arbitration Cases pending in Courts	Amount not ascertainable	Amount not ascertainable	Amount not ascertainable
	TOTAL	**644.74**	**644.74**	**643.65**

Explanatory statement in respect of other contingent liabilities:

***Income Tax (TDS) Demand Notices received by the Company which are under appeal:**

(₹ in Million)

FY	Total amount of Default u/s 210(1)	Total amount of Interest u/s 201	Total Demand	Appeal Status
2014-15	16.48	11.93	28.41	Appeal filed before CIT(A) against the assessment order.
2015-16	27.75	16.85	44.60	Appeal filed before CIT(A) against the assessment order. Date of hearing vide notice dated 13.07.2022 was 28.07.2022 and adjournment was sought.
2016-17	42.68	20.70	63.38	Appeal was filed before CIT(A) on 28.08.2020.
2017-18	135.72	48.86	184.58	Appeal was filed before CIT(A) on 28.08.2020.
2018-19	261.11	62.67	323.77	Appeal was filed before CIT(A) on 28.08.2020.
Total	**483.74**	**161.00**	**644.74**	

*Interest u/s 220(2) on the above demand as on 31st March, 2025 will be ₹391.62 million (Previous Year ₹314.55 million).

**The employees of the company have filed cases in various courts relating to staff matters, making the company a party. In the opinion of the management, the amount of liabilities may not arise to the company.

23.ii. Letter of Credit and Bank Guarantee given by the Company:

The company has given Performance Guarantee (BG) amounting to ₹42.3 million (previous year ₹58.79 million) to (i) Bangalore International Airport Limited (BIAL) amounting to ₹1.00 million, (ii) Centre For Airborne Systems (CABS) ₹2.52 million, (iii) Nepal Airline Corporation ₹9.99 million and (iv) Ministry of Defence ₹28.79 million for due performance of the obligation under the contract. Further, the company has given a letter of credit to Messier Goodrich Society ₹38.09 for import of material.

AI ENGINEERING SERVICES LIMITED

Notes to Financial Statements For The Year Ended March 31, 2025

NOTE "24": DISINVESTMENT STATUS

In view of the NITI Aayog recommendations on the disinvestment of the then Air India (AI) and followed by the recommendations of the Core Group of Secretaries on disinvestment (CGD), the Cabinet Committee on Economic Affairs (CCEA) had given an 'In-Principle' approval for considering the strategic disinvestment of the then Air India group in its meeting held on June 28, 2017. CCEA also constituted the Air India Specific Alternative Mechanism (AISAM) to guide the process of strategic disinvestment. An ex-facto approval was given by Union Cabinet in Feb 2019 for formation of SPV under the name and style now known as AI Assets Holding Limited (AIAHL) for the warehousing of accumulated working capital loan not backed by any asset along with four subsidiaries AIASL, AAAL, AIESL, HCI, non-core assets, paintings & artifacts and other non- operational assets. Based on the above decisions, Air India Limited (AIL) has been disinvested. Further, the Ministry of Civil Aviation (MoCA) vide its letter no. 17046/56/2019-AI dated 31st December, 2021 has conveyed the decision of AISAM for transferring of the four subsidiaries (AIASL, AAAL, AIESL and HCI) of the then Air India Limited to the AI Assets Holding Limited.

As per the decision of AISAM for transferring of the investments in subsidiaries, in the financial year 2021-22, the shares of the company (AIESL) were transferred from the then Air India Limited to AIAHL at book value. Accordingly, the share purchase agreement (SPA) between the then AIL and AIAHL for the transfer of the shares of AIESL was executed on 10th January, 2022. Considering the decision of Government of India and as per SPA, 100% shareholding of the company has been transferred from the then AIL to AIAHL and the Board of the company has also been reconstituted and shares of the company has been transferred to AIAHL w.e.f 12th January, 2022. Consequently, AI Assets Holding Limited (AIAHL) has become the new Parent Company / Holding Company of AI Engineering Services Limited.

Consequent to the Strategic Disinvestment of Air India, Government has initiated the process of disinvestment of three subsidiaries of AIAHL (AI Airport Services Ltd., AI Engineering Services Ltd., & Alliance Air Aviation Ltd.). The Committees have been constituted to oversee the disinvestment process and DIPAM has commenced the exercise of investor meetings for the disinvestment. Roadshows have been conducted by DIPAM and draft PIM for AIESL, AIASL & AAAL have been prepared for discussion with the Govt.

PIM (Preliminary Information Memorandum) shall be issued in due course and interested bidders will submit their Expression of Interest (EOI) to DIPAM and qualified bidders will submit the Financial Bids after due diligence. The Strategic partner will be selected after following the due process of disinvestment. In this regard meetings of Inter-Ministerial Group-IMG were held on 18th Nov 2024 and on 7th July 2025 (AAAL) and meetings held between MoCA and DIPAM on 25th April 2025 for AIESL.

The above-specified procedure is taking time due to the involvement of various Ministries/Departments of the Government of India.

NOTE "25": CORRECTION OF PRIOR PERIOD ERRORS IN ACCORDANCE WITH IND-AS 8 "ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS"

During the year 2024-25, the company have discovered that the below mentioned Line items of financial statements had been incorrectly accounted/disclosed in the prior year. These errors have now been corrected by restating the affected financial statements line items for the prior year.

(₹ in Million)

Particulars	31st March, 2024 (as previously reported)	Increase/ (decrease) due to correction of error	31st March, 2024 (restated)
Balance sheet (extract)			
Trade Payable	2,246.07	85.40	2,331.47
Trade Receivable	12,764.27	136.00	12,900.27
Loans & Advances (Other Current Financial Liability)*	-142.34	157.94	15.60
Other Non-Trade Receivable*	-	15.60	15.60
Other Financial Assets*	25.12	15.60	40.72
Statement of Profit and loss (extract)			
Revenue From Operation	20,879.83	26.74	20,906.57
Other Servicing Revenue	12,565.24	26.74	12,591.98
Total Income	21,803.53	26.74	21,830.27
Profit/ (Loss) after Tax for the period	2,549.87	26.74	2,576.61
Total comprehensive Income for the year	2,357.28	26.74	2,384.02

* As at 31st March, 2024 Loans & Advances (Other Current Financial Liability) was ₹142.34 million and due to correction of error of ₹157.94 million, the debit balance of ₹15.60 million has been grouped as Other Non-Trade Receivable in Other Financial Assets.

Basic and diluted earnings per share for the prior year have also been restated. The amount of the correction for both basic and diluted earnings per share was a increase of ₹0.16 per share in FY 2023-24.

(₹ in Million)

Particulars	31st March, 2023 (as previously reported)	Increase/ (decrease) due to correction of error	01st April, 2023 (restated)
Balance sheet (extract)			
Trade Payable	1,421.90	85.40	1,507.29
Trade Receivable	8,315.66	258.47	8,424.91
Loans & Advances (Other Current Financial Liability)	175.34	-157.94	17.40
Other Financial Liability	757.97	-157.94	600.03
Statement of Profit and loss (extract)			
Revenue From Operation	19,683.24	109.25	19,792.49
Other Servicing Revenue	13,391.57	31.20	13,422.77
Other Income	764.59	72.55	837.14
Total Income	20,447.83	181.80	20,629.63

Profit/ (Loss) after Tax for the period	6,433.92	181.80	6,615.72
Total comprehensive Income for the year	6,444.35	181.80	6,626.15

Basic and diluted earnings per share for the prior year have also been restated. The amount of the correction for both basic and diluted earnings per share was an increase of ₹0.91 per share in FY 2022-23.

NOTE "26": RECONCILIATION / CONFIRMATION

(i) The Company has sought for the confirmation of balances for all the major trade receivables & trade payables. However, only some of the parties have responded and are in agreement with the books of the Company. Wherever the balances confirmed are not in agreement with the books in that case reconciliation of difference is under process.

Further,

(ii) Good & Service Tax (GST) and other statutory dues are in reconciliation with the returns filed and statutory records maintained by the company.

(iii) The company has done reconciliation/scrutiny of various ledgers, supplier suspense accounts, vendor's GL, customers code/GLs, GLs pertaining to staffs' recoverable/payables including certain control ledger, GRIR accounts, security deposit from vendors etc and found that these balances are mainly due to legendry transfer of entries from the then holding company (Air India Ltd. prior to disinvestment), long open line items in SAP without any demand/claim from parties, non-movement of balances in GLs for more than three years, erroneous adjustment/clearing or balances without any supporting documentation for which the company has taken the accounting impact.

Further, few control ledgers/GLs/Accounts are under process of reconciliation and the same will be completed in due course and accounting impact, if any, of the same arising out of the reconciliation will be taken on approvals from appropriate authority.

NOTE "27": EXCEPTIONAL ITEMS

The Department of Public Enterprises, Ministry of Heavy Industries, vide notification No. W-08/005/2016-DPE(WC) dated 9th June, 2016, had appointed 3rd Pay Revision Committee (PRC) with an aim to provide employees of CPSE's with suitable working conditions, emoluments and incentives to motivate them to strive for the profitability of the company. The committee submitted its report on 21st November, 2016 and recommended to implement the same. The company has initiated the process for the implementation of 3rd PRC for eligible categories of employees and estimated ₹2,532.60 million towards implementation and a provision of ₹2,532.60 million has been made in the books of accounts in the FY 2023-24. Additional liability of ₹62.42 million has also been made for FTE wage increase as per approval from competent authority. Both provisions for total amounting to ₹2,595.02 has been classified as exceptional items in FY 2023-24.

After the negotiations with stake holders by the committee constituted by the MOCA, differential liability to the extent of ₹1,208.30 million has been written back.

NOTE "28": INTERNAL CONTROL

The Company is in continuous process of strengthening the internal control process in the company so as to ensure the coverage of all the areas as envisaged and ensure effective internal controls at stations, regional offices, user departments. The company has appointed independent firm for conducting the internal audit to provide suggestions for the improvement in the system required, if any.

NOTE "29": SEGMENT REPORTING

The CEO of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators; however, the company is engaged in MRO (Maintenance, Repair& Overhaul of aircraft, engines & components) services, which is its primary and only one reportable business segment and that all of the operations are in India. Hence the Company does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments".

a. Disclosure of Customer with more than 10% of Revenue:

(₹ in Million)

Particulars	For the year ended 31st March, 2025	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Air India Ltd.	10,682.13	13,214.76	14,070.49
IAF	3,156.09	4,377.46	2,878.71

NOTE "30": DUES TO MICRO, SMALL& MEDIUM ENTERPRISES AS PER MSMED ACT, 2006:

The dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the company. However, payments to such undertakings covered under the Micro, Small and Medium Enterprises Development Act (to the extent identified) have been made within the prescribed time limit/date agreed upon with the supplier. In other cases, necessary compliance/disclosure will be ensured in due course.

(₹ in Million)

Particulars	For the year ended 31st March, 2025	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Principal amount due and remaining unpaid	86.48	48.04	31.30
Interest due on over due amounts	1.24	0.82	0.25
Payment made beyond the appointed day during the year	-	-	-
Interest paid	-	-	-
Interest due and payable for the period of delay	1.24	0.82	0.25
Interest accrued and remaining unpaid	1.24	0.82	0.25
Amount of further interest remaining due and payable in succeeding years	-	-	-

AI ENGINEERING SERVICES LIMITED

Notes to Financial Statements For The Year Ended March 31, 2025

NOTE "31": RELATED PARTY DISCLOSURES

Disclosure of the names and designations of the related parties as required by the Ind AS 24 "Related Party Disclosures", during the year 2024-25:

A. List of related parties: (As identified by the management, unless otherwise stated)

i. In terms of Ind AS 24, following are related parties which are government related entities i.e. significantly controlled and influenced entities (Government of India):

Sr. No.	Name of the company	Relationship
1	AI Assets Holding Limited (w.e.f. January 12, 2022)	Holding company

ii. List of Fellow Subsidiary Companies

Sr. No.	Name of Company	Relationship
1	Hotel Corporation of India Limited (HCI)	Fellow Subsidiary
2	Air India Airport Services Limited (AIASL)	Fellow Subsidiary
3	Alliance Air Aviation Limited (AAAL)	Fellow Subsidiary

iii. Others

<table>
<tr><th>Sr. No</th><th>Name of Company</th><th>Relationship</th></tr>
<tr><td>1</td><td>Airport Authority of India</td><td rowspan="2">Entity under same control by the Government</td></tr>
<tr><td>2</td><td>Ministry of Civil Aviation</td></tr>
</table>

B. Board of Directors

<table>
<tr><th>S. No.</th><th>Name of Director</th><th>Designation</th></tr>
<tr><td rowspan="2">1</td><td rowspan="2">Shri. Amit Kumar</td><td>CMD, AI Assets Holding Limited</td></tr>
<tr><td>Chairman & Nominee Director, AIESL (w.e.f. 13.03.2025)</td></tr>
<tr><td rowspan="2">2</td><td rowspan="2">Shri. Asangba Chuba Ao</td><td>CMD, AI Assets Holding Limited & Joint Secretary, Ministry of Civil Aviation</td></tr>
<tr><td>Chairman & Nominee Director, AIESL (w.e.f. 01.01.2024 to 11.03.2025)</td></tr>
<tr><td rowspan="2">3</td><td rowspan="2">Shri Padam Lal Negi</td><td>Joint Secretary & Financial Advisor, Ministry of Civil Aviation</td></tr>
<tr><td>Nominee Director, AIESL (w.e.f. 18.01.2023)</td></tr>
<tr><td rowspan="2">4</td><td rowspan="2">Shri Shobhit Gupta</td><td>Joint Secretary, Ministry of Civil Aviation</td></tr>
<tr><td>Nominee Director, AIESL (w.e.f. 25.05.2024)</td></tr>
<tr><td rowspan="2">5</td><td rowspan="2">Shri Rahul Jain</td><td>Joint Secretary, Department of Investment & Public Asset Management</td></tr>
<tr><td>Nominee Director, AIESL (w.e.f. 12.12.2023 to 14.05.2024)</td></tr>
</table>

6	Shri Alok Pande	Additional Secretary, Department of Investment & Public Asset Management
		Nominee Director, AIESL (w.e.f. 16.05.2024 to 25.02.2025)
7	Shri Manoj Kumar	Joint Secretary, Department of Investment & Public Asset Management
		Nominee Director, AIESL (w.e.f. 28.02.2025)
8	Smt. Nayonika Dutta	Joint Director, Ministry of Civil Aviation
		Nominee Director, AIESL (w.e.f. 12.02.2024)

C. Key Managerial Personnel

S. No	Name of Key Managerial Personnel	Designation
1	Shri Sharad Agarwal	Chief Executive Officer
		w.e.f. 01.05.2022
2	Shri Rakesh Kumar Jain	Chief Financial Officer
		w.e.f. 20.05.2022
3	Ms. Sakshi Mehta	Company Secretary
		w.e.f. 09.11.2021

D. Transaction with Key Managerial Person (KMP)

i. There are no transactions with Key Managerial Personnel except remuneration and perquisites to Chief Executive Officer, Chief Financial Officer and Company Secretary. During the year 2024-25, remuneration and perquisites is ₹5.11 Million (PY ₹5.36 Million) for Chief Executive Officer, ₹2.95 Million (PY ₹2.83 Million) for Chief Financial Officer and ₹1.25 Million (PY ₹1.01 Million) for Company Secretary.

ii. No Loans or Credit Transactions were outstanding with Directors or Officers of the Company or their relatives during the year.

E. In term of Ind AS 24, following are the disclosure requirements related to transactions with certain Government Related entities i.e. significantly controlled and influenced entities (Government of India) and other than government related parties:

S. No.	Name of the Entities and Nature of transactions	2024-25 (₹ in Million)	2023-24 (₹ in Million)
1	**AI Assets Holding Limited (AIAHL) Holding Company**		
	Expense		
	Interest on outstanding payables to AIAHL	1,879.64	1,840.76
	Rent	396.90	396.72
	Reimbursement to AIAHL from AIESL	39.67	38.84
	Income		
	Reimbursement from AIAHL to AIESL	97.24	23.56
	Closing Balance as on 31st March (Payable) / Receivable	**–22,636.45**	**–20,822.99**

2	**Alliance Air Aviation Limited (AAAL)**		
	Income		
	Revenue from operation	884.14	577.34
	Other Income (Interest)	280.60	210.70
	Expenditure		
	Total Expenditure	-	-
	Closing Balance (Payable) / Receivable	**3,685.65**	**2,584.75**
	Short Term Loan given to Alliance Air Aviation Limited (AAAL) @ 9%	**300.00**	**-**
3	**AI Airport Services Limited (AIASL)**		
	Revenue from Operation	34.44	28.81
	Expenditure		
	Handling Charges	48.37	120.87
	Manpower Cost	10.01	2.57
	Interest on dues AIASL	1.01	1.36
	Closing Balance (Payable) / Receivable	**14.65**	**–38.14**
4	**Centaur Hotel (HCI)**		
	Expenditure		
	Hotel Expenses- Staff on Duty	21.50	18.48
	Closing Balance (Payable) / Receivable	**–5.28**	**–7.67**

AI ENGINEERING SERVICES LIMITED

Notes to Financial Statements For The Year Ended March 31, 2025

NOTE "32": FOLLOWING ARE THE DETAILS OF FOREIGN CURRENCY EARNED AND EXPENDED BY THE COMPANY DURING THE YEAR

(₹ in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Foreign exchange earnings	2,097.45	979.58
Foreign exchange expended	1,635.37	2,147.71
Net foreign exchange earnings	462.08	(1,168.14)

NOTE "33": CORPORATE SOCIAL RESPONSIBILITY

As per Section 135 (1) of the Companies Act, 2013, every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

Further as per section 135(5), the Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years.

Based on this the company has contributed to Prime Minister Relief Fund of ₹57.22 million (Previous Year ₹91.00 million) and balance ₹62.00 million has been withheld for the different projects of AIIMS, Delhi and also proposal has been received and the same is under process. Corporate Social Responsibility Expenditure: -

(₹ in Million)

Particulars	Year ended March 31, 2025	Year ended March 31, 2024	Year ended March 31, 2023
Amount required to be spent by the company during the year	119.22	91.00	40.94
Amount of expenditure incurred	-	-	-
Nature of CSR activities			
a) Construction / acquisition of any assets	-	-	-
b) On purpose other than 1 above	57.22	91.00	40.94
Shortfall at the end of the year / period	62.00	-	-
Total of previous years shortfall	-	-	-

Reason for shortfall	The amount has been withheld for the different projects of AIIMS, Delhi and also proposal has been received and the same is under process.	-	-
Nature of CSR activities:	₹57.22 million has been Contributed to Prime Minister's National Relief Fund	Contribution to Prime Minister's National Relief Fund	Contribution to Prime Minister's National Relief Fund

NOTE "34": INDEPENDENT DIRECTOR AND NOMINATION & REMUNERATION COMMITTEE

As per Companies Act 2013, Sec 149(4) and 178 and in line with Rule 4(2) the Company is not required to have independent director being an unlisted company and a wholly owned subsidiary of AIAHL. However, as per DPE guidelines on Corporate Governance 2010, the non-listed CPSEs provides for appointment of Independent Director, setting up of Audit Committee and Remuneration Committee, respectively wherein the constitution of both the committee is required to be done with Independent Director. The company has applied to the DPE for seeking exemption vide letter ref no AIESL/CS/HQ/25 dated 01.09.2020 followed by an email dated 10th May 2024. However the reply is still awaited for the same.

NOTE "35": ADDITIONAL REGULATORY INFORMATION REQUIRED BY SCHEDULE III

(i) Loans and advances to specified persons `Nil (Previous Year `Nil) which are repayable on demand or without specifying any terms or period of repayment.

(ii) Details of benami property held

There is no benami property held by the Company, hence, not applicable.

(iii) Wilful defaulter

The company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(iv) Compliance with number of layers of companies

The number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017. Such Compliance with number of layers of companies is not applicable for PSUs.

(v) Compliance with approved scheme(s) of arrangements

The company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

(vi) Utilisation of borrowed funds and share premium

All borrowings of the Company have been used for the intended purpose, hence, not applicable.

(vii) Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(viii) Details of crypto currency or virtual currency

The company has not traded or invested in crypto currency or virtual currency during the current or previous year.

(ix) Title deeds of immovable properties not held in name of the company

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value (₹ in Millions)	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative# of promoter*/director or employee of promoter/ director	Reason for not being held in the name of the company
PPE	i. Building	2,644.05	Air India Limited and held since 8th April, 2021	No	Refer Note 2(a).1
	ii. Jet 9D Test House	10.42	Air India Limited and held since 1st April, 2019	No	Refer Note 2(a).3
Investment property	Land	-	-	-	-
	Building	-	-	-	-
Non-current asset held for sale	Land	-	-	-	-
	Building	-	-	-	-
Others		-	-	-	-

(x) Capital Work-in-progress (CWIP)

(₹ in Million)

CWIP	₹ in Millions in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	1,137.68	1,137.68

(xi) Registration of charges or satisfaction with Registrar of Companies (ROC)

No charge created hence not applicable

(xii) Relationship with Struck off Companies:

The Company has no outstanding balances as on 31.03.2025 (previous period: Nil) with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.

(xiii) Ratios **(₹ in Million)**

Current ratio			
Particulars	**As at March 31, 2025**	**As at March 31, 2024**	**As at April 01, 2023**
Total current assets	23,209	18,903	14,299
Total current liabilities	4,343	4,955	4,533
Ratio	5.34	3.81	3.15
% change	**40%**	**21%**	**103%**
Reason	Increase in current assets but decrease in current liability as compared to previous year		

Debt equity ratio			
Particulars	**As at March 31, 2025**	**As at March 31, 2024**	**As at April 01, 2023**
Total debt	-	-	-
Shareholder's equity	-1,211	-5,185	-7,569
Ratio	-	-	-
% change	-	-	-
Reason	There are no debts.		

Return on equity			
Particulars	**As at March 31, 2025**	**As at March 31, 2024**	**As at April 01, 2023**
Net profits after tax	4,046.60	2,577	6,616
Average Shareholders' equity	-3,197.94	-6,377	-10,882
Ratio	-1.27	-0.40	-0.61
% change	**213%**	**–34%**	**35%**
Reason	Due to decrease net profit made during the year compared to previous year and improvement in average shareholders' equity		
Inventory turnover ratio			
Particulars	**As at March 31, 2025**	**As at March 31, 2024**	**As at April 01, 2023**
Cost of goods sold	-	-	-
Average inventory	300.22	144.18	355.31
Ratio	-	-	0
% change	**0%**	**0%**	**0%**
Reason	Consumption of stores is not directly related to the inventory held		

Trade receivable turnover ratio			
Particulars	**As at March 31, 2025**	**As at March 31, 2024**	**As at April 01, 2023**
Revenue from operations	18,107	20,907	19,792
Closing trade receivables	11,361	12,900	8,425
Ratio	1.59	1.62	2.35
% change	**–2%**	**–31%**	**–31%**
Reason	Due to increase in revenue as compared to previous year as well as trade receivables.		

Trade payable turnover ratio			
Particulars	**As at March 31, 2025**	**As at March 31, 2024**	**As at April 01, 2023**
Other expenses	4,096	5,404	4,819
Closing trade payables	1,928	2,331	1,507
Ratio	2.13	2.32	3.20
% change	**–8%**	**–27%**	**137%**
Reason	Due to decrease in other expenses and trade payables as compared to previous year.		

Net capital turnover ratio			
Particulars	**As at March 31, 2025**	**As at March 31, 2024**	**As at April 01, 2023**
Revenue from operations	18,107	20,907	19,792
Working capital	18,866	13,948	9,765
Ratio	0.96	1.50	2.03
% change	**–36%**	**–26%**	**–62%**
Reason	Mainly due to increase in working capital (Debtors and bank balance) as compared to previous year.		

Net profit ratio			
Particulars	**As at March 31, 2025**	**As at March 31, 2024**	**As at April 01, 2023**
Net Profit for the year	4,047	2,577	6,616
Revenue from operation	18,107	20,907	19,792
Ratio	0.22	0.12	0.33
% change	**81%**	**–63%**	**–24%**
Reason	Due to lower profit in view of tax expense impact as compared to previous year.		

Return on capital employed			
Particulars	**As at March 31, 2025**	**As at March 31, 2024**	**As at April 01, 2023**
Profit before exceptional item & tax plus finance cost	5,725	8,162	8,362
Capital employed	26,883	21,956	17,990
Ratio	0.21	0.37	0.46
% change	**–43%**	**–20%**	**–11%**
Reason	Due to decrease in profit before exceptional item & tax plus finance cost as compared to previous year and improvement in capital employed.		

Return on investment			
Particulars	**As at March 31, 2025**	**As at March 31, 2024**	**As at April 01, 2023**
Income from investment	Nil	Nil	Nil
Closing balance of investment	Nil	Nil	Nil
Ratio	Nil	Nil	Nil
% change	**Nil**	**Nil**	**Nil**
Reason	No investment made		

1. Total debt = Non-current borrowings + Current borrowings
2. Earnings before interest & tax (EBIT) = Profit before exceptional item & tax + Finance costs
3. Cost of goods sold = Cost of materials consumed + Purchases of stock-in-trade + Changes In inventories of finished goods and work-in-progress
4. Working capital = Total current assets - Total current liabilities
5. Capital employed = Total equity + Total non current liabilities
6. Total equity = Total equity excluding non controlling Interest (less) / add (deferred tax assets) / deferred tax liability (net)

AI ENGINEERING SERVICES LIMITED

Notes forming part of the financial statements For The Year Ended March 31, 2025

NOTE "36": FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT

NOTE 36.i. Capital Management

The Company's objective when managing capital is to:

i. Safeguard its ability to continue as going concern so that the Company is able to provide return to stakeholders and benefits for other stakeholders; and

ii. Maintain an optimal capital structure of debt and equity balance.

iii. The capital structure of the Company consists of total equity of the Company.

iv. The Company's Audit Committee and BoD review the capital structure of the Company from time to time. The committee considers the cost of capital and the risks associated with each class of capital as and when required.

v. During the financial year ended 31 March 2025, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

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

(₹ in Million)

Financial assets and liabilities as at March 31, 2025	Non-current	Current	Total	Routed through profit & loss				Routed through OCI				Carried at amortised cost	Total amount
				Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
Financial assets													
Trade receivables	-	11,360.66	11,360.66	-	-	-	-	-	-	-	-	11,360.66	11,360.66
Other financial assets		41.93	41.93	-	-	-	-	-	-	-	-	41.93	41.93
Cash and cash equivalents	-	3,698.56	3,698.56	-	-	-	-	-	-	-	-	3,698.56	3,698.56
Bank balances other than cash and cash equivalents	-	5,841.00	5,841.00	-	-	-	-	-	-	-	-	5,841.00	5,841.00
Total financial assets	**-**	**20,942.14**	**20,942.14**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**20,942.14**	**20,942.14**
Financial liabilities													
Lease liabilities	28.42	19.07	47.49	-	-	-	-	-	-	-	-	47.49	47.49
Trade payables	-	1,927.64	1,927.64	-	-	-	-	-	-	-	-	1,927.64	1,927.64
Other financial liabilities	22,636.45	855.59	23,492.03	-	-	-	-	-	-	-	-	23,492.03	23,492.03
Total financial liabilities	**22,664.87**	**2,802.30**	**25,467.16**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**25,467.16**	**25,467.16**

Financial assets and liabilities as at March 31, 2024	Non-current	Current	Total	Routed through profit & loss				Routed through OCI				Carried at amortised cost	Total amount
				Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
Financial assets													
Trade receivables	-	12,900.27	12,900.27	-	-	-	-	-	-	-	-	12,900.27	12,900.27
Other financial assets	1.00	40.72	41.72	-	-	-	-	-	-	-	-	41.72	41.72
Cash and cash equivalents	-	2,213.27	2,213.27	-	-	-	-	-	-	-	-	2,213.27	2,213.27
Bank balances other than cash and cash equivalents	-	2,401.38	2,401.38	-	-	-	-	-	-	-	-	2,401.38	2,401.38
Total financial assets	**1.00**	**17,555.63**	**17,556.63**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**17,556.63**	**17,556.63**
Financial liabilities	-												
Lease liabilities	33.14	13.12	46.27	-	-	-	-	-	-	-	-	46.27	46.27
Trade payables	-	2,331.47	2,331.47	-	-	-	-	-	-	-	-	2,331.47	2,331.47
Other financial liabilities	20,822.96	812.49	21,635.45	-	-	-	-	-	-	-	-	21,635.45	21,635.45
Total financial liabilities	**20,86.11**	**3,157.08**	**24,013.19**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**24,13.19**	**24,013.19**

The companies' receivable/payable to holding company and its subsidiaries have been contracted at market rate of interest, which resets at regular intervals. Accordingly, the carrying value of such borrowings (including interest accrued) approximates fair value.

* The carrying amounts of trade receivables, trade payables, cash and cash equivalents, and other current financial assets, approximates the fair values, due to their short-term nature.

Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs are other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. prices) or indirectly (i.e. derived from prices).

Level 3: Inputs are not based on observable market data unobservable inputs. Fair value are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

AI ENGINEERING SERVICES LIMITED

Notes forming part of the financial statements For The Year Ended March 31, 2025

NOTE "37": FINANCIAL RISK MANAGEMENT

The company has exposure to following risks arising from financial instruments:

i. Credit risk

ii. Liquidity risk

iii. Market risk – a. Foreign currency and b. Interest rate

The company's principal financial liabilities comprise of trade and other payables. The main purpose of these financial liabilities is to finance receivable, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's senior management oversees the management of these risks. A board of directors reviews and agrees policies for managing each of these risks, which summarized below:

(i) Credit risk management

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company is exposed to credit risk from its operating activities (primarily trade receivables).

The maximum exposure to the credit at the reporting date is primarily from trade receivables. Trade receivables are typically unsecured are derived from revenue earned from customers The Company does monitor the economic environment in which it operates. The Company manages its credit risk through credit approval and continuously monitoring credit worthiness of customers to which the Company brands credit terms in the normal course of the business.

Trade receivables consist of number of customers from the same aviation industry. Significant of outstanding is from its Group Companies and for which the Management expects no credit risk. Accordingly, no expected credit loss has been considered on receivables from Group Companies.

Apart from Group Company, in respect of government and other parties there is no significant concentration of credit risk. No single customer accounted for 10% or more of revenue in any of the years indicated, except for IAF-SESF. The outstanding trade receivables are regularly monitored, and appropriate action is taken for collection of overdue receivables.

As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk. Our historical experience of collecting receivables indicates a low credit risk. Hence, trade receivables are considered to be a single class of financial assets. Based on the business environment in which the company operates, management considers that the trade receivable are in default (credit impaired) if the payments are more than 36 months past due. Further, the company has also made credit risk impaired on individual basis based on the current status of the party on going concern. The provisioning norms computed based on the proportion computed by taking ratio of outstanding receivables for more than 36 months. According ECL is providing using following rates:

Bucket	As at March 31, 2025	As at March 31, 2024
Government Company past due more than three years	100.00%	100.00%
Group Company	0.00%	0.00%
Other Parties past due greater than one year and up to three years	2,79%	2.26%
Other Parties past due more than three years	100.00%	100.00%
Specific Credit Risk impairment on individual basis	100.00%	100.00%

The Company's exposure to credit risk for trade receivables is as follows:

(₹ in Million)

Particulars	As at 31st March 2025		As at 31st March 2024	
	Gross Carrying	Loss Allowance	Gross Carrying	Loss Allowance
Debts not due	-	-	-	-
Debts over due	11,962.36	601.70	13,569.36	669.10
Total	**11,962.36**	**601.70**	**13,569.36**	**669.10**

The movement in allowance for Expected credit loss is as follows:

(₹ in Million)

Particulars	For the year ended 31st March 2025	For the year ended 31st March 2024
Balance at the beginning of the Year	669.10	597.30
Movement during the year (Net)	–67.39	71.80
Balance at the end of the Year	**601.70**	**669.10**

(ii) Liquidity risk management

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligation associated with its Financial liabilities that are settled by delivering cash or another Financial assets.

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

The company believes that its liquidity position, including total cash (including bank deposit lien and excluding interest accrued but not due) anticipated future internally generated funds from operations, value of unencumbered assets, which should enable it to meet its ongoing capital, operating, and liquidity requirement.

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

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

- Maintaining rolling forecast of the Company's liquidity position on the basis of expected cash flows.
- Maintaining diversified credit lines.

The following are the remaining contractual maturities of financial liabilities at the reporting data. The contractual maturity is based on the earliest date on which the company may be required to pay:

Exposure to liquidity risk

As at March 31, 2025 **(₹ in Million)**

Particulars	Carrying amount	Contractual cash flows			
		Upto 1 year	1-5 years	More than 5 years	Total
Current					
Trade Payables	1,927.64	1,927.64	-	-	1,927.64
Other Financial Liabilities	903.07	1,946.71	28.42	-	1,975.13

As at March 31, 2024 **(₹ in Million)**

Particulars	Carrying amount	Contractual cash flows			
		Upto 1 year	1-5 years	More than 5 years	Total
Current					
Trade Payables	2,331.47	2,331.47	-	-	2,331.47
Other Financial Liabilities	858.76	825.61	33.14	-	858.76

(iii) Market risk

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

(a) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is not exposed to any borrowings.

(b) Currency risk

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

Exposure to foreign currency risk

The summary of quantitative data about the company's exposure to currency risk, as expressed in Indian Rupees, as at March 31, 2025 and March 31, 2024 are as below:

As at March 31, 2025

Particulars	AED	AUD	BDT	CNY	EUR
Cash & Cash Equivalents	1.05	-	-	-	
Other Financial Assets	0.01	0.01	0.01	0.00	0.00

Trade Receivables	–0.04	-	-	-	0.01
Total Financial Assets	**1.02**	**0.01**	**0.01**	**0.00**	**0.01**
Other Financial Liabilities	–0.01	–0.01	–0.01	–0.00	–0.00
Trade Payables	–0.01	-	-	-	–0.17
Total Financial Liabilities	**–0.02**	**–0.01**	**-0.01**	**-0.00**	**–0.17**
Particulars	**GBP**	**HKD**	**JPY**	**LKR**	**NPR**
Cash & Cash Equivalents	-	-	-	-	-
Other Financial Assets	-	0.02	-	-	0.11
Trade Receivables	-	-	-	-	-
Total Financial Assets	**-**	**0.02**	**-**	**-**	**0.11**
Other Financial Liabilities	-	–0.02	-	-	–0.11
Trade Payables	–0.00	-			
Total Financial Liabilities	**–0.00**	**–0.02**	**-**	**-**	**–0.11**
Particulars	**SAR**	**SEK**	**SGD**	**USD**	
Cash & Cash Equivalents	-	-	-	0.00	
Other Financial Assets	0.01	-	0.01	0.00	
Trade Receivables			-	12.31	
Total Financial Assets	**0.01**	**-**	**0.01**	**12.31**	
Other Financial Liabilities	–0.01	-	–0.01	1.37	
Trade Payables	-	-		3.01	
Total Financial Liabilities	**–0.01**	**-**	**–0.01**	**4.38**	

As at March 31, 2024

Particulars	AED	AUD	BDT	CNY	EUR
Cash & Cash Equivalents	0.85	-	-	-	-
Other Financial Assets	0.01	-	-	-	-
Trade Receivables	–0.03	-	-	-	0.01
Total Financial Assets	**0.83**	**-**	**-**	**-**	**0.01**
Other Financial Liabilities	-	-	-	-	-
Trade Payables	–0.01	-	-	-	–0.34
Total Financial Liabilities	**–0.01**	**-**	**-**	**-**	**–0.34**
Particulars	**GBP**	**HKD**	**JPY**	**LKR**	**NPR**
Cash & Cash Equivalents	-	-	-	-	-
Other Financial Assets	-	-	-	-	-
Trade Receivables	-	-	-	-	-
Total Financial Assets	**-**	**-**	**-**	**-**	**-**
Other Financial Liabilities	-	-	-	-	-
Trade Payables	0.01	-	–0.07	0.08	0.04
Total Financial Liabilities	**0.01**	**-**	**–0.07**	**0.08**	**0.04**
Particulars	**SAR**	**SEK**	**SGD**	**USD**	
Cash & Cash Equivalents	-	-	-	0.00	

Other Financial Assets	-	-	-	-	
Trade Receivables			-	9.53	
Total Financial Assets	**-**	**-**	**-**	**9.54**	
Other Financial Liabilities	-	-	-	0.95	
Trade Payables	-	-	0.00	–10.98	
Total Financial Liabilities	**-**	**-**	**0.00**	**–10.030**	

Sensitivity Analysis

A reasonably possible change of (5%) strengthening/(weakening)of the USD against INR at the reporting date would have affected the profit or loss and measurement of financial instruments denominated in US dollars by the ₹ shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in INR (before tax)	**Profit or Loss**	
For the year ended on 31st March, 2025	Strengthening	Weakening
5% Movement	NIL	NIL
Effect in INR (before tax)	**Profit or Loss**	
For the year ended on 31st March, 2024	Strengthening	Weakening
5% Movement	NIL	NIL

NOTE "38": Ind-AS 115: Performance Obligations and remaining Performance Obligations

The aggregate value of performance obligations that are completely or partially unsatisfied as at 31st March, 2025, is ₹Nil (₹Nil as on 31st March, 2024).

NOTE "39": AIESL has signed a Long-Term Maintenance Agreement (LTMA) with Indian Air Force (IAF) on 4th March, 2021 for the purpose of operation and maintenance of Special Extra Section Flights (SESF) two B-777 ER Aircraft for a period of five years from the effective date. The effective date of LTMA is 28th March, 2021.

NOTE "40": The company has made provision of ₹318.80 million in FY 2022-23 towards MIAL rental increase for the land parcel occupied by the Company based on draft agreement provided by the MIAL with increase in rent as the company was inclined to accept the increased rents. Further, as no finality on the subject could be reached between the parties hence no provision has been created for the increase rate in FY 2023-24 and since MIAL is continued to bill as per the old rates in the current financial year hence the provision created in the FY 2022-23 for ₹318.80 million has been written back.

NOTE "41": Previous Year figures have been re-grouped/re-arranged wherever considered necessary to be compatible with the Schedule III of the Companies Act 2013 and as per requirement specified in Ind-AS, to the extent of information being available and required for compilation.

For and on Behalf of
AAJV and Associates
Chartered Accountants
FRN : 007739N

For and on behalf of the Board of Directors

Sd/-	**Sd/-**
Amit Kumar	**Padam Lal Negi**
Chairman	**Director**
DIN 11001643	**DIN 10041387**

Sd/-	**Sd/-**	**Sd/-**
CA Ajay K Bajaj	**Sharad Agarwal**	**Rakesh Kumar Jain**
Partner	**Chief Executive Officer**	**Chief Financial Officer**
M.No. 086306		
UDIN: 25086306PHBSJL8721		
	Sd/-	
	Sakshi Mehta	
	Company Secretary	

Place: New Delhi
Date: 26-12-2025

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINACIAL STATEMENTS OF AI ENGINEERING SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2025

The preparation of financial statements of AI ENGINEERING SERVICES LIMITED for the year ended 31 March 2025 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based in independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 26 February 2026.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of AI ENGINEERING SERVICES LIMITED for the year ended 31 March 2025 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

For and on behalf of the

Comptroller and Auditor General of India

Sd/-

(Pramod Kumar)

Addl. Dy. Comptroller and Auditor General

(Infrastructure), New Delhi

Place: New Delhi

Dated: 26-02-2026

Notes


Lamp Lighting
AVIATION
HORIZON
2025
CHIEF GUEST


AIESL
AI ENGINEERING SERVICES LIMITED
AVIATION HORIZON
2025
(Under the aegis of Ministry of Civil Aviation)
CHIEF GUEST
AVIATION
HORIZON
2025
CHIEF GUEST

AIESL
AI ENGINEERING SERVICES LIMITED

AI ENGINEERING SERVICES LIMITED

2ND FLOOR, CRA BUILDING, SAFDARJUNG AIRPORT AREA,
SAFDARJUNG AIRPORT,CENTRAL DELHI,
DELHI- 110003
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Email: marketing.aiesl@aiesl.in; website: www.aiesl.in
CIN: U74210DL2004GOI125114

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